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# Exploring Regional Integration with Indo-Pacific Economies: A Background Analysis for IPEF Strategies

*Francis Mark A. Quimba and Mark Anthony A. Barral*



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Exploring Regional Integration with Indo-Pacific Economies:  
A Background Analysis for IPEF strategies

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## **Abstract**

From the launch of the Indo-Pacific Economic Framework (IPEF), apprehension surrounds its true intentions and objectives. While touted as a US-led strategy to counter China's dominance in the region, IPEF seems to be a very slow-paced initiative and how it will progress, and how to go about it, remains a question that baffles economies. This paper presents IPEF's cohesiveness with the member economies and assesses IPEF's alignment with domestic policies and FTA commitments as well as in terms of priorities and visions of the country. Considering the integration among IPEF partners, results suggest that IPEF is in fact aligned with the issues and policies of economies.

**Keywords:** clean economy, clean energy, connectivity, cooperation, environment, fair economy, globalization, governance, IPEF, regional stability, security, supply chain, trade

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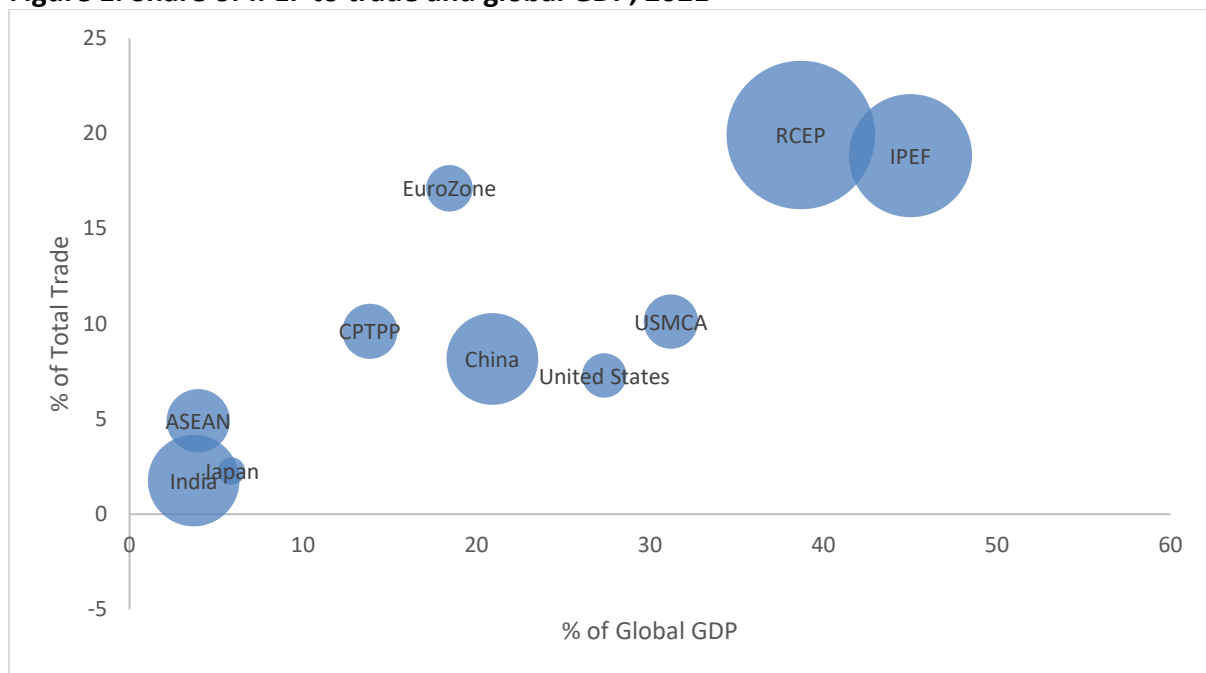
# Exploring Regional Integration with Indo-Pacific Economies: A Background Analysis for IPEF strategies

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## 1. Introduction

Launched in May 2022, the Indo - Pacific Economic framework agreement comprises 14 member economies – Australia, Brunei, Fiji, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, United States, and Vietnam. In 2021, IPEF account for 18% of the global GDP, 41% of the global trade, and 28 percent of the global population (Figure 1).

