

# Proactive Release

Published on or before: 09/07/2024

The following Cabinet papers and related Cabinet minutes have been proactively released by the Minister for Trade

| <b>Title</b>   | <b>Reference</b> |
|--|------------------|
| <i>Report of the Cabinet Economic Policy Committee: Period Ended 12 April 2024</i>   | CAB-24-MIN-0121  |
| <i>Ratification of Indo-Pacific Economic Framework Agreements</i>  | ECO-24-MIN-0052  |
| <i>Ratification of Indo-Pacific Economic Framework Agreements</i>  |                  |
| <i>Appendices 1 – National Interest Analysis for IPEF Supply Chain Agreement, Clean Economy Agreement, Fair Economy Agreement and Agreement on IPEF</i><br><a href="https://bills.parliament.nz/v/4/dc4692fa-0ffc-4449-4a4e-08dc9016ed75">https://bills.parliament.nz/v/4/dc4692fa-0ffc-4449-4a4e-08dc9016ed75</a> |                  |
| <i>Appendices 2 - IPEF Supply Chain Agreement.</i><br><a href="https://www.mfat.govt.nz/assets/Tradeagreements/IPEF/IPEF-Supply-Chain-Agreement-Text-8-September-2023.pdf">https://www.mfat.govt.nz/assets/Tradeagreements/IPEF/IPEF-Supply-Chain-Agreement-Text-8-September-2023.pdf</a>                          |                  |
| <i>Appendices 3 - IPEF Clean Economy Agreement.</i><br><a href="https://www.mfat.govt.nz/assets/Tradeagreements/IPEF/IPEF-Clean-Economy-Agreement.pdf">https://www.mfat.govt.nz/assets/Tradeagreements/IPEF/IPEF-Clean-Economy-Agreement.pdf</a>   |                  |
| <i>Appendices 4 - IPEF Fair Economy Agreement.</i><br><a href="https://www.mfat.govt.nz/assets/Tradeagreements/IPEF/IPEF-Fair-Economy-Agreement.pdf">https://www.mfat.govt.nz/assets/Tradeagreements/IPEF/IPEF-Fair-Economy-Agreement.pdf</a>  |                  |
| <i>Appendices 5 - Agreement on IPEF.</i><br><a href="https://www.mfat.govt.nz/assets/Tradeagreements/IPEF/IPEF-Overarching-Agreement.pdf">https://www.mfat.govt.nz/assets/Tradeagreements/IPEF/IPEF-Overarching-Agreement.pdf</a>  |                  |

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the OIA). Where this is the case, the relevant sections of the OIA that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to OIA redaction codes:

- 6(a): to avoid prejudicing the security or defence of New Zealand or the international relations of the New Zealand Government.



# Cabinet

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### **Report of the Cabinet Economic Policy Committee: Period Ended 12 April 2024**

On 15 April 2024, Cabinet made the following decisions on the work of the Cabinet Economic Policy Committee for the period ended 12 April 2024:

Proactively Released by the Minister for Trade

ECO-24-MIN-0052

**Ratification of Indo-Pacific Economic Framework Agreements**  
Portfolio: Trade

CONFIRMED

Rachel Hayward  
Secretary of the Cabinet

Proactively Released by the Minister for Trade



# Cabinet Economic Policy Committee

## Minute of Decision

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### Ratification of Indo-Pacific Economic Framework Agreements

Portfolio                      Trade

On 10 April 2024, the Cabinet Economic Policy Committee:

