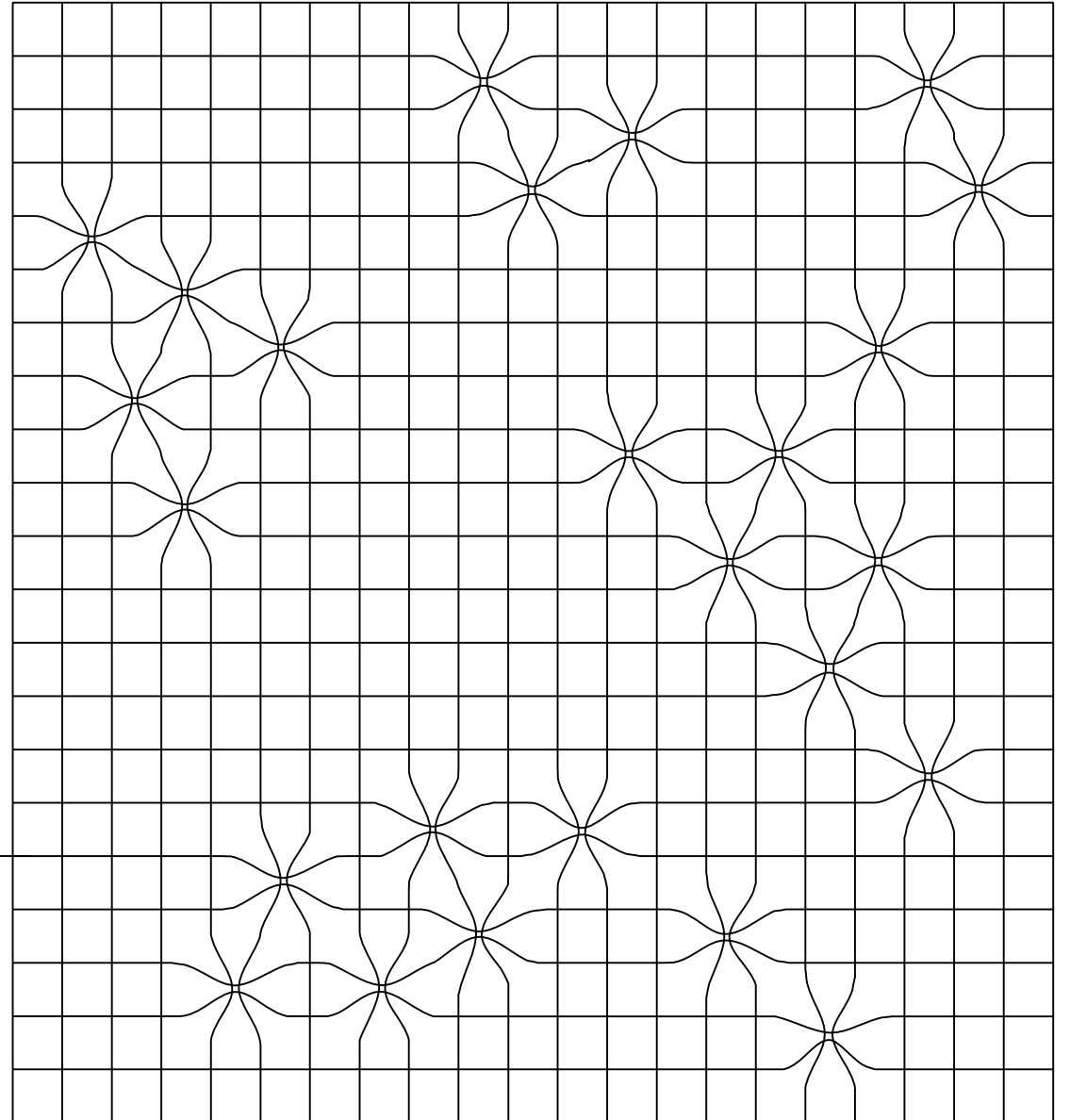


澳洲如何看待印太經濟架構

# Australian views on the Indo-Pacific Economic Framework

行政院經貿談判辦公室

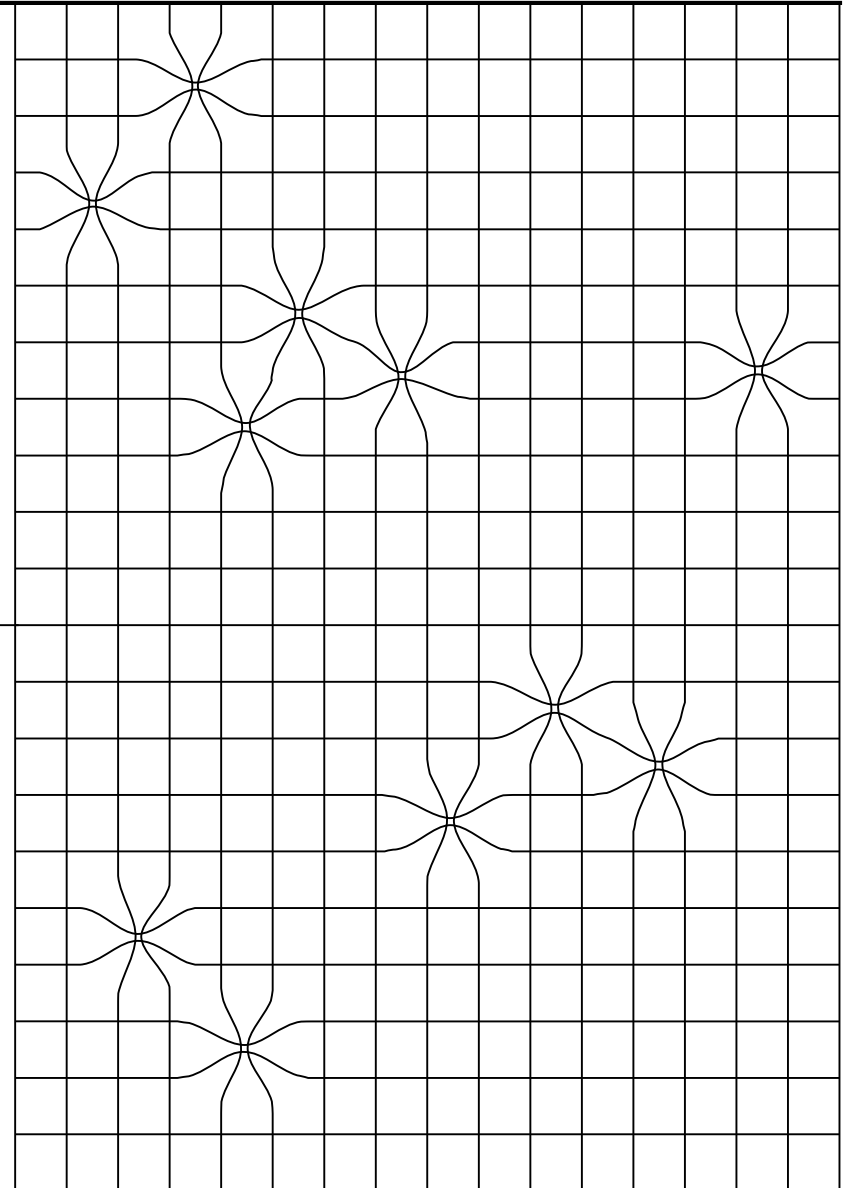
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# 研究方法

