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MEMORANDUM

FOR : The Directors
Biodiversity Management Bureau
Ecosystems Research and Development Bureau
Environmental Management Bureau
Forest Management Bureau
Mines and Geoscience Bureau
Climate Change Service
Legal Affairs Service

FROM : The OIC Director
Policy and Planning Service

SUBJECT : **CONDUCT OF THE INDO-PACIFIC ECONOMIC FRAMEWORK (IPEF) PILLAR III (CLEAN ECONOMY) IN-PERSON INTER-AGENCY MEETING**

DATE : **07 FEB 2023**

This refers to the conduct of the Indo-Pacific Economic Framework (IPEF) Pillar III (Clean Economy) In-Person Inter-Agency Meeting that was held on 02 February 2023 at the AVR PNOG Building, Department of Energy, Bonifacio City Global, Taguig City.

Background

The in-person inter-agency meeting was attended by representatives from the Department of Energy (Chair), Department of Finance (Co-Chair), Department of Foreign Affairs, Department of Science and Technology, Climate Change Commission, Department of Trade and Industry, DTI-Bureau of International Trade Relations, DTI-Board of Investments, Department of Justice, Department of Labor and Employment, DENR-Legal Affairs Service, Policy and Planning Service, Ecosystems Research and Development Bureau, and the National Water Resources Board.

Hereunder is the 2023 Schedule of Negotiations for IPEF Pillar III as presented during the said meeting:

Month	Activity
January 2023	Virtual Meetings
February 2023	Special Negotiating Round for IPEF Pillars II-IV:

	February 8-11: In-person Senior Officials' Meeting and technical-level negotiating round (for Pillars II-IV only) hosted by IPEF partner
March 2023	Round 2: March 16-23: In-person Senior Officials' Meeting and technical-level negotiating round hosted by IPEF Partner
April 2023	Virtual Meetings
May 2023	Round 3: May (TBC): In-person Senior Officials' Meeting/technical-level negotiating round (Location: TBD) Ministerial Meeting (on the margins of the APEC Ministers Responsible for Trade Meetings) in Detroit, MI, USA
June 2023	Virtual Meetings
July 2023	Round 4: July 9-15: In-person Senior Officials' Meeting and technical level negotiating round hosted by IPEF partner
August 2023	Virtual Meetings
September 2023	Round 5: September 10-16: In-person Senior Officials' Meeting and technical-level negotiating round hosted by IPEF Partner
October 2023	Round 6: October 15-21: In-person Senior Officials' Meeting and technical-level negotiating round hosted by IPEF Partner
November 2023	Round 7: November (TBC): In-person Senior Officials'/technical-level negotiating round and Ministerial Meeting (on the margins of APEC Ministers/Leaders Meeting) in San Francisco, CA, USA
December 2023	Virtual Meetings

Discussions

- On Article 4 (Electrification, Energy Efficiency, and Conservation), the DOE clarified if the DENR is using the term “ unabated fossil fuels”;
- On Article 6 (Energy Sector Methane Abatements), DENR to provide comments/ support/ recommendation on item No 1.a: “the Parties intend to reduce emissions from methane flaring, venting, and leakage in their respective oil and gas value chains to the fullest extent practicable, in support of achieving a global reduction in anthropogenic methane emissions of at least 30 percent by 2030 from 2020 levels”; and
- On Article 7 (Advancing Low-Greenhouse Gas Emissions and Solutions in Heavy Industries), the CCC requested for a categorical comments from the implementing agencies (DENR, DPWH, BOI, GPPB etc) regarding Item 4: The Parties intend to cooperate on the development of product disclosure and measurement systems, taking into account the impact on small and medium businesses, for embodied greenhouse gas emissions in certain products, including construction materials.

Ways Forward

- Submission of Consolidated inputs/comments of the inter-agency and PH non-paper to DTI-BITR;
- Special Negotiating meeting for Pillar II-IV on February 08, 2023 in New Delhi India;
- Updating of Mailing list;
- Creation of IPEF Pillar III Viber group; and
- DOE to circulate the draft Non Paper negotiations

Action Requested

In this regard, we would like to request your feedback on the following:

1. Comments/inputs on the updated version of the zero draft text (attached);
2. Comment/inputs on the draft Philippines non-paper for IPEF Pillar III (attached);
3. Updated list of IPEF focal persons with viber-ready contact numbers; and
4. Comments/Inputs on the aforementioned Articles 4, 6, and 7 (EMB and CCS)

We would appreciate receiving your feedback by 07 February 2023, in order to consider the comments during the Special Negotiating Meeting for IPEF Pillar II-IV that will be conducted on 08 February 2023 in New Delhi, India.

For your information and appropriate action, please.


MELINDA C. CAPISTRANO

cc: **Atty. Jonas R. Leones**
Undersecretary for Policy, Planning and International Affairs

Atty. Norlito A. Eneran
Director, Legal Affairs Service

For. Marcial C. Amaro, Jr.
Assistant Secretary for Policy, Planning and Foreign Assisted and
Special Projects

**AGREEMENT RELATING TO A CLEAN ECONOMY:
PILLAR III OF THE INDO-PACIFIC ECONOMIC FRAMEWORK**

**AGREEMENT RELATING TO A CLEAN ECONOMY:
PILLAR III OF THE INDO-PACIFIC ECONOMIC FRAMEWORK**

The Parties to this Agreement,

Acknowledging that:

ENERGY AND INFRASTRUCTURE NEEDS of economies in the Region are enormous ~~[PH: recognizing the unique national circumstances of each Party, including their development needs];~~

[PH: OUR SHARED OBJECTIVES AND RESPECTIVE PATHWAYS TO NET ZERO ECONOMIES recognize the unique national circumstances of each Party, including their development needs;]