- 1        **noted** that in April 2023, the previous government approved an initial negotiating mandate for the Indo-Pacific Economic Framework (IPEF) [CAB-23-MIN-0126.02];
- 2        **noted** that the IPEF membership:
  - 2.1      includes most of the top technological, industrial and financial powers in the region;
  - 2.2      represents 40 percent of global GDP;
  - 2.3      accounts for 50 percent of New Zealand's exports;
  - 2.4      provides an opportunity to strengthen New Zealand's economic relationships with the United States and India;
- 3        **noted** that in July 2023, the previous government approved the text and authorised the signature of the IPEF Supply Chain Agreement (SCA), with a separate decision on ratification held over pending Cabinet consideration of the full set of IPEF agreements and an associated National Interest Analysis (NIA) in early 2024 [DEV-23-MIN-0142];
- 4        **noted** that the IPEF SCA, which New Zealand signed in November 2023, entered into force on 24 February 2024 for the first five countries to ratify it;
- 5        **noted** that for three other IPEF agreements concluded in November 2023 – the Clean Economy Agreement, Fair Economy Agreement, and Agreement on IPEF – a signature ceremony is planned for 6 June 2024 during an IPEF ministerial meeting in Singapore;
- 6        **noted** that negotiations have not yet concluded on the IPEF trade pillar;
- 7        **approved** the texts of the Clean Economy Agreement, Fair Economy Agreement, and Agreement on IPEF (the IPEF agreements) attached to the paper under ECO-24-SUB-0052;
- 8        **authorised** the signature of the IPEF agreements;
- 9        **authorised** the Minister of Trade to approve any minor or technical amendments to the IPEF agreements that may be required before signature;

- 10 **approved** the content of the NIA for the IPEF agreements, attached to the paper under ECO-24-SUB-0052;
- 11 **agreed** to present the IPEF agreements and the NIA to the House of Representatives for the purposes of the parliamentary treaty examination process under Standing Orders 405 to 408 following signature of the agreements;
- 12 **noted** that each of the IPEF agreements will come into force 30 days after five countries have ratified that agreement and that, if New Zealand is not among the first five to ratify, each agreement would come into force for New Zealand 30 days after New Zealand's ratification;
- 13 **agreed** to ratify all four IPEF agreements (the SCA, the Clean Economy Agreement, the Fair Economy Agreement, and the Agreement on IPEF), subject to the satisfactory completion of the parliamentary treaty examination process;

### Implementation and funding

- 14 **noted** that commitment to specific IPEF workstreams and projects aligned with the government's priorities will generally be addressed in the first instance in discussion between ministers and departments on priorities within individual portfolios;
- 15 **noted** that opt-in provisions, flexibilities and exceptions secured in the four IPEF agreements in the course of the negotiation, and detailed in the NIA, will help to limit IPEF implementation costs incurred by New Zealand;
- 16 **agreed** that costs of implementing IPEF obligations and commitments will be met by departments from within baselines;
- 17 **noted** that the implementation pool within the interagency Trade Negotiations Fund administered by the Ministry of Foreign Affairs and Trade (MFAT) remains a potential source of funding for implementation of IPEF commitments, but that this too is expected to be reduced as a result of MFAT's cost saving process.

Rachel Clarke  
Committee Secretary

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#### Present:

Rt Hon Christopher Luxon  
Hon David Seymour  
Hon Brooke van Velden  
Hon Shane Jones  
Hon Chris Bishop (Chair)  
Hon Simeon Brown  
Hon Todd McClay  
Hon Tama Potaka  
Hon Matt Doocey  
Hon Melissa Lee  
Hon Simon Watts  
Hon Penny Simmonds  
Hon Chris Penk  
Hon Andrew Bayly  
Hon Andrew Hoggard  
Hon Mark Patterson  
Simon Court MP

#### Officials present from:

Office of the Prime Minister  
Officials Committee for ECO

Office of the Minister of Trade

Cabinet Economic Policy Committee

## Ratification of Indo-Pacific Economic Framework Agreements

### Proposal

- 1 This paper seeks Cabinet agreement to proceed with signature and ratification of four treaties concluded as part of the Indo-Pacific Economic Framework for Prosperity (IPEF) negotiation in 2023 and proposes an approach to related implementation questions. The paper also seeks Cabinet approval for an omnibus National Interest Analysis covering all four treaties.