澳洲戰略政策研究所(ASPI) 國際網路政策  
中心3位專家，透過訪談澳洲政府官員及  
產業協會代表對參與IPEF的看法，進行歸  
納分析並提出政策建議。



# 澳洲可為之處 (1/4)

## IPEF 支柱

## 支柱內涵

## 目前經略情形

## ASPI政策建議

互連經濟  
(Connected Economy)

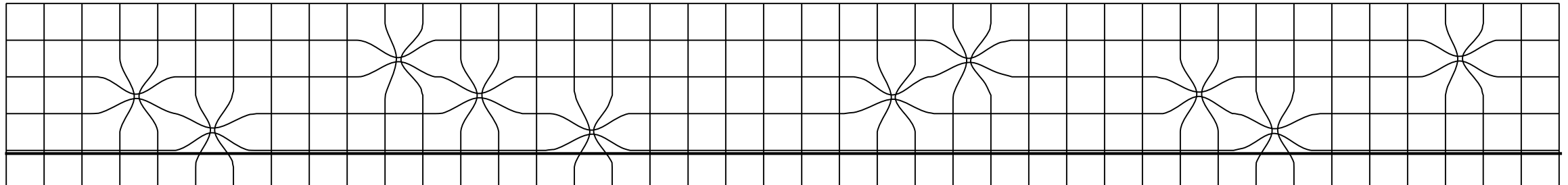
建立數位經濟高標準規範，包括建立跨境資料流動及資料在地化的標準，確保中小企業可自蓬勃發展的電子商務中獲益

- 澳洲與7個印太地區國家訂定數位科技相關協議，包括美、日、雙印、越、馬星。主要內容包括排除數位貿易障礙、建立網路資訊交換標準及規範及提供能力建構。
- 澳洲外貿部「網路及關鍵技術合作計畫」在資安及關鍵技術能力建構方面，已提供2千3百萬澳元之援贈，未來8年將再提供7千4百萬澳元之援助。
- 澳洲積極參與國際標準組織(IOS)及「東協-澳洲數位標準合作倡議」相關討論，特別是在關鍵礦物、網路安全、雲端運算及資料管理等領域。

- 澳洲政府可將目前提供南太島國的基礎建設融資方案(AIFFP)，擴大適用於參與IPEF的東協及南亞國家。
- 可仿照美日印澳四國獎學金(Quad Fellowship)做法，倡議設立研究獎學金，與IPEF會員國共同推動網路科技之研發合作。

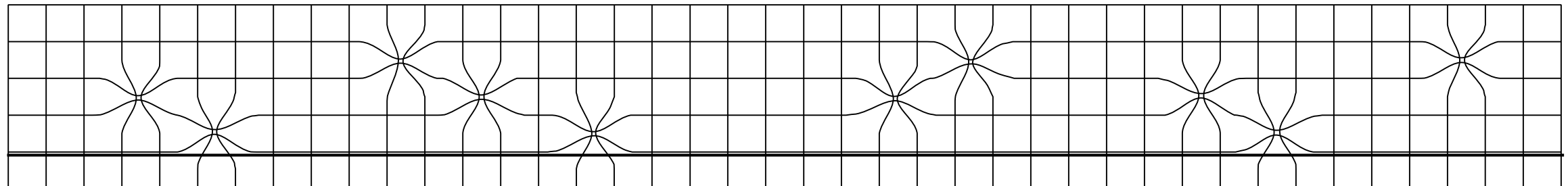
# 澳洲可為之處 (2/4)

IPEF 支柱	支柱內涵	目前經略情形	ASPI政策建議
韌性經濟 (Resilient Economy)	媒合關鍵礦物 供應鏈，推動 貿易多元化	<ul style="list-style-type: none"><li>● 澳洲與日本及印度共同提出「供應鏈韌性倡議」(SCRI)，分享供應鏈韌性最佳範例，並透過投資推廣及貿易媒合，讓供應鏈多元化</li><li>● 勝選的工黨政府將推動貿易多元化優先領域包括綠色金屬(鋼鋁)、潔淨能源製造、醫療用品製造、關鍵技術、先進製程及農漁業。</li></ul>	<ul style="list-style-type: none"><li>● 礦物及能源為澳洲出口要項，可在建立關鍵礦物的環境、社會及治理(ESG)之標準方面著力。</li></ul>



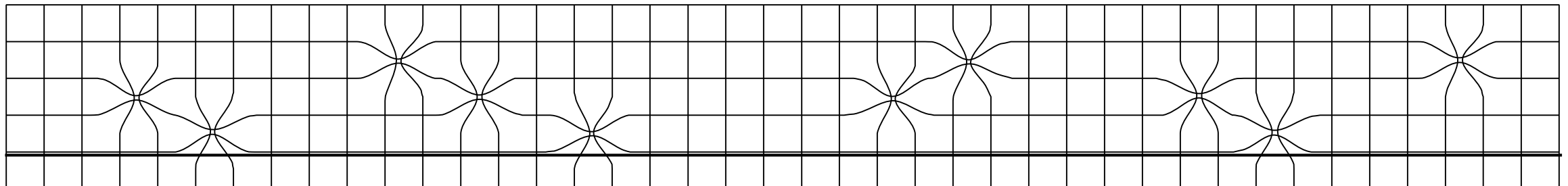
# 澳洲可為之處 (3/4)