IN LINE WITH OUR CLIMATE GOALS AND EFFORTS, accelerated efforts ~~[are necessary will be required]~~ to pursue greenhouse gas emissions ~~[PH: reduction and displacement mitigation and elimination]~~, enhanced energy security, climate ~~[PH: change resilience and adaptation and resilience,]~~, as well as sustainable livelihoods and ~~[PH: quality decent]~~ jobs for our populations;

CLEAN ENERGY TRANSITIONS offer ~~[PH: massive market expansion]~~, investment, industrialization, ~~[PH: financing, technology transfer,]~~ and ~~[PH: quality decent]~~ job opportunities; ~~as we pursue our shared objectives and respective pathways to net zero economies;~~

ACTIVE PARTICIPATION of our stakeholders, such as private sector entities, including micro, small, and medium-sized enterprises, ~~[PH: civil society representative workers²]~~ organizations, ~~[PH: academic and research development institutions, universities, and research institutions,]~~ as well as indigenous peoples and local communities, in shaping the clean economy will require innovation and creativity; and ~~[PH: that]~~

WORKING TOGETHER in ~~[PH: an a manner that is]~~ open ~~[PH: transparent, fair, and inclusive manner]~~, we can ensure that local and other communities, women, and indigenous peoples ~~[PH: vulnerable and displaced populations]~~ will play an important role in realizing our shared goals.

Seeking to:

ADVANCE ~~[PH: and MOBILIZE]~~ cooperation on research ~~[PH: and]~~ development, commercialization, availability, accessibility, ~~[PH: and]~~ deployment ~~[PH: and transfer]~~ of clean energy and climate-friendly technologies; and on policy frameworks, capacity building, technical assistance, ~~[PH: investments,]~~ innovative financing approaches, public-private partnerships, platforms, and networks that deliver quality, sustainable projects and solutions ~~[PH: towards our shared objectives that advance our aims];~~

ENABLE [PH: sustainable] commerce within and across our borders to unlock the Region's abundant clean energy resources and vast carbon sequestration potential, promote low- and zero-emission goods and services, and reduce overall greenhouse gas emissions; and

PROMOTE employment in the clean economy and just transitions through the creation and protection of decent work, quality jobs, and labor rights based on the ILO Declaration on Fundamental Principles and Rights at Work, which the Parties have adopted.

HAVE AGREED as follows:

Article 1: Scope

[]. [PH: Subject to own domestic laws, rules, and regulations or applicable national laws, regulations and policies]

Article 2: Definitions

For the purposes of this Agreement:

Carbon capture, utilization, and storage (CCUS), also referred to as carbon capture, utilization, and sequestration, is a process that captures carbon dioxide emissions from point sources and either reuses or stores it so it will not enter the atmosphere.

Clean energy refers to any energy source that generates energy resulting in low- or zero-greenhouse gas emissions and energy saved through efficiency [PH: and conservation] measures consistent with achieving net zero emissions and the Parties shared climate goals. Clean energy may include, for example, wind [PH: onshore and offshore], solar [PH: (PV and concentrated)], hydro, geothermal, or nuclear energy; sustainable bioenergy; fossil energy with CCUS; [PH: carbon dioxide removal]; or hydrogen energy derived from the foregoing sources, or from gas pyrolysis.

Economic clusters are understood to cover special economic zones, subnational hubs, industrial parks, eco-industrial parks, industrial estates, and comparable forms of agglomeration.

Labor Rights means:

1. The following rights, set out in the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work (as amended):¹

¹ The rights shall be interpreted consistently with the ILO's Declaration on Fundamental Principles and Rights at Work as adopted in 1998 and amended in 2022.

- (a) freedom of association and the effective recognition of the right to collective bargaining;
 - (b) the elimination of all forms of forced or compulsory labor;
 - (c) the effective abolition of child labor; ~~[PH: and, for the purposes of this Agreement, a prohibition on the worst forms of child labor, and other labor protections for children and minors;]~~
 - (d) the elimination of discrimination in respect of employment and occupation;
 - (e) a safe and healthy working environment; and
2. ~~[PH: acceptable conditions of work with respect to minimum wages² and hours of work.]~~

The Region comprises the territory of Parties to this Agreement [and maritime ~~[PH: areas-zones]~~ within which Parties exercise sovereignty, sovereign rights, or jurisdiction in accordance with international law].

SECTION A: ENERGY SECURITY AND TRANSITION

Article 3: Clean Energy Technology Development and Capacity Expansion

1. The Parties recognize the importance of ~~[PH: rapidly increasing the deployment of emerging increased access and adoption of affordable clean and emerging]~~ energy technologies ~~[PH: including and expansion of clean energy capacity expansion, including by accelerating through the development and]~~ deployment of hydropower ~~[PH: specifically mini]~~ and micro hydro as well as wind (onshore and offshore), solar PV, ~~[PH: sustainable bioenergy,]~~ concentrated solar power, geothermal, ~~[PH: sustainable bioenergy,]~~ CCUS, clean hydrogen, and nuclear energy ~~[through policies, laws, standards,³ and projects that [PH: are appropriate for the accelerate the]~~ Parties' respective pathways to ~~[PH accelerate the pursuit towards]~~ net-zero economies.
2. The Parties ~~[PH: intend endeavors]~~ to support policies and investments to expand access to clean and ~~[PH: sustainable reliable]~~ -electricity, ~~[PH: and to build by building]~~ and upgrading ~~[PH: e reliable, resilient power infrastructure, including through, where appropriate: enhanced power system planning [PH: for greater integration of that targets high levels of]~~

² For greater certainty, "acceptable conditions of work with respect to minimum wages" include requirements to provide wage related benefit payments to, or on behalf of, workers, such as those for profit sharing, bonuses, retirement, and healthcare.