### Relation to government priorities

- 2 The government's priorities include strengthening New Zealand's connections to the world, removing barriers to trade, opening new markets and facilitating inbound investment. Strengthening international supply networks and developing ports are prioritised, along with New Zealand's fuel security. Strategic opportunities for New Zealand's critical mineral resources are also identified as an area of focus. There is particular emphasis on ties with South East Asia and development of trade links with India, and ministers have highlighted the importance of US links.
- 3 Across the IPEF framework there are opportunities to engage on each of these themes: working alongside Indian counterparts in implementing the four IPEF agreements will add a new dimension to our bilateral engagement on trade, investment and climate issues, including at the political level; collaboration on infrastructure development and supply chain resilience are core elements of the IPEF Supply Chain Agreement; minerals are the focus of the separate critical minerals dialogue announced by IPEF Leaders in November<sup>s6(a)</sup> and supply chain infrastructure and resilience issues are part of the agenda for the Supply Chain Agreement. Facilitation of investment flows has been a focus in each of the IPEF agreements.

### Executive Summary

- 4 After a year of intensive work, the 14 IPEF countries<sup>1</sup> in November 2023 concluded negotiations on a climate-focused Clean Economy Agreement, a corruption-focused Fair Economy Agreement and an overarching Agreement on IPEF establishing an IPEF ministerial council. The 14 also agreed to annual IPEF ministerial meetings and biennial meetings of IPEF Leaders. This follows conclusion of negotiations for a Supply Chain Agreement in May 2023.
- 5 New Zealand has signed but not ratified the Supply Chain Agreement. I now seek Cabinet's agreement to proceed with ratification of the Supply Chain Agreement,

<sup>1</sup> Australia, Brunei, Fiji, India, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, the United States and Viet Nam.

along with signature and ratification of the Clean Economy Agreement, Fair Economy Agreement and the overarching Agreement on IPEF. For that purpose I also seek approval of the omnibus National Interest Analysis covering all four treaties and agreement to refer the four treaties and NIA to the House of Representatives for parliamentary treaty examination. Referral will follow signature of the agreements at an IPEF ministerial meeting in Singapore in June.

## Background

- 6 *Key US regional initiative:* The Indo-Pacific Economic Framework for Prosperity is the United States' flagship regional economic initiative. After floating the concept at the 2022 East Asia Summit President Biden led a formal launch by leaders in May 2022. The United States secured strong buy-in: the 14 participants include all major regional economies apart from China; they include seven of the 10 ASEAN members, Australia, New Zealand, Japan, Korea, Fiji and, of particular significance, India.
- 7 The IPEF agenda is strongly aligned with the White House's domestic and international priorities, including the strengthening of coalitions with friends and allies, rebuilding and improving the resilience of critical production and supply chains, <sup>s6(a)</sup> accelerating climate change response and improving labour standards that underpin sustainable sources of supply.
- 8 *Market access: unfinished business* IPEF is not a substitute for CPTPP. Although the negotiating agenda includes a trade pillar led by USTR the agenda is limited to rules chapters – there is no market access component. <sup>s6(a)</sup>

Discussions under the trade pillar are continuing, <sup>s6(a)</sup>

- 9 *Need to be in IPEF regardless:* In the meantime, for New Zealand the original logic for being part of the IPEF initiative in its current form remains solid. IPEF is a grouping with real heft: it includes the top technological, industrial and financial powers in the region apart from China; it represents 40% of global GDP; and its members take 50% of New Zealand's exports. We need to be at the table if a group of this size is developing regional rules and collaboration arrangements across an agenda that includes trade, investment, supply chains, climate and business environment. <sup>s6(a)</sup>

, in practice there has been strong engagement from all participants, with four complex agreements concluded in less than a year of negotiation. With the parallel commitment to annual ministerial meetings and biennial meetings of leaders, IPEF is set to become a significant piece of regional architecture <sup>s6(a)</sup>

10

s6(a)

- 11 This is the context for last year's move to add an IPEF process for Leaders. In November in San Francisco Leaders joined a brief public event to mark the conclusion of four IPEF agreements and to announce they had decided to meet biennially in the future. The relationship with existing regional summits (the APEC Economic Leaders' process and the East Asia Summit) is unclear<sup>s6(a)</sup>

In the meantime the practical point is that participation in the IPEF process is a new element in our relationship with the United States and, perhaps as significantly, adds a substantial new dimension to our links with India at a time when we are keen to broaden that relationship.