**Figure 1. Share of IPEF to trade and global GDP, 2021**



Note: Size of bubble is based on percent of global population

Source: Authors' construct based on the data from WDI

Although lower than Eurozone and RCEP, in terms of the share in global trade in goods and services, IPEF is a significant global framework. IPEF is a framework that addresses contemporary challenges in regional cooperation, establishing robust commitments across four pillars: trade, particularly in the digital economy; resilience of supply chains; promotion of clean energy, decarbonization, and infrastructure; and initiatives and measures related to tax policies and anti-corruption. Unlike traditional multilateral FTAs, such as RCEP or the CPTPP, the IPEF diverges by not including negotiations on market access or tariff reductions (Raga 2022).

The four pillars of IPEF were promulgated in a ministerial statement during the September 8, 2022 meeting in Los Angeles, California. The first negotiating round was then held a few months after, on December 10-12, 2022, in Brisbane, Australia. Hosted by Australia's

Department of Foreign Affairs and Trade, the first negotiating round was joined by the United States Trade Representative (USTR) and the Department of Commerce. It was also attended by delegates from the IPEF partners. The USTR shared the negotiating text of Pillar 1 (Trade), covering the topics on trade facilitation, agriculture, services domestic regulation, transparency, and regulatory practices. A conceptual discussion was also conducted to elaborate the areas for negotiation in environment, labor, digital economy, competition policy, and inclusivity (US Department of Commerce 2023a, and USTR 2022).

Promoting resilient supply chains, providing smooth movement of goods and services, and enhancing competition environment to allow better access to more goods and services are the objectives the trade pillar. This Pillar also commits to more inclusive and sustainable trade by promoting and encapsulating high-level labor and environmental standards into trade policies (USTR 2022).

Following the first negotiating round, a special negotiating round was conducted on February 8-11, 2023, hosted by India's Ministry of Commerce, to have in-depth text-based discussions of the remaining three pillars.

On March 13-19, 2023, the interagency delegation of US Department of Commerce and USTR co-led the negotiation for Pillars 2-4, in Bali, Indonesia, followed by the third negotiating round in Singapore, on May 8-15, 2023. On May 27, progress made in Pillars 1, 3, and 4 were recognized, and the substantial conclusion of the negotiations for the Supply Chain Agreement under the Pillar 2 was announced (US Department of Commerce 2023a).

The IPEF partners, except for India<sup>1</sup>, affirmed their commitments to a high-standard, inclusive, fair, and open trade that is grounded on the rules-based multilateral trading system. This commitment included seeking new approaches to trade and technology policies, that covers wide focused areas, groups, and topics, under the Trade Pillar. IPEF partners also welcomed the progress made for Clean Economy Pillar, and put forward combined ideas on how to accelerate the transition to a clean economy. They also welcomed the progress made under the Fair Economy Pillar, and the development of text agreement to strengthen the implementation of effective measure to combat corruption, boost commerce, trade and investment, among others (US Department of Commerce 2023b).

For the Philippines, participation in the agreement may help the country access a more stable source of products at lower costs as supply chain resilience is a key pillar. Particularly important are products essential during calamities and pandemics. Also, the Indo-Pacific region may also serve as a good source of products and intermediate inputs that can contribute in increasing the efficiency of domestic industries and improving the comparative advantage of the country.

However, there is little public information around the specific form this commitment will take (e.g., economic policies, financial assistance) whether agreements will be binding or not, and which countries will formally commit to which pillars. By addressing Key issues and limitations in the current form of this agreement, it is possible to identify points where IPEF

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<sup>1</sup> India is not a signatory to any international standards which means that any standard imposed in IPEF's trade pillar may interfere with their domestic setup. The high standards set in IPEF also pose concern over discrimination against developing economies who may find these standards costly and dangerous to their domestic productivity and efficiency.

partners (especially lower-income signatories) can benefit the most. Hence, this paper benchmarks the agreement with other Philippine cooperation or partnership agreements in order to identify areas of similarity or differences. It also identifies areas that the Philippines can exploit as well as strategies that the country can benefit. The study will shed light on the characteristics of IPEF and will provide recommendations on how the country can better benefit from this new cooperation framework. Hence, the following objectives:

General objective: To determine how the Philippines can better its position in IPEF

Specific objectives:

- a. To determine how IPEF complements with the national policies and agenda.
- b. To identify potential areas of cooperation.
- c. To recommend policy options for the country to better benefit from IPEF.

## **2. Review of Related Literature**

### *2.1. Overview of IPEF*

Established to harness innovation, particularly in terms of clean energy, digital, and technology, while, at the same time, addressing the threats of insecure supply chains and corruption, the IPEF aims to set high-standard commitment on four pillars: engagement in connected economy (trade), resilient economy (supply chains), clean economy (clean energy, decarbonization, and infrastructure), and fair economy (tax and anti-corruption) (Singh/ORF 2022, and The White House 2022).

