

Fact Sheet: Substantial Conclusion of Negotiations on Groundbreaking IPEF Clean Economy Agreement

Through the IPEF Clean Economy Agreement, the partners are creating an economic framework through which they intend to support their clean economy transitions by accelerating the deployment of clean technologies and facilitating investment. The proposed Agreement includes measures that span a wide variety of climate and energy issues with the aim to urgently reduce greenhouse gas emissions and build climate resilience as well as incentives to support the implementation of the Agreement.

The substantial conclusion of the negotiations of the proposed Agreement is another major milestone in advancing both the Biden-Harris Administration's Indo-Pacific Strategy and climate and energy agenda, providing concrete benefits for U.S. workers, consumers, and businesses as part of just transition.

On November 16, 2023, the United States joined its IPEF partners – Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam – **in announcing the substantial conclusion of negotiations on a groundbreaking IPEF Clean Economy Agreement.**

Consistent with the President's efforts on climate action, including scaling up clean energy, lowering greenhouse gas emissions, decarbonizing the transport sector, and mobilizing investment and sustainable finance, the proposed IPEF Clean Economy Agreement seeks to ensure that American workers, companies, and the public benefit from a clean, net-zero emissions economy.

“In a time when we are all grappling with the impacts of a climate crisis on our economies, it is particularly important to show the world that the IPEF partners are making serious commitments to shift to more environmentally sustainable models for economic growth,” said Secretary of Commerce Gina Raimondo. “The proposed IPEF Clean Economy Agreement seeks to ensure that American companies, investors, and workers will benefit from the positive impacts of the region's transition to cleaner economies that flow from partners' coordinated efforts towards the shared goal of net-zero emission economies.”

The proposed Agreement seeks to accelerate the IPEF partners' progress towards their transitions to clean economies, consistent with efforts to limit the global temperature increase to 1.5 degrees Celsius, and further catalyze the economic opportunities that result. The Clean Economy Agreement outlines a range of energy and climate solutions that partners have prioritized as part of their own strategies towards achieving their energy and climate goals and objectives, and thus also a framework for ongoing collaboration among the partners and stakeholders.

More specifically, under the proposed Agreement, the IPEF partners would *inter alia*:

- work together on developing and deploying clean technologies that governments can use to lower greenhouse gas emissions and transition to clean energy;

- share information and best practices so that they can improve their respective policies and regulations to facilitate more seamless cooperation on climate solutions, such as mini-grid renewable energy solutions, ocean energy technologies, and carbon capture, utilization, and storage;
- aim to work towards significantly increasing the sale, production, and share of zero emission vehicles, including zero emission public vehicle fleets; and
- promote solutions for agriculture, forests, water, and oceans to better conserve and protect them against the impacts of climate change.

At the same time, the IPEF partners will continue to develop workstreams for further collaboration, including by taking forward proposals submitted by partners for new Cooperative Work Programs. The IPEF partners have agreed that any such programs, as well as financing in support of clean economy investments are consistent with robust labor rights and environmental protections.

The IPEF partners will now take steps, including further domestic consultations and a comprehensive legal review to prepare a final text for signature and then ratification, acceptance, or approval.

Under the IPEF Clean Economy Agreement:

- IPEF partners are establishing the **IPEF Catalytic Capital Fund** to pool resources and expand the pipeline of bankable climate infrastructure projects in IPEF emerging and upper-middle income economies that participate in Pillar III. The Private Infrastructure Development Group (PIDG) will administer the fund and mobilize private capital by offering later-stage support to projects such as lender due diligence, viability gap funding, and other forms of concessional capital.
- The IPEF partners are launching an **IPEF Clean Economy Investor Forum** to catalyze investment for sustainable infrastructure and climate technology across IPEF economies party to the Clean Economy Agreement. In 2024, the inaugural Forum will bring together the region's largest investors, innovative start-up entrepreneurs, and cutting-edge project proponents with IPEF Ministers and government agencies for matchmaking and investment facilitation. Additional details will be available soon, including an open call for start-ups and small-and-medium-sized businesses to apply to participate.

In support of the goals of the proposed Agreement:

- The United States Department of Commerce entered into a **public private partnership** with a coalition of international private and nonprofit sector leaders. The goal of the partnership is to support IPEF, including the IPEF Clean Economy Agreement, by expanding opportunities for private sector participation. The partnership intends to mobilize investment from the private and nonprofit sectors to attempt to strengthen Indo-

Pacific supply chains, promote environmental sustainability, expand upskilling for workers, and grow economic opportunity in IPEF partner economies.

- The U.S. International Development Finance Corporation announced the establishment of a **Global Climate Fund** with a contribution of a \$300 million investment for climate infrastructure, which will mobilize \$900 million in private equity capital, including in eligible IPEF countries party to the IPEF Clean Economy Agreement. The fund will invest in renewable energy, smart-grid capabilities, power storage, and other projects that further climate change mitigation and adaptation objectives.