IPEF 支柱	支柱內涵	澳洲目前經略情形	ASPI政策建議
潔淨經濟 (Clean Economy)	推動潔淨能源、去碳化，設定能源效率高標準	<ul style="list-style-type: none"><li>● 澳洲為巴黎氣候協定締約國，承諾共同致力確保2050年前全球均溫增加不可超過2度，故將以提供可靠、安全及負擔得起的能源，及推動能源基礎建設投資為外交目標。</li><li>● 澳洲推動「氣候變遷行動策略」，結合援外及緩解氣候變遷的政策目標，如在萬那杜建造能抗颶風侵襲的教室及市場</li><li>● 澳洲與印尼、日、韓、星、越等國部長及資深官員定期就氣候變遷議題進行政策會商。</li></ul>	<ul style="list-style-type: none"><li>● 透過對內及對外投資來落實因應氣候變遷，將是本支柱談判重點。澳洲與韓、日、法在潔淨能源方面之合作可為先例。</li><li>➤ 法國再生能源巨擘Neoen投資6億澳元，在昆士蘭州南部建造全澳最大的太陽能電廠(裝置容量460MWp)；</li><li>➤ 南韓鍊鋅大廠Korea Zinc投資昆州風力發電廠，用綠電冶煉鋅礦；</li><li>➤ 日商Mitsubishi Heavy Industries投資2億5千萬澳元，在南澳州建造全澳最大的電解氫能廠，生產綠氫及氨。</li></ul>



# 澳洲可為之處 (4/4)

IPEF 支柱	支柱內涵	澳洲目前經略情形	ASPI政策建議
公平經濟 (Fair Economy)	建立有效的稅務、反洗錢、反賄賂機制，強化肅貪	<ul style="list-style-type: none"><li>● CPTPP協定已納入反貪腐條款，要求對影響國際貿易及投資行為處以刑罰。</li><li>● 澳洲對開發中國家提供洗錢防治的能力建構，並協助建立反賄賂機制</li></ul>	<ul style="list-style-type: none"><li>● 加強與各國及區域內反貪腐機構之合作，進行經驗分享，協同建立相關標準。</li></ul>



# 澳洲官員對IPEF的看法



## 不是貿易協定

因未處理美國市場開放的問題



## 與執政黨(工黨)政策相符

推動貿易多樣化，優先領域包含綠色金屬(鋼鋁)、潔淨能源製造、醫療用品製造、關鍵技術、先進製程及農漁業



## 視為促進區域投資的創新作法

透過制定標準、提出因應供應鏈風險解決方案、推動潔淨能源基礎建設，帶來新的投資機會



## 要在CPTPP及RCEP之外取得成果

IPEF對供應鏈韌性、國際技術標準及綠色經濟技術合作等關鍵性議題提供具體解方才具價值

# 政策建議

## 澳洲擅長進行能力建構

美國可借重澳洲在印太區域進行能力建構的專長，如「澳洲太平洋基礎設施融資機制」(AIFFP)，來促進夥伴國有效參與IPEF

01

## 找出主要利益及建立願景

應盡速與相關政府單位及非政府組織(如標準制定機構)展開對話，形塑對個別支柱的主要利益及願景

02

## 找出供應鏈脆弱領域對症下藥

應找出區域供應鏈的脆弱性及關鍵領域，透過政府間及與企業之溝通，建立合作管道

03

## 強化夥伴國間資本流動

應強化夥伴國間資本流動，如研究目前的美、澳、日藍點網絡(Blue Dot Network)、G7全球基礎建設及投資夥伴關係等倡議，有何可以補強之處

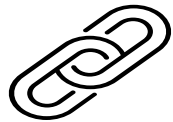
04

# 補充說明 (1/2)



## 澳洲太平洋基礎設施融資機制 (AIFFP)

2018.11澳洲宣布提供30億澳元(約21億美元)貸款及5億澳元(約3.5億美元)贈款，協助南太島國及東帝汶進行能源、水資源、交通及電信等基礎建設



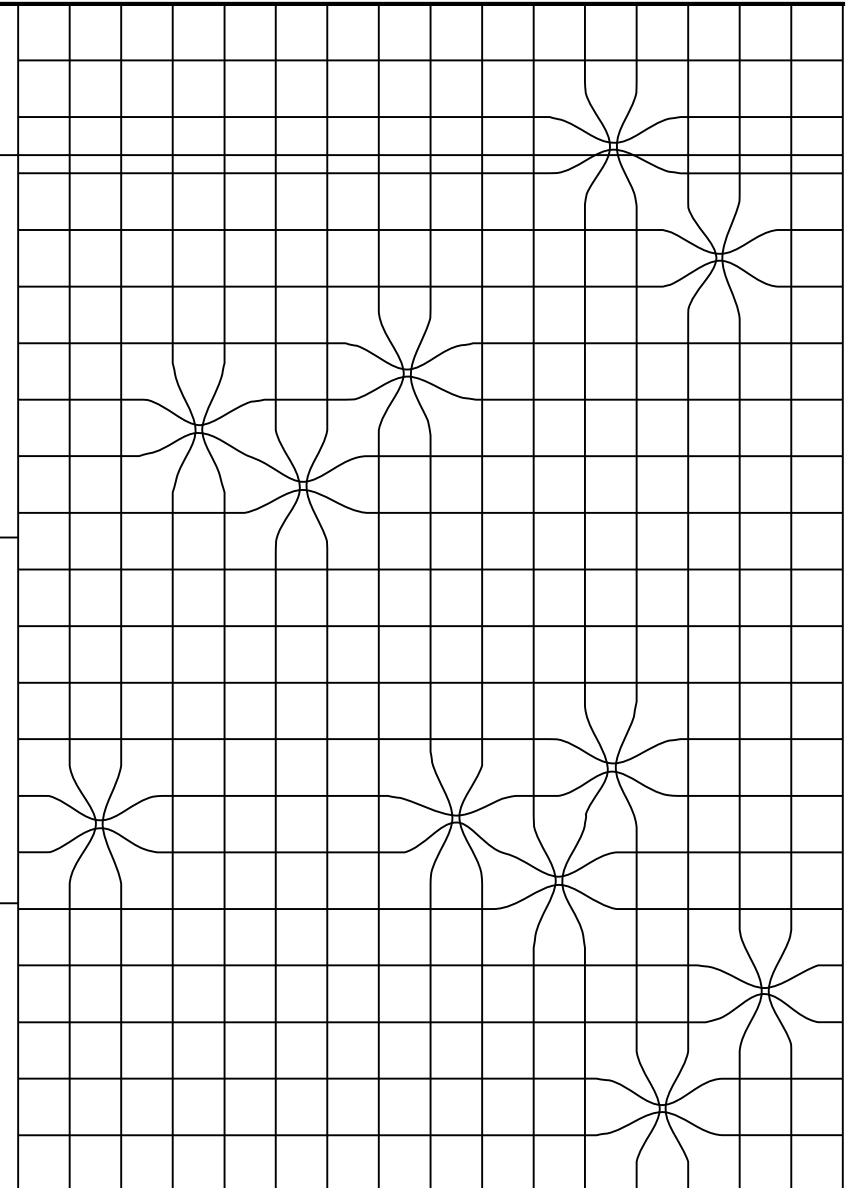
## 澳、日、印度供應鏈韌性倡議 (SCRI)