### **Individual IPEF agreements**

- 12 Each of the four concluded IPEF texts constitutes a separate binding international agreement. But many of the obligations are non-binding political commitments and there is no binding dispute settlement process. The four were negotiated in parallel and there will be ministerial oversight and direction of the IPEF framework as a whole. Officials have accordingly produced a single consolidated National Interest Analysis covering all four. The NIA contains a detailed account of the content, the commitments and the implications for New Zealand interests of each of the four IPEF agreements concluded to date.

### *Supply Chain Agreement*

- 13 In the wake of the acute supply chain disruptions that began in 2020, the Supply Chain Agreement puts in place a work programme led by the IPEF Supply Chain Council that starts with identification and notification of critical sectors and key goods to help build a collective understanding of supply chain risks. Building on those arrangements the agreement establishes a Crisis Response Network. There is a focus in the agreement on mobilizing investment in supply chain infrastructure and on improving labour standards that underpin sustainable sources of supply.

### *Clean Economy Agreement*

- 14 The Clean Economy Agreement sets out a range of collective and individual actions parties can take to leverage economic benefit from transitioning to net zero emissions economies. In particular, it establishes new processes and platforms to help governments to catalyse investment and scale up deployment of decarbonisation technologies. A core element is mobilizing private sector engagement and funding and looking for commercial opportunities through the clean economy transition. Many of the cooperative structures in the agreement are in the renewable energy and



transport areas. We will need to consider how best to leverage these structures to support the government's domestic policy objectives at a time when we are working to prioritise departmental effort.

### *Fair Economy Agreement*

- 15 The Fair Economy Agreement focuses on corruption and its impact on the business and investment environment in IPEF markets. It also addresses taxation systems. The goals are to support efforts to combat bribery and corruption in areas affecting trade and investment and to improve the transparency of tax administration. It relies heavily on affirming existing commitments under international agreements such as the UN Convention Against Corruption and the OECD Anti-Bribery Convention.

### *Agreement on IPEF*

- 16 The IPEF architecture is complex: we now have four standalone agreements, each of treaty status, for which the negotiation was led by the US Department of Commerce. The separate trade pillar negotiation, which has not concluded, is led by the Office of the US Trade Representative. We expect this will eventually deliver a fifth agreement,<sup>s6(a)</sup>. Against this background IPEF members last year agreed that there was a need for a single ministerial body to provide oversight of the IPEF architecture. The overarching Agreement on IPEF accordingly establishes an IPEF Council. This will meet annually at ministerial level and may consider any matter relating to the IPEF initiative as a whole and any proposals for a new agreement or new members. It also establishes a Joint Commission to oversee the supply chain, clean economy and fair economy agreements.

### **Cross-cutting themes**

- 17 *Investment:* In political conversations on the IPEF agenda and in the negotiation itself a consistent theme has been the need to address issues that feature in due diligence and decision-making by international investors.<sup>s6(a)</sup>

There are elements of the supply chains, clean economy and fair economy agreements that specifically respond to investor concerns and needs. In terms of New Zealand interest in attracting quality investment the most obvious opportunities arise in the Clean Economy Agreement, through the annual Clean Economy Investor Forum and other collaborative activity.