The connected economy (trade) concerns around digital, environment, and labor issues, focusing on engaging in a more comprehensive partners, and setting standards to pursue high-standard rules of the road in the digital economy, including cross-border data flows and data localization. Under this pillar, issues and concerns on digital technology, such as the unethical use of Artificial Intelligence, which may jeopardize privacy and security. It also seeks strong labor and environmental standards, and corporate accountability.

Resilient economy focuses on supply chain commitments that will safeguards the economies against supply chain disruptions by establishing early warning systems and mapping the supply of critical minerals.

Clean economy, on the other hand, focuses on clean energy, decarbonization, and infrastructure. Under this pillar, climate crisis will be given more attention and will be addressed in terms of promoting renewable energy, carbon removal, energy efficiency standards, and reduce methane emissions.

Lastly, the fair economy pertains to the commitments to effective tax administration, anti-money laundering, and anti-bribery (Singh/ORF 2022, and The White House 2022).

Of the four pillars, the pillar on trade is the most difficult as it involves diverse of topics, from labor, environment, digital, agricultural, regulatory, competition, and trade facilitation, and members are expected to participate in this pillar (Goodman and Arasasingham 2022). IPEF, however, does no commit to any market access and tariff reduction arrangement, thus is not



considered a trade agreement, and does not compel members to commit to these pillars (Giridharadas/ORF 2022), and without provision for market access, the pillar is seen as more of a laundry list of US requests that does not provide any equivalent benefit for the members. The Framework is considered more as a political endeavor that is established to deal with China, raising concerns among members, especially of the Southeast Asian members, particularly those who endeavors to establish better relationships with both the US and China. The unclear form and function of IPEF leads for countries to have second thoughts on the true intentions of IPEF (Goodman and Arasasingham 2022).

The pillar on supply chains, on the other hand, seems to be most favorable for the members as it is seen to have more direct benefits, including strengthening the manufacturing industry and providing jobs, addressing the bottlenecks in the healthcare by ensuring the supply of pharmaceutical and other essential products, and secured resources.

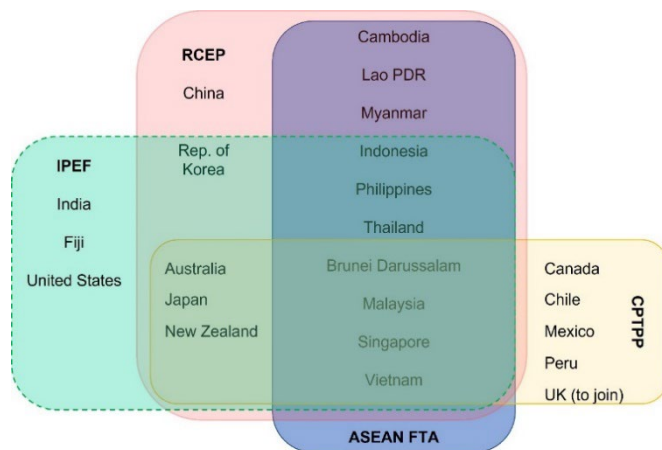
Questions, however, remain. For instance, as the US encourages its firms to rely less heavily on China when it comes to their supply chain, questions on how exactly the US would incentivize companies to shift to another production partner. The third pillar is another that members seen to be interesting, particularly for countries who have keen interest on clean energy. It, however, remains unclear how to incentivize transition from fossil fuels to renewable energy, especially that renewable energy has higher start-up costs. The last pillar, concerning tax and anti-corruption is the most ambiguous and least attractive. To some researchers, the pillar may even be considered a threat in the inclusivity of IPEF, this is because the topic is difficult to handle (Goodman and Arasasingham 2022).

Despite that it is not considered a trade agreement, IPEF is found by Srivastava et al. (2023) to have the potential to lead to deeper integration should a trade agreement be formed. In addition, having deeper integration programs beyond tariff and non-tariff reduction would lead to maximum growth in sectors, especially in industry, followed by services and investments (Srivastava et al. 2023).

## *2.2. Profile of Indo-Pacific Partners*

For the purposes of the agreement, Indo-Pacific region covers the Pacific and Indian Oceans and stretching from East Africa to the west of the US, including ASEAN and APEC economies. IPEF suggests a shifting of regional discourse from “Asia-Pacific” to “Indo-Pacific”, which can be attributed to the rise of India in the recent years. With the growing conflict between the US and China, the region has become one of the most contested regions (Singh/The Wire 2022). ASEAN economies, however, remain to be at the center of multilateral cooperation in the region, including RCEP, CPTPP, and ASEAN FTA, with which the Philippines is a signatory except in the CPTPP (Figure 2) (Raga 2022).