³ References to standards and conformity assessment procedures in this Agreement include, as appropriate, relevant international standards, guides, or recommendations where they exist. International standards, guides, or recommendations means those developed through observation of principles and procedures to ensure transparency, openness, impartiality and consensus, effectiveness and relevance, coherence, and effective participation in standards development by developing countries.

clean energy ~~[PH: resources technologies and enabling]~~ demand-side management activities; transmission and distribution network ~~[PH: upgrades and]~~ expansion, ~~[PH: upgrades, and]~~ ~~[PH: development and enhancement of]~~ smart grid ~~[PH: enhancements]~~; increased energy storage capacity; ~~[PH: off-grid and on-grid]~~ distributed renewable energy, such as microgrids ~~[PH: system (on-grid and off-grid)]~~; and other approaches appropriate to rural and urban environments.

3. ~~[PH: The Parties also intend to support policies and regulatory measures focused on power system operations and markets that incentivize an increasing share of clean energy in electricity supply along with the provision of enabling measures to enhance reliability.]~~
4. Each Party intends to promote transparent, effective, and timely licensing, siting, and permitting for clean energy ~~[PH: technologies]~~ and related transmission, distribution, and storage projects. Each Party intends to continue to employ relevant safeguards to support a ~~[PH: responsible-just]~~ clean energy transition, including through social, economic, and environmental impact assessments. Each Party intends to encourage ~~[PH: new-infrastructure-]~~ investments ~~[PH: for new infrastructure to that-]~~ enhance resilience against the impacts of climate change ~~[PH: and take-taking]~~ into account the interests of local populations.
5. The Parties intend to support policy and regulatory frameworks to enable the deployment ~~[PH: and adoption]~~ of advanced nuclear energy technologies, including small modular reactors, ~~[PH: to help meet clean energy needs using a small environmental footprint to further reduce carbon and ecological footprint]~~ consistent with International Atomic Energy Agency (IAEA) safety and security standards and guidance. Each Party intends to undertake feasibility studies on how advanced nuclear energy technology would complement ~~[PH: its-]~~ existing energy infrastructure; develop a preliminary roadmap for nuclear infrastructure development and advanced reactor projects; as applicable, establish or strengthen legal and regulatory frameworks for the safe operation of nuclear power plants; and maintain a competent, independent nuclear regulatory body that is responsible for establishing requirements for nuclear safety and licensing, and for ensuring compliance.
6. The Parties recognize the importance of transparency in power contract practices. Each Party intends to encourage ~~[PH: power contract disclosure and]~~ stakeholder consultation on power sector practices. Each Party intends to promote fair, transparent, and competitive energy procurement, such as through tendering for central government procurement, in line with and leveraging existing international technical standards. The Parties intend to continue to emphasize the importance of enhanced private and public sector investment to drive energy sector development through continued improvement of sound regulatory, legal, and policy frameworks that incentivize broad participation in energy markets and take into consideration grid integration and flexibility.

Article 4: Electrification, Energy Efficiency, and Conservation

1. The Parties intend to advance options to expand and incentivize investments in energy efficiency and conservation measures.
2. Each Party intends to utilize consumer labelling schemes to increase transparency on absolute and relative energy efficiency and consumption as well as potential costs and savings for example on household appliances and electronics. The Parties intend to advance performance standards and building codes, to reduce energy [PH:use-intensity] and improve performance in new and retrofitted buildings. The Parties intend to facilitate these actions through collaboration and information sharing among the Parties, including on approaches adopted by the ENERGY STAR program.
3. Each Party intends to promote energy service models, such as energy service companies and energy performance contracting, that can help monetize energy savings as well as accelerate investment in demand [PH:-side] management services and energy efficiency.
4. The Parties intend to encourage energy resource regional interconnection and interoperability to [PH:speed-accelerate] the development of clean energy. The Parties intend to collaborate on technical, legal, and regulatory measures to coordinate and facilitate joint planning, investment and secure operation, as appropriate, of interconnected grids that leverage regional resources to reduce costs and emissions, and establish effective frameworks for cross-border clean energy trading [PH: and supply chain].
5. The Parties shall cooperate through sharing [PH: knowledge and] experience and studying approaches to reducing dependence on unabated fossil fuels. The Parties intend to deploy advanced planning and forecasting techniques to identify sustainable pathways to reduce the use [PH: of and dependence on] unabated fossil fuels while maintaining energy system reliability, and identify options for financial measures, [PH: updates-to-enhancement of regulatory and operational frameworks and operational changes] that enable this transition to take place in line with each Party's planned trajectory towards net-zero emissions and clean energy systems.

Article 5: Market Stability and System Resiliency

1. The Parties shall cooperate on energy security. Such cooperation may include, as appropriate, policy discussions, information sharing, technical analyses, and other efforts.
2. The Parties with surplus emergency petroleum stockpile storage capacity intend [PH:]-consistent with applicable national laws, regulations, and policies,-] to enable Parties seeking to increase their strategic stocks to utilize available storage capacity through leasing contracts or other appropriate written arrangements [PH, [, consistent with applicable national laws, regulations, and policies.]-
3. The Parties intend to cooperate [PH: in expanding and facilitating diversity of clean energy supply chains on clean energy supply chains to reduce the risk that any single technology or input supplier is able to adversely monopolize the supply chain for such-

~~technology and input.]~~ The Parties intend to promote analytical efforts, such as supply chain mapping, to characterize this problem and develop pathways to clean energy while also enhancing supply chain security. The Parties intend to share information, as appropriate, [PH: and consistent with the Parties' domestic laws, rules, and regulations,] regarding sources and trade flows of clean energy technologies and inputs from non-Parties with the goal of enhancing market-based production and investments in promoting a clean energy transition.

4. In developing cross-border energy interconnections, the Parties intend to cooperate to ensure that power sector investment does not compromise domestic control of power systems and that power systems operate in a manner consistent with [PH: to] globally recognized security standards.