- 18 *Industry and infrastructure:* Both the Supply Chain Agreement and the Clean Economy Agreement address infrastructure and industrial development as part of the clean economy transition, together with associated financing and investment needs. There is an overarching assumption that being part of IPEF will start to favour the development of commercial links within this like-minded group<sup>s6(a)</sup>

- 19 *Labour rights:* Across the IPEF negotiating agenda the most challenging issues to date have been labour provisions. The intersection between trade and labour rights is important politically for the United States, as we saw in the renegotiation of the

NAFTA agreement under the Trump administration. The US NSC has argued strongly that labour and environmental abuses present direct risks to the smooth functioning of production and supply chains and that improvements will increase investment flows in the region. <sup>s6(a)</sup>

- 20 *Trade policy risks:* Fading commitment to multilateral trade rules and institutions, tension between security, industrial and trade policy interests and proliferation of non-tariff barriers are putting pressure on the open rules-based order that has been so important to economies such as New Zealand. Although the IPEF process has presented some risks of its own, like-minded countries had some success in the negotiation in getting recognition of the primacy of WTO rules in areas of risk <sup>s6(a)</sup>

## Implementation

- 21 *Labour rights:* The key new element in the IPEF Supply Chain Agreement is a process for handling complaints about labour abuses in specific workplaces (the Facility Specific Mechanism). This mechanism, <sup>s6(a)</sup> is a soft version of a provision the Trump administration secured in the renegotiated NAFTA (now USMCA); 12 cases were raised in 2023, mostly about freedom of association in Mexican auto plants. The IPEF version commits parties to address allegations within set timeframes. If a resolution is not reached the allegation may be published.
- 22 This is a novel process for New Zealand. We do not expect New Zealand labour practices to be a particular target, but our negotiators held out for changes to the original <sup>s6(a)</sup> proposals to ensure procedural fairness in the handling of any complaint. New Zealand business and union stakeholders were consulted at different stages of the negotiation and seem broadly satisfied with the outcome.
- 23 Potentially a larger implementation challenge will be complaints made to New Zealand about abuses in specific workplaces in other IPEF countries. To handle such complaints MBIE and MFAT are developing a process in which MFAT will receive allegations and engage with other parties while MBIE will provide labour rights guidance.

## Cost-of-living Implications

- 24 New Zealand and international analysis<sup>234</sup> highlights the role of supply chain shocks in driving cost movements. A 2023 US Federal Reserve paper, after assessing contributions from demand, interest rates, financial, cost-push and supply chain shocks, concludes that for the US for January 2020-December 2022 “the contributions of supply chain shocks were typically larger than any other single shock”. The

<sup>2</sup> WEU Special Topic - The economic impacts of global supply chain disruption | The Treasury New Zealand

<sup>3</sup> <https://www.clevelandfed.org/publications/economic-commentary/2023/ec-202308-impacts-supply-chain-disruptions-on-inflation>

<sup>4</sup> [https://www.productivity.govt.nz/assets/Inquiries/resilience/NZPC\\_Improving-Economic-Resilience-inquiry-report.pdf](https://www.productivity.govt.nz/assets/Inquiries/resilience/NZPC_Improving-Economic-Resilience-inquiry-report.pdf) p70

inclusion in the Supply Chain Agreement of a Crisis Response Network gives New Zealand an ability to work with key trade partners within an established framework in responding to a supply chain emergency – something that was lacking in 2020, when we had to look to Singapore and others for emergency support. Even assuming that the ability of such interventions to constrain New Zealand cost of living movements is limited, there is value in being able to call on like-minded partners for support in responding to supply chain issues.