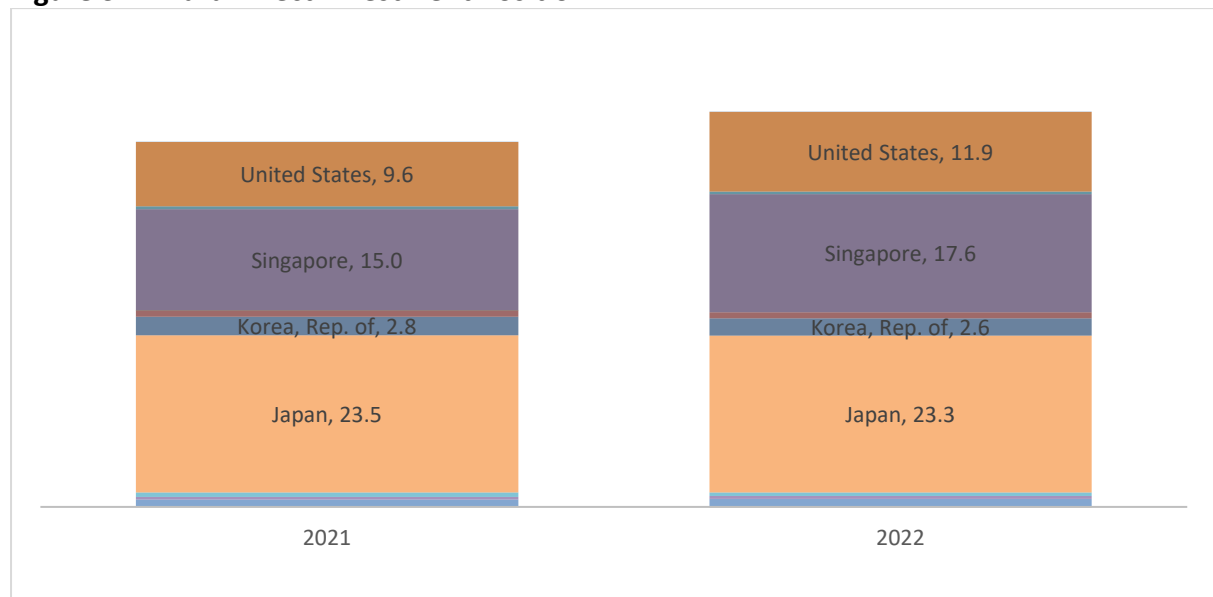
**Figure 2. Membership in Multilateral Cooperations**



Source: Raga (2022)

In terms of inward direct investment position, Figure 4 reveals that some IPEF partners are among the largest contributor of direct investments. Japan shares about a quarter of the total direct investment, followed by Singapore and the US.

**Figure 3. Inward Direct Investment Position in IPEF**



Source Authors' construct based on IMF Data

Meanwhile, Table 1 compares the economic structures of the IPEF members. IPEF totals/averages represent an economic size and structure that signify economic influence not only in the region but also globally. Contributing 35 percent of the global GDP explains why this framework or alliance makes a great deal in the global economy.

**Table 1: Basics of IPEF countries**

IPEF Countries	Revised GDP PPP (Int\$, Billions)	CAGR 10 Year Rate (% , 2012-2022)	Share of Global GDP (%)	Share of Global GDP Growth (% , 2012 - 2022)	Revised GDP Per Capita (Int\$)	Government Debt to Revised GDP (%)
Australia	1,457.2	2.2	0.9	0.6	55,897.0	51.6
Brunei Darussalam	39.1	-0.4	0.0	0.0	87,692.0	1.3
India	15,875.1	5.5	9.3	14.7	11,286.0	52.3
Indonesia	4,810.5	4.2	2.8	3.6	17,234.0	29.1
Japan	5,675.5	0.6	3.3	0.8	45,192.0	240.7
Korea, Rep.	2,881.1	2.6	1.7	1.5	56,129.0	44.1
Malaysia	1,305.4	4.1	0.8	1.0	39,341.0	51.2
New Zealand	247.8	2.9	0.1	0.1	50,590.0	51.4
Philippines	1,389.6	4.9	0.8	1.2	12,351.0	42.3
Singapore	661.5	3.1	0.4	0.4	111,301.0	127.8
Thailand	1,834.6	1.8	1.1	0.7	26,179.0	42.0
United States	23,149.0	2.1	13.5	9.7	69,142.0	113.8
Vietnam	1,535.2	8.6	0.9	1.9	15,514.0	29.0
IPEF Totals/Averages	60,861.4	N/A	35.6	36.0	45,988.0*	67.4*