2021.4由四國部長共同提出，彼此分享供應鏈韌性最佳範例，並透過投資推廣及貿易媒合，讓供應鏈多元化



## G7全球基礎建設及投資夥伴關係

投資6千億美元用於因應氣候變遷、改善全球衛生、促進性別平等及推動數位基礎建設



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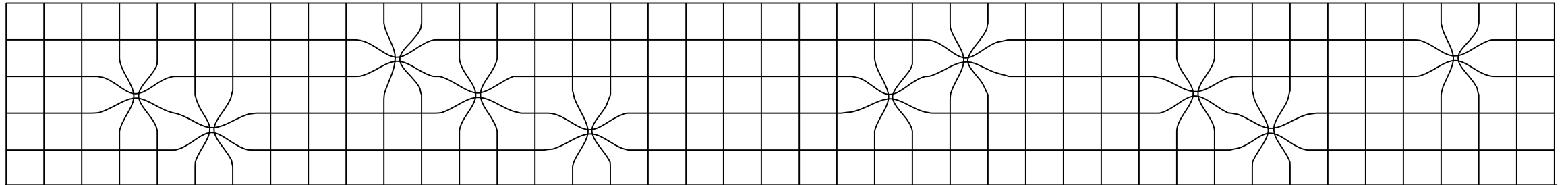
# 補充說明 (2/2)

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## 美、澳、日藍點網絡(Blue Dot Network)



由美國開發融資機構(OPIC)、澳洲外貿部及日本國際協力銀行(JBIC)共同成立之基礎建設融資評估機制，依據嚴格標準，包括由市場主導、透明度高、符合巴黎氣候公約宗旨，且在財務、社會及環境方面皆能永續，對開發中國家的基礎設施項目進行評估，優質者即獲藍點認證

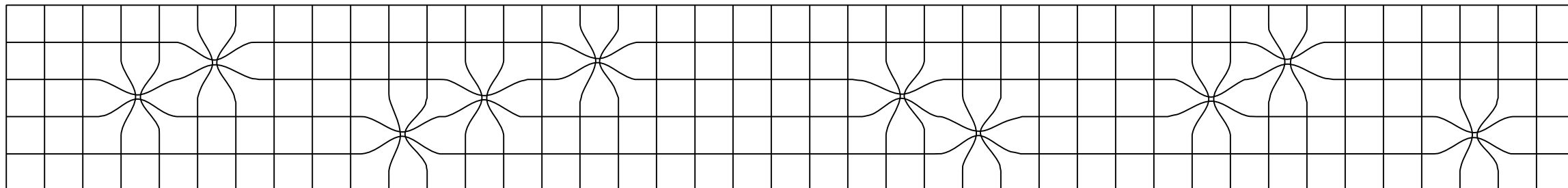


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簡報完畢

敬請指教

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## Australian views on the Indo-Pacific Economic Framework

171

ASPI



Dr Huon Curtis, Dr Samantha Hoffman and Dr Gatra Priyandita

### Executive summary

Australian officials surveyed for this research view the Indo-Pacific Economic Framework (IPEF) as an opportunity to bring more investment into the Indo-Pacific region, shape standards setting, form collective solutions to supply-chain risks, and influence the direction of clean energy infrastructure. The IPEF is viewed as a potentially innovative way to boost regional investment rather than as a mechanism to strengthen the usual substance of trade agreements, such as market access into the US.

It will be essential in the early development of IPEF to move beyond broad statements toward action on key issues of concern, like supply chain resilience, international technology standards, and tech cooperation on the green economy. This is particularly important if IPEF is to deliver results outside existing regional economic agreements, such as the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which Australia is a party to but the United States is not.



Image: iStockphoto/frantic00.

Our analysis is informed by interviews with officials from across the Australian Government and in industry bodies with portfolios that are relevant to the IPEF's four pillars. While we note that the officials interviewed aren't the ultimate decision-makers and that there's a new government in Canberra with its own emerging priorities, this report offers insight into the potential opportunities for Australia to shape the framework. As participating nations look towards beginning negotiations within IPEF's four pillars, we make the following recommendations:

1. *The US, as the convener of the IPEF, should lean into Australia's capacity-building expertise in the region.* Australia has a long history of organising capacity building and training exercises in Southeast Asia and the South Pacific. An example potentially relevant to IPEF include the Australian Infrastructure Financing Facility for the Pacific (AIFFP). Future engagement should be based on an objective assessment of the efficacy of past and existing programs, with a clear eye on coordination and adding value to avoid fruitless duplication. Focusing that capacity building on ensuring that participant countries have the skill sets required to engage effectively in the IPEF in each pillar area will create a sense of joint mission.
2. *Participant countries should quickly begin organising dialogues on the specific pillars involving relevant government agencies and non-government organisations, such as peak standards bodies.* To strengthen the IPEF's relevance, it's important to ensure that governments are open to understanding the different perspectives on each of the four pillars among nations and between the public and private sectors. With the IPEF still in its early stages, it's fundamental for officials to create specific mechanisms focused on each of the four pillars to allow participating nations to underline their key interests and visions for the IPEF.
3. *Work with participating nations and their corporate sectors to identify areas of vulnerability and criticality in regional supply chains.* Akin to the supply-chain initiatives that Australia holds with the UK, Japan and India, new intergovernmental and government-industry forums can be established through the IPEF. The overall intention is to work towards building avenues for cooperation among like-minded nations.<sup>1</sup>
4. *Investigate mechanisms to enhance capital flows between IPEF partners.* If the key strength of the IPEF is that it enhances the opportunity for increased investment in the region, then strategies to enhance the relations of official bilateral donors and creditors and private-sector involvement need to be followed. Some minilateral initiatives including the US-Australia-Japan Blue Dot Network and the G7 Partnership for Global Infrastructure and Investment already aim to crowd-in foreign investment, so IPEF should study and, where possible, complement those initiatives.