## Financial Implications

- 25 Departments are taking a cautious approach to initial implementation of the IPEF agreements. While there are solid policy, commercial and relationship reasons to be part of the IPEF initiative, and there are useful alignments between government priorities and some key themes in the IPEF agenda, it will be some time before we have clarity on how new bodies, work programmes and mechanisms will function, and what demands they will make in terms of New Zealand input and participation.
- 26 At departmental level work in some areas is more advanced than others. To illustrate:
- The Supply Chain Agreement was the first to be concluded (May 2023) and to enter into force (February 2024, after the first five countries ratified). Although work to select chairs and negotiate terms of reference for Supply Chain Agreement bodies is only now getting under way, MBIE has, following consultation with Treasury and other departments, established a small Critical Supply Chains Team of four FTEs which will lead work on implementation of commitments on IPEF supply chain resilience. MBIE has established a new interagency coordination group for this purpose. Resources for the team are being found by reprioritisation within baseline. MBIE's Workplace Relations and Safety Policy Branch will also service the tripartite Labour Rights Advisory Board within baseline by prioritising against existing work on labour commitments in trade agreements.
  - Negotiation of the climate-focused Clean Economy Agreement concluded only in November. Cooperation under the agreement will address a range of sectors and policy themes of importance for New Zealand's clean economy transition and achievement of New Zealand's Nationally Determined Contribution under the Paris Agreement. But even in areas of clear policy or commercial interest (hydrogen supply chains, sustainable aviation fuel, clean electricity certification, carbon markets being examples) decisions on resourcing New Zealand engagement in IPEF activity will generally need to wait until ministers or Cabinet have taken decisions on priorities within portfolios such as climate change, energy, transport or resources. <sup>s6(a)</sup>
- . In the meantime
- departments can actively monitor workstreams and projects in areas of clear New Zealand interest but not make commitments with resourcing implications. The opt-in nature of workstreams and projects under this agreement makes this possible in the short term.
- 27 The wider context is that ministers and departments will need to work through issues of priorities and resourcing for specific workstreams within adjusted baselines. IPEF

is one of a number of initiatives whose implementation will need to be considered in this context. The government's Foreign Policy Reset, which gives priority to partners in South East Asia, South Asia (particularly India), North Asia (including Japan and Korea) and traditional partners Australia, Canada, UK and United States can assist with decisions on deprioritising certain workstreams and relationships.

- 28 With respect to resourcing of IPEF commitments this paper accordingly seeks Cabinet's agreement that departments' implementation of IPEF commitments should be funded from within baselines; that decisions on specific projects and activities should in the first instance reflect guidance from ministers on priorities within individual portfolios; and that ministers should be invited to seek guidance through the Economic Policy Committee process on any major issues that engage multiple portfolios. Note that the implementation pool of the interagency Trade Negotiations Fund administered by MFAT is a potential source of baseline funding (an interagency decision process operates for this purpose), though this too is expected to be subject to reduction as part of the Ministry's wider cost-saving review.

### **Legislative Implications**

- 29 For New Zealand, becoming party to the four IPEF agreements will not require change to primary or secondary legislation.

### **Climate Implications of Policy Assessment**

- 30 Parties to the Clean Economy Agreement resolve to work to limit global temperature increase to 1.5 degrees Celsius, and the agreement provides for a range of areas in which parties will collaborate for that purpose. There will be opportunities to leverage workstreams and projects in the Clean Economy Agreement to support New Zealand's domestic efforts to meet its NDC commitments. But the defined commitments under the agreement would not allow an assessment of impact on New Zealand's greenhouse gas emissions. Accordingly, no Climate Implications of Policy Assessment has been undertaken.

### **Treaty of Waitangi/te Tiriti**

- 31 Practice under successive governments has been to secure a formal Treaty of Waitangi exception in trade agreements to ensure that the Crown will not be prevented from acting to meet its obligations to Māori, including under the Treaty of Waitangi. Negotiators followed this approach and secured Treaty of Waitangi exceptions in standard form in the Supply Chain Agreement and the Fair Economy Agreement. The Clean Economy Agreement does not have the characteristics of a trade agreement, including exceptions, and negotiators did not seek a Treaty of Waitangi exception. Ngā Toki Whakarururanga continues to make the case for a broader Treaty of Waitangi exception in trade agreements.

### **Consultation**

- 32 The following agencies have been consulted in the preparation of this paper: Ministry for Business, Innovation, and Employment; Ministry for Primary Industries; New Zealand Customs Service; Ministry of Transport; Ministry for the Environment;

the Treasury; Te Arawhiti; Inland Revenue Department; Ministry of Transport; New Zealand Trade and Enterprise; Ministry of Justice; Office of the Privacy Commissioner; Financial Markets Authority; Ministry of Health; Pharmac; Health New Zealand/Te Whatu Ora; Department of Conservation. The Department of Prime Minister and Cabinet has been informed.