Article 6: Energy Sector Methane Abatement

1. Each Party intends to support regulatory and policy frameworks that reduce methane emissions. Specifically,
 - a) ~~[PH: the Parties intend to]~~ reduce emissions from methane flaring, venting, and leakage in their respective oil and gas value chains to the fullest extent practicable, in support of achieving a global reduction in anthropogenic methane emissions of at least 30 percent by 2030 from 2020 levels; and
 - b) [PH: each Party intends to] support efforts to reduce methane emissions associated with the full oil and natural gas value chain, including through rigorous monitoring, reporting, and verification policies to encourage lower-emissions oil and gas imports.
2. The Parties intend to support incentivizing infrastructure and equipment investments that reduce methane emissions.

SECTION B: ADVANCING LOW-GREENHOUSE GAS TECHNOLOGIES AND SOLUTIONS IN PRIORITY SECTORS

Article 7: Advancing Low-Greenhouse Gas Emissions and Solutions in Heavy Industries

1. The Parties shall cooperate with respect to facilitating the development, commercialization, and deployment of clean technologies required to decarbonize heavy industries.
2. The Parties intend to use public procurement to generate greater demand for low emissions construction materials.
3. The Parties intend to support the production and deployment of relevant clean technologies and fuels, increasing energy efficiency, decarbonizing industrial processes,

and advancing CCUS. Each Party intends to develop and implement concrete policies and measures to this end.

4. The Parties intend to [~~PH: cooperate on~~ facilitate the development] of product disclosure and measurement systems, taking into account the impact on small and medium businesses, for embodied greenhouse gas emissions in certain products, including construction materials.

Article 8: Advancing Low-Greenhouse Gas Technologies and Solutions in Aviation, Maritime, Rail, and Road Transport

1. The Parties intend to cooperate to facilitate the development and commercialization of clean technologies required to decarbonize aviation, maritime, rail, and road transport. Specifically, the Parties intend to:
 - a) work toward increasing the production and availability of low- and zero-greenhouse gas emissions shipping fuels, on a lifecycle basis, in the Region;
 - b) work toward increasing the production of zero-emission medium and heavy-duty vehicles (ZE-MHDVs) moving toward [~~PH: aspirational goal of net zero zero-net~~] emissions overall by 2050;
 - c) cooperate to broaden participation in the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in accordance with ICAO Assembly Resolution A41-22; cooperate with a view to implementing the long-term aspirational goal for international civil aviation emissions adopted in ICAO Assembly Resolution A41-21; and [~~PH:~~
 - d) work toward the goal of significantly increasing the production of sustainable aviation fuel (SAF) in the Region, with SAF defined for this purpose as fuels that meet the ICAO definition of SAF and that achieve at least a 50 percent reduction in life cycle greenhouse gas emissions compared to petroleum-based jet fuel, and seeking to scale SAF that achieve at least an 85 percent reduction in lifecycle greenhouse gas emissions compared to petroleum-based jet fuel, using lifecycle [~~PH: methodologies-analysis~~] that build upon existing methodologies for SAF adopted by ICAO.]
2. Each Party intends to improve the necessary infrastructure to facilitate the transportation and use of SAFs, including refineries and fuel distribution systems, and to support other airport sustainability initiatives. The Parties intend to further cooperate on emissions reduction from international aviation, including in the context of the International Civil Aviation Organization's work on aviation sustainability initiatives and in the development of policies for greenhouse gas emissions reduction.
3. The Parties support a goal of achieving zero greenhouse gas emissions from the international shipping sector by 2050. By 2025, the Parties intend to work toward the establishment of five green shipping corridors between Parties to this Agreement, defined

as maritime routes that showcase low- and zero-emission lifecycle fuels and technologies with the ambition to achieve zero greenhouse gas emissions across all aspects of the corridor in support of zero greenhouse gas emissions sector-wide no later than 2050. The Parties shall cooperate with respect to the development of green shipping corridors. Such cooperation may include, as appropriate:

- a) feasibility studies and other foundational analyses needed as part of establishing green shipping corridors;
 - b) demonstration projects that develop infrastructure or make available sufficient volume of zero-emission fuels at ports within the Region;
 - c) energy efficiency and operations optimization activities that reduce overall energy consumption aboard commercial vessels;
 - d) convenings of cities, ports, shipping and cargo companies, and other stakeholders including representative workers' organizations, coordinating with relevant organizations, to prioritize actions and incentives that Parties and stakeholders can pursue to support green corridor development; and
 - e) development of systems for monitoring, [PH: evaluation,] reporting, and sharing information on the [PH: effectiveness of green shipping corridors and] impacts of incentive schemes to promote zero-emission shipping.
4. Each Party intends to accelerate the [PH: shift-transition] towards [PH: net zero-emissions/low emission-from] transport, including through efficiency improvements, electrification and lower-greenhouse gas or zero-emission fuels, investments in public transit and active mobility, and transit-oriented development, [PH: and to work toward a goal of a 50 percent market share for zero-emission vehicle sales in the light-duty sector by 2030.] In this regard, the Parties support working toward using central government scale and procurement power to achieve government procurement goals of 100 percent zero-emission vehicle acquisitions [PH: by 2035, including 100 percent light-duty vehicle acquisitions by 2027]. The Parties intend to reduce [PH: their-the] rail transportation carbon footprint through supporting the expansion of electrification, battery power, and sustainable fuels; expanding the rail network to provide a more efficient choice for passengers and goods shipments; and reducing greenhouse gas emissions from the operations, maintenance, and construction of the rail system. The Parties also support all levels of government, particularly provincial and municipal levels, to improve urban transportation planning, as well as design of land use and transportation infrastructure to enable higher mode share of public transit and active transportation. The Parties also intend to collaborate on planning and management of low-emission transport on a regional basis, and to encourage development and adoption of common technical, legal, and interoperability standards for electric vehicle charging, sustainable fuel bunkering for shipping, and SAF refueling capabilities across borders.