## IPEF in an Australian foreign policy context

The sharpening of the global economic outlook in the face of multiple crises, including inflation, war in Europe and autocratic belligerence, combined with increasingly urgent action required to address the systemic threat of climate change, has increased the sense of urgency among Australian policy- and decision-makers about economic security in the Indo-Pacific.

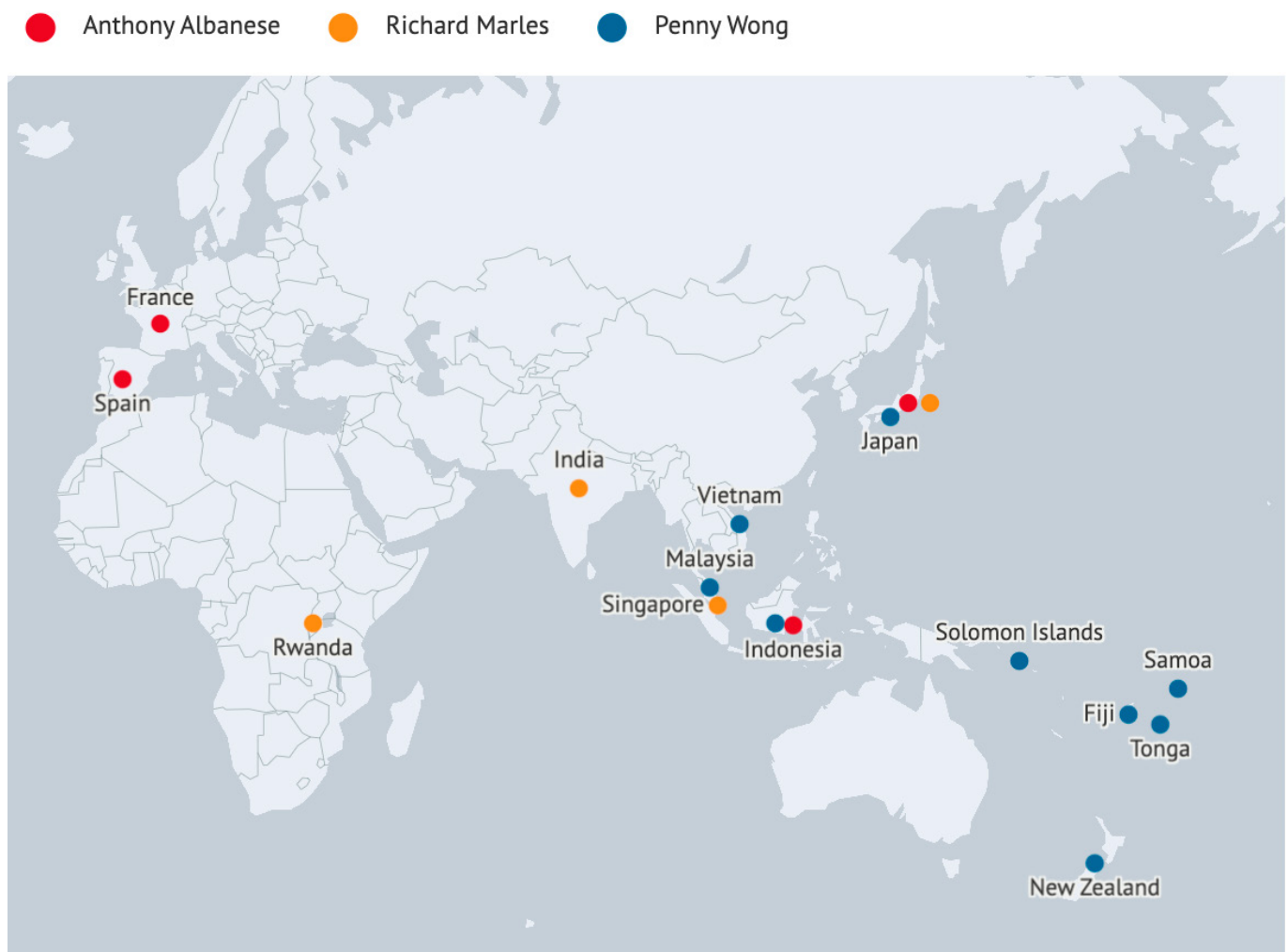
The problem for the US is how to boost economic engagement in the region in the wake of its withdrawal from the Trans-Pacific Partnership (TPP) pact in 2017.<sup>2</sup> It's in that context that the Biden administration formally announced the Indo-Pacific Economic Framework (IPEF) in May 2022 as a mechanism to re-engage with the region.<sup>3</sup> With the G7 announcement in June of the \$600 billion Partnership for Global Infrastructure and Investment fund to tackle climate change and to improve global health, gender equity and digital infrastructure, it's clear that there's a renewed vigour in expanding the G7's economic footprint throughout the world, particularly in the Indo-Pacific region.<sup>4</sup>

Australia has actively pursued bilateral and regional trade agreements across the region including the comprehensive AANZFTA with ASEAN. Alongside bilateral agreements with China (2015), Australia has concluded a number of other trade deals, including with Singapore (2003), Thailand (2005), Malaysia (2013), South Korea (2014), Japan (2015), and Indonesia (2020).<sup>5</sup> Australia is also a signatory to the Regional Comprehensive Economic Partnership (RCEP), which is claimed to be the world's largest free trade agreement.<sup>6</sup> The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) incorporates, by reference,

the provisions of the Trans-Pacific Partnership (TPP) Agreement.<sup>7</sup> Australia's 'Pacific Step-up' featured substantial increases in development cooperation and high-level exchanges and signalled that Australia wants to be a partner of choice for Pacific island countries. In 2020, Australia initiated the Pacific Agreement on Closer Economic Relations (PACER) Plus, a development-centred trade agreement with South Pacific states. Australia has also taken some small innovative steps towards building economic partnerships with Taiwan by joining the New Zealand-led Indigenous Peoples Economic and Trade Cooperation Arrangement alongside Canada in 2021, although there are few signs that Australia will again prioritise signing a bilateral FTA with Taiwan, as New Zealand has.

