

Fact Sheet: Substantial Conclusion of Negotiations of an Innovative IPEF Fair Economy Agreement

With the substantial conclusion of the proposed IPEF Fair Economy Agreement, the IPEF partners aim to enhance the trade and investment environment across the 14 IPEF economies by working together to ensure the effective implementation and enforcement of a wide range of measures to prevent and combat corruption and to improve tax transparency and the exchange of information, domestic resource mobilization, and tax administration.

The conclusion of these negotiations is another major milestone in advancing the Biden-Harris Administration's Indo-Pacific Strategy, which recognizes that a more transparent and predictable business environment can help level the playing field for U.S. workers and business, as well as those of the IPEF partners, and spur greater trade and investment.

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 an innovative IPEF Fair Economy Agreement.**

Working to create a more transparent, predictable trade and investment environment across the IPEF partners' markets to the benefit of American workers and businesses, the proposed IPEF Fair Economy Agreement targets three overarching areas through binding and nonbinding commitments: (i) preventing and combating corruption and related financial crimes, (ii) improving tax administration, and (iii) increasing cooperation, information sharing, and capacity building on these issues.

Corruption carries enormous costs by increasing the cost of doing business, creating uncertainty in the business environment, and weakening the rule of law. The United States and its IPEF partners therefore intend to work together to advance the fight against corruption. To do so, the IPEF partners have committed to obligations to prevent, combat, and sanction domestic and foreign bribery and related corruption offenses, consistent with the United Nations Convention against Corruption (UNCAC) and, as applicable, the OECD Anti-Bribery Convention, and to effectively enforce those commitments.

“The proposed IPEF Fair Economy Agreement aims to level the playing field for American workers and businesses by improving the transparency and predictability of the trade and investment environment across the IPEF partners' markets where U.S. companies are doing business,” said Secretary of Commerce Gina Raimondo. “This Agreement demonstrates the strong commitment of the United States and its IPEF partners to making their markets more welcoming to regional trade and investment, through upholding transparency, predictability, and the rule of law.”

More specifically, through the proposed Agreement, the IPEF partners have committed to build upon international agreements and internationally accepted standards, including to promote transparency and accountability in the return and disposition of recovered proceeds of crime.

Similarly, the proposed Agreement contains commitments to promote integrity among public officials, including in government procurement, establish confidential and protected systems for reporting corruption offenses, and encourage the private sector to implement effective compliance programs.

The proposed Agreement also contains innovative provisions that reflect the connection between combating corruption and implementing and enforcing labor laws. To this end, it sets forth commitments to ensure that labor rights are respected, including to provide appropriate protections to migrant workers; and take appropriate measures to prohibit employer interference with the exercise of freedom of association or collective bargaining rights.

The proposed Agreement's provisions also focus on international tax issues with the aim of improving tax transparency and exchange of information, domestic resource mobilization, and the effective implementation and administration of tax policies. Increased cooperation and collaboration in these areas will foster better tax administration practices and capabilities.

The proposed Agreement would also establish a Capacity Building Framework to support capacity building, collaboration, and transparency to strengthen regional cooperation on these priority anti-corruption and tax issues, and accelerate partners' implementation of these and related commitments. The partners also recognize and welcome that non-government stakeholders, workers' organizations, and the private sector in particular, may contribute to capacity building efforts. Finally, IPEF partners also intend to facilitate stakeholder input on the implementation of this Agreement and public-private sector dialogue to deepen coordination on supporting the aims of this Agreement.

In support of the goals of this proposed Agreement, including through the Capacity Building Framework:

- The U.S. Department of State (State Department) has launched a regional anti-corruption hub in Southeast Asia. The hub, led by the United Nations Office on Drugs and Crime (UNODC), will focus on regional UNCAC implementation to identify gaps in implementation and provide technical assistance to close them. With funding from the State Department Bureau of International Narcotics and Law Enforcement Affairs (INL), UNODC will direct the hub to have a clear focus on implementing standards that also support the IPEF Fair Economy Agreement.
- The State Department's INL has also funded a separate program with UNODC to support implementation of the Fair Economy Agreement focused on strengthening anti-corruption capabilities. This funding will facilitate approximately three or four anti-corruption convenings over the next two years to build IPEF partner capacity on key anti-corruption priority areas such as anti-bribery, asset recovery, and government procurement. These workshops will enhance practitioners' understanding and capacity on these topics, identify common challenges and good practices, strengthen cooperation among IPEF partners and relevant stakeholders, and develop follow-on activities at the national and international level to support the Fair Economy Agreement's anti-corruption objectives.

The IPEF partners will now undertake the necessary steps, including further domestic consultations and a comprehensive legal review, to prepare a final text. Once finalized, the proposed Agreement will be subject to IPEF partners' domestic processes for signature, followed by ratification, acceptance, or approval.