Article 9: Advancing Low-Greenhouse Gas Technologies and Solutions in Economic Clusters

1. The Parties recognize the importance of the economic clusters as engines of [PH: productivity development], growth, and job creation, and the need to decarbonize products and processes in these clusters as part of the Parties' efforts to reduce greenhouse gas emissions.
2. The Parties intend to assess, using agreed criteria, at least 50 existing economic clusters across the Region that are engaged in decarbonization projects by 2030. The Parties intend to support policies to cooperate on developing projects in these assessed economic clusters that improve systemic efficiency including energy, water, relevant materials, and byproducts; support direct electrification and renewable heat; promote clean energy sources; advance CCUS and carbon dioxide removal; and co-locate industrial hubs with clean hydrogen production.
3. The Parties intend to advance at least 20 new or upgraded economic clusters across the Region focused on clean technologies as well as low- and zero-emission goods and services by 2030.
4. Each Party intends to promote the adoption of relevant international standards to encourage the integration of energy and environmental management practices into companies' operational processes, including those in economic clusters.

SECTION C: SUSTAINABLE LAND, WATER, OCEAN SOLUTIONS

Article 10: Sustainable Agricultural Practices

1. The Parties recognize the importance of [PH: improving-reducing the environmental-ecological] footprint of agricultural production through sustainable land use and [PH: sustainable-] agricultural practices, including those that reduce emissions, increase carbon sequestration, maintain carbon stocks, and generate clean energy [PH: using agricultural feedstock]. The Parties intend to work together to accelerate adoption of improved nutrient management, biodigesters, reduced food loss and waste, and methane-reducing practices including water [PH: managementgovernance], and the importance of innovative tools, technologies, and practices, as well as partnerships with farmers and rural landowners to achieve these [PH: aimsshared objectives].
2. The Parties intend to cooperate on increasing investment in [PH: and support for-] climate-smart agriculture and food systems innovation, including through cooperation in the context of [PH: international initiatives such as] the Agriculture Innovation Mission for Climate (AIM for Climate).
3. Each Party intends to explore opportunities to advance the research, development, and deployment of climate-smart and resilient agriculture, to implement cooperative activities through international initiatives such as AIM for Climate, and to encourage its

government and non-government institutions (to include international research centers, institutions, and laboratory networks), to contribute to technical discussions and collaboration across international and national levels of innovation.

4. The Parties intend to work to reduce their collective fertilizer loss and waste, support innovative research, demonstrations, and training including related to the increased use of efficient nutrient management and alternative fertilizers, with an emphasis on near-term actions.

Article 11: Sustainable Management of Forests and Other Critical Ecosystems

1. The Parties intend to cooperate to improve the transparency of high-integrity, high-resolution, high-frequency, and other land use data – including, satellite imagery, agricultural concession maps, deforestation statistics, land cover change data, and land use change – in order to better identify and address sources of deforestation and degradation in agricultural and forest landscapes and improve land management. The Parties intend to also cooperate, to the extent practical, to work to reduce costs to producers and national governments to produce or acquire such data.
2. The Parties recognize the critical importance and benefits provided by [PH: natural ecosystems services], including their important role in resilience, human health, and long-term economic growth.
3. The Parties intend to work with consumer goods companies that source significant volumes of [PH: agroforestry products/soft commodities] from the Region – including, but not limited to, rubber, coffee, cocoa, palm oil, and [PH: wood-timber and non-timber] products – toward:
 - a) [PH: adopting/pursuing] preferential sourcing policies and agreements for products free of deforestation, supporting market demand for products shown to be deforestation-free;
 - b) sharing and advancing best practices for successfully marketing climate-smart [PH: agricultural/agroforestry and biodiversity-friendly] products to consumers; and
 - c) actively promoting the [PH: development of soft commodities] crops grown in a manner compatible with maintaining forest cover while delivering economic benefits to local communities, including indigenous communities.
4. The Parties intend to develop and strengthen cooperation and consultation with interested non-governmental entities and other stakeholders, including through public-private partnerships, to enhance implementation of measures to combat trade in illegally sourced commodities or commodities linked to deforestation.

Article 12: Water and Ocean-Based Solutions

1. Each Party intends to put forward ~~[PH: as early as possible ambitious 2030 offshore wind deployment goals and consider]~~ policy opportunities ~~to drive successful implementation of these~~toward the development of the 2030 offshore wind development goals, including which include fiscal incentives, clear ~~and predictable]~~ siting and regulatory procedures, ~~[PH: and]~~ support for effective grid integration and appropriate transmission planning and investment. ~~[PH: To this end, each Party intends to continue or launch national efforts.]~~to accelerate the deployment of offshore wind.
2. The Parties intend to cooperate on ~~[PH: ocean-based climate solutions including]~~ offshore wind and offshore energy supply chain development and integration where possible, ~~[PH: including and appropriate maritime investments in manufacturing, vessels, ports, and workforce, consistent with domestic [PH: laws. The Parties further intend to share best practices on education, vocational training, and other measures to support growth in the offshore clean energy workforce in their countries.]~~
3. The Parties ~~[PH: further intend to strengthen cooperation to generate more jobs from offshore clean energy, accelerate related research and development, capacity building, and expand information, education, and communication, sharing and dissemination of best practices on clean and climate-friendly technologies (public-private partnerships, shall cooperate by sharing information and best practices to assist with offshore clean energy resource mapping and assessment of ocean-based renewable energy resources)]~~.

SECTION D: INNOVATIVE TECHNOLOGIES FOR GREENHOUSE GAS REMOVAL

Article 13: Greenhouse Gas Removal

1. The Parties recognize the importance of scaling and reducing the cost of safe, sustainable, innovative, and durable greenhouse gas removal technologies and approaches as part of our efforts to move towards net zero.
2. The Parties intend to enhance their efforts to support demand and supply for CCUS, direct air capture, and other carbon dioxide removal technologies across the Region and take actions to accelerate the development of these approaches, including by:
 - a) advancing technical collaboration on characterizing the geological storage potential for carbon in the Region, leveraging the work of existing efforts such as the Asia CCUS network and other regional bodies;
 - b) collaborating and exchanging views on the development of regulatory approaches and policies for the shipment via pipeline or ship and storage of carbon across borders;
 - c) collaborating on market structures to incentivize the development of carbon removal projects;

- d) collaborating and exchanging information on measurement, verification, and reporting on the durability of carbon removal projects;
- e) supporting a goal of collectively catalyzing at least \$3 billion in new carbon removal investment in the Region by 2030 via efforts that could include direct procurement, subsidies, support for demonstration projects, and/or public-private partnerships;
- f) conducting detailed geological assessments of carbon mineralization and geologic carbon storage resource potential no later than the end of 2030, as well as exploring pilot programs;
- g) collaborating on research, development, and deployment for carbon utilization technologies; and
- h) collaborating and exchanging information on the development of international measurement, reporting and verification standards for carbon removal and geologic carbon storage projects.