Australian trade ministers have made routine statements about trade expansion and diversification.<sup>8</sup> The new Labor Government says it is committed to trade diversification alongside a more expansive and proactive regional engagement approach across the region.<sup>9</sup> Within days of winning the May 2022 election, Prime Minister Anthony Albanese, Deputy Prime Minister and Defence Minister Richard Marles and Foreign Minister Penny Wong went on separate missions across the region to Japan, Fiji, Solomon Islands, Tonga, Samoa, Malaysia, Vietnam, Indonesia, Singapore and India (Figure 1).<sup>10</sup> Wong has said that this early engagement restores the sense that Australia wants to ensure that regional economic and security architectures are respected.<sup>11</sup>

Figure 1: Overseas visits of new government leaders over 40 days May-June 2022



Source: Lisa Visentin, 'Around the world in 40 days: The PM and top ministers' overseas blitz', *Sydney Morning Herald*, 2 July 2022, [online](#).

The speed with which the initial 13 countries (representing 40% of global GDP) signed on to the IPEF indicates the strong desire of nations in the region for increased avenues for trade and investment as well as a strong counterbalance to China's influence.<sup>12</sup> Buy-in to a US-convened group shows that continued US presence in the region is still desired even as other regional agreements, such as the CPTPP, are implemented and the RCEP gathers momentum.

Each participant country will explain its engagement on its own terms, as U.S. President Joe Biden did when he said that 'IPEF will enable the US and our allies to decide on rules of the road that ensure American workers, small businesses, and ranchers can compete in the Indo-Pacific'<sup>13</sup>. Provided there remains private consensus on the practical structure of the IPEF, then countries can differentiate their messaging depending on the audience.

And understanding the 'offer' is crucial to understanding the IPEF. In terms of conventional trade agreements (offers and requests), the IPEF has been criticised as failing on multiple fronts. For some trade analysts, the framework offers insufficient market access in exchange for too onerous requests on participant countries to conform with expectations on standards, green technology and digital economy initiatives.<sup>14</sup>

But, as Australian officials have pointed out, the IPEF isn't a trade agreement.<sup>15</sup> Rather than seeking to influence behaviour by negotiating the regulatory terms of market access, the framework relies on inward investment into the region—if certain behavioural conditions are met—as the alternative to market access. The behavioural conditions across the four pillars are yet to be negotiated, which is seen as a distinct opportunity for Australian decision-makers to build regional capacity.

## Strategic drivers for Australia across the IPEF's four pillars

The four pillars of the Indo-Pacific Economic Framework cover supply-chain resilience; clean energy and decarbonisation; tax and anticorruption; and trade (Figure 2). With a new government, Australian officials expect some continuity with previous government programs in the interim but with some renewed momentum, particularly on digital economy initiatives and climate change.

Figure 2: The four pillars and members of the IPEF<sup>16</sup>



Source: Authors.

We expect Australian policy- and decision-makers will use the IPEF as a tool for engaging in meaningful and regular conversations with regional players on key issues of strategic concern. Those concerns range from the short term (post-Covid economic recovery) to the medium term (supply-chain diversification and infrastructure and data-driven economic growth) to the longer term (climate change). ‘Supply-chain resilience’ is the catch-all term for the acute dependencies that are unfolding in global product markets and in strategic competition with China. In everything from fertilisers to rare earths and semiconductors to data dependencies, the globe is witnessing extreme vulnerabilities and great strain on manufacturing processes dependent on ‘just-in-time’ supply and port and sea infrastructure to carry products to market.<sup>17</sup>

Ever present is the looming challenge of a coercive China, which has been making its own offers on multiple fronts, including infrastructure through the Belt and Road Initiative, in digital standards setting and in security agreements. While China’s ‘offer’ to the Indo Pacific has been damaged to an extent by Beijing’s use of market access as a weapon, its economic engagement remains attractive.

For the US, China is a specific incentive for seeking a new regional economic framework; the other is the importance of increasing economic engagement with the Indo-Pacific region. At a press briefing, US National Security Advisor Jake Sullivan said that the IPEF’s launch marked ‘an important turning point in restoring US economic leadership in the region and presenting Indo-Pacific countries [with] an alternative to China’s approach to these critical issues.’<sup>18</sup> Australia, we assess, certainly doesn’t differ from a security perspective.

Since the new Labor government came into office in May 2022, multiple Australian Government ministers have cited a speech by former Labor Prime Minister Paul Keating (1991–1996) calling for China to show ‘restraints’ as its power swells.<sup>19</sup> The prospect of China signing security agreements with the countries just north of Australia’s border will force the newly elected Labor government to have a greater policy focus within the South Pacific, Southeast Asia and further afield into the Indian Ocean and East Asia. The need to counter Chinese influence in the region that enables Chinese power projection and allows Beijing to dictate terms to regional nations is central to that effort.

But, beyond China, Australia has longstanding interests in the region cutting across climate, economy, energy and security. Australia is the world’s 17th largest foreign direct investor, and those investment flows are concentrated in the mining sector.<sup>20</sup> This means there’s space for other sectors to be engaged through IPEF discussions. These are the terms through which Australian policy- and decision-makers are translating the somewhat vague parameters of the IPEF into concrete actions to shape the region in a positive direction.