## Communications

- 33 The Minister of Trade will announce New Zealand signature of the four agreements on 6 June following the signature ceremony in Singapore.

## Proactive Release

- 34 The Minister of Trade plans to release this paper, with necessary redactions, within 30 days of Cabinet decisions on the recommendations.

## Recommendations

The Minister of Trade recommends that the Committee:

- 1 note that on 11 April 2023 Cabinet approved an initial negotiating mandate for the Indo-Pacific Economic Framework [CAB-23-MIN-0126.02];
- 2 note that the Indo-Pacific Economic Framework membership includes most of the top technological, industrial and financial powers in the region; represents 40% of global GDP; accounts for 50% of New Zealand's exports; and provides an opportunity to strengthen New Zealand's economic relationships with the United States and India;
- 3 note that on 24 July 2023 Cabinet approved the text and authorised the signature of the IPEF Supply Chain Agreement (SCA), with a separate decision on ratification held over pending Cabinet consideration of the full set of IPEF agreements and an associated NIA in early 2024 [CAB-23-MIN-0325]
- 4 note that the IPEF Supply Chain Agreement, which New Zealand signed in November 2023, entered into force on 24 February for the first five countries to ratify it;
- 5 note that for three other IPEF agreements concluded in November 2023 – the Clean Economy Agreement, Fair Economy Agreement and Agreement on IPEF – a signature ceremony is planned for 6 June during an IPEF ministerial meeting in Singapore;
- 6 note that negotiations have not yet concluded on the IPEF trade pillar;
- 7 approve the texts of the Clean Economy Agreement, Fair Economy Agreement and Agreement on IPEF attached to this paper;
- 8 authorise the signature of the Clean Economy Agreement, Fair Economy Agreement and Agreement on IPEF;
- 9 authorise the Minister of Trade to approve any minor or technical amendments to the agreements that may be required before signature;

- 10 approve the content of the National Interest Analysis (NIA) for the IPEF agreements which is attached to this paper;
- 11 agree to present the agreements and the NIA to the House of Representatives for the purposes of the parliamentary treaty examination process under Standing Orders 405 to 408 following signature of the agreements;
- 12 note that each of the IPEF agreements will come into force 30 days after five countries have ratified that agreement; and that, if New Zealand is not among the first five to ratify, each agreement would come into force for New Zealand 30 days after New Zealand ratification;
- 13 agree to ratify all four IPEF agreements (the Supply Chain Agreement, the Clean Economy Agreement, the Fair Economy Agreement and the Agreement on IPEF), subject to the satisfactory completion of the parliamentary treaty examination process;

*Implementation and funding*

- 14 note that commitment to specific IPEF workstreams and projects aligned with the government's priorities will generally be addressed in the first instance in discussion between ministers and departments on priorities within individual portfolios;
- 15 note that opt-in provisions, flexibilities and exceptions secured in the Supply Chain Agreement, Clean Economy Agreement, Fair Economy Agreement and Agreement on IPEF in the course of the negotiation, and detailed in the NIA, will help to limit IPEF implementation costs incurred by New Zealand;
- 16 agree that costs of implementing IPEF obligations and commitments should be met by departments from within baselines;
- 17 note that the implementation pool within the interagency Trade Negotiations Fund administered by MFAT remains a potential source of funding for implementation of IPEF commitments, but that this too is expected to be reduced as a result of MFAT's cost saving process.

Authorised for lodgement

Hon Todd McClay

Minister for Trade

## Appendices

### Attachments:

- National Interest Analysis for IPEF Supply Chain Agreement, Clean Economy Agreement, Fair Economy Agreement and Agreement on IPEF
- IPEF Supply Chain Agreement
- IPEF Clean Economy Agreement
- IPEF Fair Economy Agreement
- Agreement on IPEF

Proactively Released by the Minister for Trade