SECTION E: INCENTIVES TO ENABLE THE CLEAN ECONOMY TRANSITION

Article 14: Strengthening the Demand-Side Measures

1. The Parties recognize the importance of strengthening the demand for low- and zero-emissions goods and services to accelerate development and commercialization of emerging technologies such as advanced clean fuels for shipping and aviation, zero-emission vehicles and charging infrastructure, long duration energy storage, and carbon removal technologies.
2. The Parties recognize the private sector's critical role in signaling demand for low- and zero-emissions goods and services. The Parties desire to position the Region to take advantage of the growing economic opportunities of low- and zero-greenhouse gas production capabilities. To this end, each Party intends to:
 - a) work collaboratively with the private sector to support efforts to promote the development of low- and zero-emissions goods and services and related markets;
 - b) strive to achieve net-zero government emissions by 2050, as well as develop a roadmap with interim targets for achieving that goal;
 - c) accelerate pathways to net-zero government emissions, by:
 - i) using clean [PH: green government-public] procurement methods, including preferences for procurement of low emissions products in high [PH: emission-emitting] sectors;

- ii) striving to achieve 100 percent carbon-free electricity for government operations by 2030, 100 percent zero-emission vehicle acquisition by 2035, and net-zero emissions from government buildings by 2045;
 - iii) taking steps towards requiring climate disclosures from major government suppliers, to include their greenhouse gas emissions, their climate risks and vulnerabilities, and their use of science-based and data-driven targets; and
 - iv) using materials with low embodied emissions in government works.
3. The Parties shall work together to share and promote best practices for ensuring high integrity and transparency in carbon markets in the Region, including in the context of potential linkages between existing domestic carbon markets.

Article 15: Expanding ~~[PH: Green Climate]~~ Finance and Managing Climate Risk

1. The Parties recognize that energy transition as well as climate ~~[PH: change]~~ adaptation and building resilience across the Region will require a significant scaling of public and private ~~[PH: investment financing]~~, drawing on diverse sources of capital including from governments, domestic financial institutions, ~~[PH: multilateral development banks]~~, global investors, and philanthropic organizations.
2. The Parties recognize the importance of sound regulatory and policy environments for mobilizing ~~[PH: capital financing]~~ at the scale required. Each Party intends to create, strengthen, and/or maintain investment policy and regulatory frameworks that facilitate and promote the mobilization of ~~[PH: investment financing]~~ to support implementation of the provisions of this Agreement, including to drive competition, enhance access ~~[PH: and openness]~~ to finance, boost transparency and investor confidence, and otherwise remove barriers that impede investment in the clean energy transition.
3. The Parties intend to cooperate to develop investment ~~[PH: plans and]~~ frameworks that aim to mobilize financing for low- and zero-emission projects and activities and those projects and activities transitioning existing assets to low- and zero-emission futures by ~~[PH: (i)]~~ supporting enabling domestic policies; ~~[PH: (ii)]~~ promoting secure, diverse, and resilient clean energy supply chains; ~~[PH: (iii)]~~ developing platforms to pilot initiatives; ~~[PH: (iv)]~~ growing the pipeline of bankable projects; and ~~[PH: (v)]~~ expanding private sector participation thru public-private partnerships, with a view of leveraging private and institutional capital to complement existing sources of public finance; and (vi) exploring and accessing the use of innovative financing, such as ~~public-private partnerships,~~ blended finance, and de-risking ~~[PH: instruments, with a view to leveraging private and institutional capital to complement existing sources of public finance]~~, with a focus on developing countries in the Region. The Parties also intend to convene private and institutional investors through an annual investor forum to share expertise and good practices on scaling up clean technology investments across the Region, including through integration of social and environmental considerations in their asset allocation and exploration of co-investment vehicles.

4. The Parties recognize that measuring and managing climate risk will help safeguard their citizens and economies against the effects of climate change, particularly given the global impact of climate change and the Parties' interconnected economies and markets. ~~[PH: In addition to participating in the Financial Stability Board, the Coalition of Finance Ministers for Climate Action, and other international fora, e~~Each] Party intends to make government-wide efforts to measure and manage climate-related financial risks in its financial systems; to reduce climate-related government fiscal risks; to reduce climate-related public sector risk ~~[PH: through public procurement]~~; and to develop policies to support disadvantaged ~~[PH: and vulnerable]~~ communities facing high climate risks.
5. Each Party ~~[PH: intends to develop and, where possible, begin implementation of~~shall endeavor to adopt and implement a common framework for] mandatory climate-related disclosure requirements, in line with domestic regulatory frameworks~~[PH: , that aim to provide greater consistency and comparability for investors. The Parties further recognize the importance of continued work within the International Sustainability Standards Board and beyond to promote interoperability among jurisdictions' climate disclosure frameworks.]~~
6. [PH: 6. Support shall be provided to developing country Parties for the implementation of this Article. Flexibility in the implementation of the provisions of this Article shall be provided to those developing country Parties that need it in light of their capacities]