## Pillar 1: a connected economy

The Biden administration has defined the IPEF’s first pillar (a connected economy) as the pursuit of a rules-based digital ecosystem that doesn’t undermine the ability to do business and exchange information online. It’s calling for negotiations to focus standards on issues such as cross-border data flows and data localisation, dealing with challenges such as privacy and discriminatory and unethical use of artificial intelligence, and guaranteeing that strong labour and environment standards and corporate accountability are met.<sup>21</sup>

For Australia, the concept of cooperation in the digital economy is more expansively framed around the promotion of sustainable economic growth across the Indo-Pacific region.<sup>22</sup> Currently, Australia maintains eight bilateral arrangements covering digital technology, seven of which are with Indo-Pacific states. Collectively, those arrangements seek to lift barriers to digital trade, attempt to influence the standards and norms that govern information exchanges in cyberspace, and provide capacity-building assistance to countries across the Indo-Pacific.<sup>23</sup>

In the multilateral realm, Australia actively attempts to influence global digital standards through its active participation in forums (particularly on critical minerals, cybersecurity, cloud computing and data management in the International Organization for Standardization and the ASEAN–Australia Digital Standards Cooperation Initiative) in an attempt to allow freer and more secure transmission of information, goods and services in order to foster economic growth. The government also dedicates funds to support Australian experts participating in major digital forums.<sup>24</sup>

The Australian technology sector is currently worth \$167 billion annually, according to estimates by the peak body the Tech Council of Australia. The involvement of sector leaders, such as Atlassian, in building relationships with India is a sign of likely further private-sector involvement in the region.<sup>25</sup>

The previous government had general aims to build a more ‘connected economy’ but was criticised for the low priority of the technology and science portfolio.<sup>26</sup> Internationally, the government focused on the goal of creating a global digital environment that’s inclusive and in which Australians can trade and exchange information freely and safely. The 2022 Digital Trade Strategy, for example, called for supporting overseas initiatives that bridge digital gaps and divides to build a more inclusive digital ecosystem.<sup>27</sup>

Looking ahead, the Labor Party made an election commitment of \$1 billion to fund critical technologies and skills programs to build 1.2 million technology jobs domestically by 2030, alongside a \$15 billion Reconstruction Fund that it’s hoping will unlock a further \$30 billion of private funding.<sup>28</sup> The new government will be looking to build greater momentum in the area, given that international indexes have Australia backsliding in its digital readiness and momentum.<sup>29</sup>

The IPEF provides Australia with the opportunity to further engage with rapidly developing digital markets in the Indo-Pacific by offering a forum to discuss digital trade, investment and standards. Furthermore, Australian officials believe that many states in the Indo-Pacific can benefit from engaging with Australia to empower their cybersecurity capacity and scientific research outputs. Australia has a strong track record of developing cybersecurity capacity building, data management and cross-border transactions. The Department of Foreign Affairs and Trade’s Cyber and Critical Tech Cooperation Program has delivered \$23 million in grants in the region and has announced a further \$74 million over eight years.<sup>30</sup>

Australia can also offer incentives to participating nations to maintain open digital economies and open cross-border data flows. Those incentives can come in the form of capacity-building assistance, digital training and the provision of university and vocational school scholarships for specialised technical training. Australia already uses the Australian Infrastructure Financing Facility for the Pacific to finance infrastructure across the Pacific.<sup>31</sup> Similar arrangements can be set up for other IPEF participating nations, particularly in Southeast and South Asia.

To encourage international research collaboration and to help empower Australia’s own research ecosystem, Australia can also advocate for the establishment of a research fellowship, modelled after the newly announced Quad fellowship, in which researchers from IPEF participating nations can collaborate on research projects of relevance to the cyber ambitions of those nations.<sup>32</sup>

## Pillar 2: a resilient economy

Like many world leaders, President Biden has put supply-chain resilience at the top of the US’s foreign policy agenda. For the US, pandemic-related disruptions, vulnerability to China-sourced inputs, China using economic coercion against its allies and partners, and, most recently, the Russian invasion of Ukraine have all thrust supply-chain risk forward. Therefore, in June 2021, the administration released findings of a 100-day review of America’s supply chains, which called for the US to improve its efforts to work with allies and partners, including by expanding multilateral engagement, to secure supply chains.<sup>33</sup> The IPEF ‘resilient economy’ pillar speaks to that priority.

Australia shares a similar problem and objective. Supply-chain resilience is a vector of economic and national security. Pandemic-induced recessionary pressures were less acute here than in many other countries, and unemployment is at an all-time low. However, inflation is rising and Australia is vulnerable to a global economic downturn. Australia’s trade dependency is acute, as two-thirds of our vulnerable imports come from China.<sup>34</sup> To address supply-chain vulnerabilities, the new government is looking to enhance the domestic industrial base, participate in internationally focused initiatives that use digital technology to protect business transactions and trade, and diversify investments into trusted partners’ economies.

Australia also maintains another initiative focused on supply-chain resilience with Japan and India, which was first proposed in a joint statement in 2020.<sup>35</sup> That mechanism provides the three countries with a platform for closer intergovernmental collaboration on supply-chain resilience through sharing best practices and events promoting investment to provide opportunities for stakeholders to diversify their supply chains. Building resilient supply chains is a complex task – mapping trade dependence isn't sufficient as there is always potential for surprises, as we've seen with the global implications of Russia's invasion of Ukraine.<sup>36</sup>

The new government will focus on building the local Australian industrial base through public and private partnerships such as the National Reconstruction Fund. There's a varied mix in the priority areas indicated by the government, which include multibillion-dollar initiatives to invest in green metals (steel, alumina and aluminium); clean energy component manufacturing, medical manufacturing, critical technology, advanced manufacturing, agriculture and fisheries.

The IPEF offers Australia the opportunity to deepen discussions with other Indo-Pacific states on supply-chain resilience, including avenues for foreign direct investment. As Australia begins participating in negotiations on the IPEF's parameters, standards setting is one mechanism through which Australia could influence the overall direction. For example, environmental, social and governance (ESG) standards on critical minerals are important for Australia strategically, given the centrality of the mining and resources sector to Australia's export mix.<sup>37</sup>

### Pillar 3: a clean economy

The Biden administration prioritises clean energy and infrastructure and jobs growth through clean manufacturing and innovation in its framing of the IPEF's 'clean economy' pillar. The policy actions behind this pillar would be aimed at such things as enforcing energy-efficiency standards, investment in renewable energy, decarbonisation and CO<sub>2</sub> reduction, like the clean energy economy priorities outlined in the Build Back Better Act.<sup>38</sup>

For Australia and the Indo-Pacific region, climate change has an increasingly visceral impact on national security frameworks, including the way that inward and outward foreign direct investment is regulated. Australia's severe 2019–2020 bushfire season and, more recently, severe flooding in 2022 (with a global pandemic in the mix) have offered a glimpse of the economic and supply-chain toll of climate change.<sup>39</sup> Australia is a high-carbon-emissions country on a per capita basis and faces a great challenge in transitioning to a low-carbon economy.<sup>40</sup> And climate change is also altering the geopolitical landscape for the Indo-Pacific region.<sup>41</sup> More investment dollars will be needed to simply stand still in funding physical infrastructure for trade: ports, rail and roads. Clean energy infrastructure and green technology is a new vector of strategic—not just economic—competition between China and the rest of the world.<sup>42</sup>

Across the region, island states from the Maldives to the Indonesian archipelago, Micronesia, Melanesia and Polynesia as well as coastal cities in East Asia are vulnerable to sea-level rise. There are attendant challenges to the foundations of economic growth stemming from hard falls in tourism income, barriers to labour mobility during the pandemic and shortfalls in migrant remittance income.<sup>43</sup> Larger states are also grappling with energy security, human capital development, insufficient infrastructure and thin capital markets for financing future growth.