Article 16: Technical Cooperation, and Capacity Building

1. The Parties intend to seek ways to share ~~[PH: knowledge and]~~ expertise and promote technical cooperation, with a view ~~[PH: to of]~~ promoting greenhouse gas emissions reductions and ~~[PH: accelerating the]~~ energy transition, including through, as appropriate:
 - a) ~~[PH: facilitation and provision of technical experts and its technical, deployment, investment analysis and facilitation];~~
 - b) [PH: provision of technical support and resource collaboration for Parties' research and development, and higher education institutions for in-country technical institutions as well as collaborations and research partnership];
 - c) collaboration and training on development and application of models and tools for analysis of the energy, environmental, cross-sectoral, macroeconomic, and regional impacts of decarbonization actions;
 - d) collaboration ~~[PH: and knowledge exchange]~~ on technology project design and testing, infrastructure modernization, enabling policies and measures, investment analysis and facilitation;

- e) capacity building and workforce development, and other critical actions needed to achieve near-~~[PH:and long-]~~ term greenhouse gas emissions reduction~~and long-term energy system decarbonization~~; and
- f) development, implementation, and enforcement of laws, regulations, and policies to reduce greenhouse gas emissions and adapt to climate impacts.

SECTION F – JUST TRANSITION

Article 17: Just Transition Policies

1. The Parties recognize the importance of the International Labor Organization’s 2015 Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All (ILO Guidelines) and related multilateral initiatives, to promote a just transition that contribute to the goals of decent work for all, social inclusion, and the eradication of poverty.
2. The Parties shall cooperate with respect to sharing knowledge and best practices regarding incorporation of just transition approaches into macroeconomic ~~[PH: and-~~ sectoral and environmental] policies, including through collaborative efforts between governments, international organizations, and representative employers’ and workers’ organizations.
3. The Parties emphasize the importance of establishing and implementing strategies for workforce development, to include targeted and appropriate training opportunities and, where relevant support measures for workers affected by the transition; promoting ~~[PH: good-paying jobs~~ decent work] that will underpin a net zero economy; and initial learning in new business practices and environmentally friendly technology and innovation.
4. The Parties recognize the need to consider support measures—such as social protection policies and active labor market policies—for businesses and workers impacted by transitioning to environmentally sustainable economies. The Parties intend to work to support individual workers and communities affected by the energy transition, including through policies and investment in social safety nets and new economic opportunities.
5. The Parties recognize the importance of engaging multilateral development banks ~~[PH:,~~ and other financial institutions] in advancing the just transition goals described in this Agreement and each Party intends to promote policies that encourage stakeholder consultation, including with representative workers’ organizations, regarding a just transition of the workforce.

Article 18: Promoting Decent Work

1. Each Party intends to assess policies that implement this Agreement for their impact on employment, in particular the protection and creation of quality, family-supporting jobs

that respect Labor Rights and the expansion of employment opportunities for workers and communities impacted by the clean economy transition and by climate change.

2. The Parties intend to take measures to promote Labor Rights in the sectors covered by this Agreement, particularly by encouraging worker organizing and collective bargaining in the construction, operation, and supply chain of activities undertaken in these sectors.
3. The Parties intend for the investment frameworks referenced in Article 15(3) to be consistent with Labor Rights, the ILO Guidelines, and, where applicable, IFC Performance Standard 2: Labor and Working Conditions.
4. The Parties intend to cooperate and take continuous measures to eliminate forced labor from supply chains and sectors covered by this Agreement, with attention to clean energy and sustainable agriculture and forestry. Measures may include implementing or promoting enhanced due diligence and supply chain mapping, supply chain management, improved procurement procedures, traceability from raw materials to finished product, timely remediation of violations, and investment in the creation or expansion of supply chains in which responsible labor practices can be verified [PH: in accordance with a Party's domestic laws, rules, and regulations].

Article 19: Social Dialogue for a Just Transition

1. Each Party intends to actively and consistently engage representative workers' organizations with the objective of developing the policies and achieving goals in this Agreement to protect employment and create high quality jobs that provide decent earnings, safe working conditions, provide social protection, and safeguard Labor Rights.
2. Each Party intends to establish a national just transition body with representative workers' and employers' organizations from the sectors involved in or affected by the transition. Consistent with the ILO Guidelines, each Party intends to:
 - a) engage in social dialogue through the just transition bodies on the implementation of this Agreement, including Labor Rights in the clean economy, actions to address the impacts of climate change, and the clean economy transition on workers and communities;
 - b) establish working groups in its just transition body on the sectors involved in or affected by the transition; and
 - c) invite its just transition body to share best practices identified through this dialogue.
3. Once established, each Party shall publicly report on the activities of its just transition body annually, including its membership and recommendations, as well as any Party actions undertaken to operationalize the recommendations of its just transition body.

4. The Parties intend to foster collaboration between national just transition bodies, including by convening discussions to facilitate exchange of views among representatives of such bodies and Parties, with a view to supporting implementation of just transition efforts described in this section.

SECTION G: STAKEHOLDER ENGAGEMENT AND INSTITUTIONAL ARRANGEMENTS

Article 20: Stakeholder Engagement

Each Party intends to actively and consistently engage stakeholders, such as private sector entities, including micro, small, and medium-sized enterprises, representative workers' organizations, [PH: ~~universities, academic~~] and research institutions, as well as indigenous peoples and local communities, in shaping the clean economy with the objective of developing policies and achieving the goals of this Agreement.

Article 21: Meetings of the Parties

1. The Parties shall meet periodically to consider and support the implementation of this Agreement. The functions to be performed at such meetings of the Parties include:
 - a) taking such decisions as the Parties determine necessary to promote the effective implementation of the Agreement;
 - b) considering any matter relating to the implementation or operation of this Agreement;
 - c) assessing, at regular intervals, the implementation of this Agreement by the Parties;
 - d) considering communications of information submitted by Parties pursuant to Article 22;
 - e) establishing any working groups, committees, or similar bodies as it determines necessary to advance implementation of this Agreement;
 - f) updating or elaborating further goals or targets that the Parties strive to achieve in furtherance of the aims of this Agreement;
 - g) establishing, by consensus, rules of procedure for the meetings of the Parties; and
 - h) exercising any other functions as decided by Parties.
2. The meetings of the Parties shall be attended by government representatives of each Party to this Agreement [, which should be at the level of minister or senior official].