As a signatory of the Paris Agreement, Australia's diplomatic engagement with the rest of the region on the 'clean economy' pillar is driven by its effort to ensure that global average temperatures don't rise by more than 2°C by 2050. Australia's diplomatic engagement can be informed by two sets of strategies. The first set focuses on ensuring reliable, secure and affordable energy supply and promoting efficient investment in energy infrastructure.<sup>44</sup> The second is the Climate Change Action Strategy, in which Australia seeks to integrate climate-change mitigation into its development assistance programs in the Indo-Pacific.<sup>45</sup> There are also other sets of objectives, such as managing climate-change risks to Australian investments, strengthening climate and environmental safeguards, and fostering partnerships for knowledge sharing and capacity building.

Australia also holds regular climate-change discussions with other countries at the ministerial and senior officials levels to share information, develop best practices and build joint efforts. In the Indo-Pacific, there are existing arrangements with Indonesia, Japan, South Korea, Singapore and Vietnam. Those arrangements are focused on creating a green economy by supporting practical projects and initiatives to advance low-emissions solutions, including new and emerging low-emissions technologies. Australia also provides capacity-building assistance to states that seek to address challenges facing their biodiversity, rainforests and oceans. And Australia is part of the new Partners in the Blue Pacific initiative, which is designed to work with the Pacific Island Forum's own Blue Pacific agenda.<sup>46</sup>

As Australia negotiates this pillar, both inward and outward foreign direct investment as a vehicle for executing climate action will be key. There are strong precedents for collaboration between Australia and Korea, Japan and France on clean energy.<sup>47</sup>

## Pillar 4: a fair economy

The US, through the 'fair economy' pillar, is seeking the enactment and enforcement of 'effective tax, anti-money laundering and anti-bribery regimes' that align with its existing multilateral obligations.<sup>48</sup> International trade continues to be undermined by unfair or illegal trade practices, such as corruption. Both standards setting and governance are important in this domain.

For Australia, ensuring that democratic definitions of corrupt behaviour are reflected in global norms is essential to maintaining its interests in a free and competitive international economic environment. Australia shares the view that fair economic practices must come with the enforcement of effective and robust tax regulations, strong anti-bribery regimes, and effective clampdowns on money laundering.

Australia's existing diplomatic practices in the Indo-Pacific concerning this pillar have largely focused on capacity building and advocacy for certain standards in multilateral forums. For example, anticorruption has been added as one of the provisions of the CPTPP, which requires parties to adopt or maintain domestic provisions criminalising corrupt behaviour in matters that affect international trade or investment.<sup>49</sup> Beyond the promotion of this practice, other diplomatic efforts focus on capacity building. Through specific units within the Department of Home Affairs, such as the Australian Transaction Reports and Analysis Centre (AUSTRAC), Australia also engages in capacity-building initiatives to provide training to developing countries in stamping out money laundering and creating robust anti-bribery regimes.<sup>50</sup>

The IPEF provides Australia with further opportunities to advocate for fairer economic practices across the Indo-Pacific, especially as corruption and expectations of bribery in some markets prevent Australian companies from competing fairly. Moving forward with the IPEF, Australia has the opportunity to deepen institutional links with anticorruption bodies to share knowledge and best practices with other participating nations. It's important that such arrangements place Australia and other states as 'equals'.

Autocracies such as Russia and particularly China, have demonstrated how varying definitions of 'corrupt behaviour' can affect global norms for combating such behaviours. For this reason, beyond standards, it's also important to think through the implementation of those standards. Idiosyncratic national and regional approaches to standards setting are sometimes a strength but occasionally a weakness. However, they can be wielded in ways that capitalise on areas of common interest.

## Looking ahead

Early meetings of the IPEF participants will focus on finding areas that complement Australia's existing diplomatic initiatives and identifying potential clashes. With a new Labor government in Canberra, policymakers anticipate more concerted effort on climate change as well as digital economy initiatives that will build on the diplomatic service's preferred form of engagement in the region: using agreement-making processes as a mechanism to build the capacity of regional governments.

Most specifically, standards setting cuts across several of the pillars and offers the opportunity to carve out standards to protect interests in critical areas. Understanding regional approaches to standards setting will be important so that all parties to the IPEF have ownership over areas of collective interest. Joint initiatives that help to identify areas of criticality and vulnerability in supply

chains and build collective responses between partners will also be the key to strengthening the framework. Identifying how foreign direct investment can be used as a vehicle to drive participation will also be instrumental to the success of the framework.

It's also important that, with broad policy pronouncements on IPEF having been made, dialogues involving relevant government agencies and non-government organisations are organised. To date, we understand, that outreach hasn't taken place. For negotiations to represent all views—and for the IPEF to have its intended regional impact—that engagement is necessary first.

Finally, Australia has a long history of providing capacity building to countries in Southeast Asia and the South Pacific. We need an objective assessment of whether and when these programs have been effective. These findings can help to inform the design of complementary capacity building through the IPEF on priorities including supply-chain resilience, digital standards setting and decarbonisation so that IPEF emerges as a relevant forum in the Indo-Pacific's already crowded field of regional mechanisms.

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## Acronyms and abbreviations

CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
ESG	environmental, social and governance
GDP	gross domestic product
IPEF	Indo-Pacific Economic Framework
RCEP	Regional Comprehensive Economic Partnership
TPP	Trans-Pacific Partnership

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## Australian views on the Indo-Pacific Economic Framework