3. The first meeting of the Parties shall be convened within one year of entry into force of this Agreement. Thereafter, the Parties shall meet at least annually unless otherwise decided by the Parties.
4. At its first meeting, the Parties shall adopt rules of procedure for the meetings of the Parties, including decision-making procedures.

Article 22: Regular Submissions of Information

1. Each Party shall submit regular reports to the other Parties on its implementation of the provisions of sections A through F of the Agreement. Such reports shall include the following elements:
 - a) a description of policies and measures it has adopted or planned towards implementation of this Agreement; and
 - b) a description of its contributions towards the achievement of collective goals included in this Agreement, or subsequent goals or targets adopted by the Parties.
2. The Parties shall adopt procedures and guidelines for the reports described in paragraph 1, including common reporting formats for the submission of information.
3. Each Party shall submit its initial report within [6 months] [1 year] of the entry into force of this Agreement. Subsequent reports shall be submitted at intervals as determined by the Parties[, but no less frequently than biennially].

SECTION H: [PLACEHOLDER FOR FINAL PROVISIONS]

INDO-PACIFIC ECONOMIC FRAMEWORK (IPEF) PILLAR III – CLEAN ECONOMY

Non-Paper, January 2023

The Philippines recognizes that a holistic approach is key to addressing the crosscutting nature of Pillar III. In this light, the Philippines extends a preliminary non-exhaustive list of ideas that may be discussed in the negotiations.

1. *Creating a Clean Economy Investment Forum/Platform*

(Key areas: (A) Energy Security and Transition, (B) Advancing low-GHG technologies and Solutions in Priority Sectors, (C) Sustainable Land, Water, and Ocean Solutions, (D) Innovative Technologies for Greenhouse Gas Removal, (E) Incentives to Enable the Clean Economy Transition)

Investments and public-private collaboration are critical in pursuit of IPEF's ambitious vision towards a clean economy.

IPEF may explore creating a platform that will bring together policymakers, leading investors, multilateral development banks and financial institutions, think-tanks, and non-government organizations to exchange ideas, explore opportunities, and facilitate cross-border investments and fundraising on infrastructure, as well as innovative and transformative low-carbon emitting technologies in the energy, land, water, ocean, industry, and transport sectors.

The forum may be an offshoot of existing initiatives (like CEDI) or serve as a standalone program.

2. *Establishing an Integrated Clean Energy Supply Chain*

(Key areas: (A) Energy Security and Transition, (B) Advancing low-GHG technologies and Solutions in Priority Sectors, (C) Sustainable Land, Water, and Ocean Solutions, (D) Innovative Technologies for Greenhouse Gas Removal, (E) Incentives to Enable the Clean Economy Transition)

There is already a broad idea among partners that an integrated clean energy supply chain is necessary to enable clean economy in the region. The diverse composition of IPEF creates more opportunities in shaping emerging markets that will be critical in the transition to clean energy. Likewise, establishing such platform will support IPEF members that can produce, supply, and manufacture minerals and materials needed to deliver clean energy technologies which is essential to the region's energy transition goal.

IPEF may draw on the International Energy Agency's report and recommendations on Securing Clean Energy Technology Supply Chains, which includes:

- Identifying supply sources for critical minerals and mapping supply chains for clean energy technology

- supporting emerging market and developing economies for a secure, sustainable, and resilient supply chain
- improving access to sustainable finance
- adopting financial tools that cater to different stages of clean energy technology supply chains.

3. *Mainstreaming Innovative Financing Instruments unique to IPEF, including Mobilizing Sustainable Finance and exploring Transition Finance*

(Key areas: (A) Energy Security and Transition, (D) Innovative Technologies for Greenhouse Gas Removal, (E) Incentives that Enable the Clean Economy Transition)

Financing the relevant energy and climate infrastructure and technology to transition to a clean economy entails significant costs. Although several funding platforms exist, the process of accessing these funds remains difficult. Additionally, a major share of the climate finance flows falls under debt financing (Asian Development Bank Institute, 2022)¹.

To fully realize Pillar III's objectives, IPEF must be able to support the enormous energy and climate infrastructure and technology of the region, by exploring the creation of a clean economy fund or something similar, to mainstream innovative financing instruments unique to IPEF, mobilizing sustainable finance, and exploring transition finance. This will allow members to contribute and get support for their programs and projects that are aligned with IPEF's clean economy goals.

4. *Forming a Consortium/ Center of Excellence for Clean Economy*

(Key areas: (A) Energy Security and Transition, (B) Advancing low-GHG technologies and Solutions in Priority Sectors, (C) Sustainable Land, Water, and Ocean Solutions, (D) Innovative Technologies for Greenhouse Gas Removal)

IPEF may explore the creation of a Consortium, a Center of Excellence (COE), or a similar platform that may simplify the sharing of resources and facilitation of financing to conduct research and development in the thematic areas of the Clean Economy Pillar. Additionally, establishing a designated platform for research and development will improve coordination and strengthen collaboration within the region.

5. *Mainstreaming Green Jobs for a Just Energy Transition and Decent Work*

(Key areas: (F) Just Transition)

Climate efforts including energy transition will entail a shift in the work industry which may cause displacement of workers. IPEF must ensure that the shift to a clean economy will provide these workers adequate support and opportunity to transition to green jobs.

¹ <https://www.adb.org/sites/default/files/publication/823021/adbi-policy-brief-financing-climate-targets.pdf>

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IPEF may also explore and further develop existing efforts in mainstreaming green jobs through exchanging information on knowledge and skills requirements in a green economy, cooperate in basic, higher, and technical-vocational education and training, and create a database or platform that identifies and links green job opportunities within the region.

**** Nothing Follows ****