\* Average for all countries

Notes:

- GDP data includes estimates for the Informal Economy, and updated Base Years, to improve the often imperfect quality of IPEF data.
- Debt-to-GDP ratio is total gross government debt as a proportion of revised GDP.
- GDP data includes estimates for the Informal Economy, and updated Base Years, to improve the often imperfect quality of IPEF data.
- Debt-to-GDP ratio is total gross government debt as a proportion of revised GDP.
- Int\$ - International dollar; CAGR – Compound annual growth rate; GDP – Gross domestic product; PPP – Purchasing power parity

Source: World Economics (worldeconomics.com)

Table 2, on the other hand, shows selected demographic information about the IPEF members. Figures for total population shows that the IPEF countries range from very large populations (India, Indonesia, USA), large sized (Philippines, Japan, Vietnam), medium (Korea, Thailand, Malaysia) and those with populations below 10M like Singapore, Brunei and New Zealand. The potential for the markets of these economies are indeed present in the various population sizes. The discrepancy in life expectancy and median age also reveals the key roles that younger countries would play in supporting the older population in the other partner countries.

**Table 2: Demography of IPEF countries**

IPEF Economies	Population Data Quality (Grade)	Total Population (Millions)	Life Expectancy (Years)	Median Age (Years)	Age Dependency (Total)
Australia	A	26.1	85.0	37.0	46.3
Brunei Darussalam	E	0.4	75.0	31.8	60.8
India	C	1406.6	67.0	27.6	51.9
Indonesia	B	279.1	68.0	29.4	52.4
Japan	A	125.6	85.0	48.4	28.9
Korea, Rep.	A	51.3	84.0	42.4	60.1
Malaysia	B	33.2	75.0	29.9	56.7
New Zealand	A	4.9	83.0	36.5	46.6
Philippines	B	112.5	69.0	24.5	43.8
Singapore	A	5.9	83.0	41.8	64.6
Thailand	A	70.1	79.0	39.3	56.5
United States	A	334.8	77.0	37.7	46.3
Vietnam	B	99.0	74.0	32.0	54.5
IPEF Totals/Averages	N/A	2549.6	77*	35.3*	51.5*

\* Average for all countries.

Notes:

- Statistical Capacity Index numbers shown on a scale of 0-100. 0 = Low level of resources, 100 = High level of resources

Source: World Economics (worldeconomics.com)

### 2.3. Some Country Perspectives

#### *India*

Just with other agreements, IPEF was received with a mix of reactions from different countries. While other are very welcoming of the Framework, others express some concern in whole or on specific areas or pillars.

India, for instance, is motivated by the US-driven initiative that is both an economic and geopolitical strategy. India expects to mobilize inbound investments, shift production centers

in critical sectors, deepen the global supply chain integration, and provide better access to low cost and long term climate finance (Anuradha 2023). While IPEF maintains free and open region with connections within and outside the region, fosters regional resilience to transnational threats, and reaffirms the UN's rules-based international order, IPEF is also raising some concerns.

On the Supply Chain pillar, in particular, members are required to identify critical sectors and goods, creating an impression that members are obligated to supply on these sectors without imposing trade restrictions. Second, the US' Inflation Reduction Act (IRA), which provides subsidies to support electric vehicles, key minerals, clean energy, and power generation facilities, may skew competition in favor of US industries. Third, India is not a signatory of any international labor standards, which means that labor standards imposed in almost all dimensions of IPEF may be problematic (Anuradha 2023).

### *Malaysia*

For Malaysia, IPEF may contribute in two main aspects. First, while it may not necessarily be a strategy to increase market access, IPEF can potentially restore market access to the US once Withhold Release Orders (WROs) that ban exports of companies facing labor allegations are reversed or relaxed. Second, it can balance key relationships and manage the fallout from the ongoing US-China trade and technology war. In this manner, members are not compelled to pick sides between US and China (Menon 2023).

In terms of challenges, Malaysia also perceives market access and the political environment issues as key areas of difficulty. While IPEF may not have direct effect on the members' access to US market, it may affect market access of US firms' to members' markets, as every item in the agenda relates to competitiveness.

Political environment issues are a challenge in terms of the structure and operationalization of IPEF. questions on its real purpose arise, whether economic or geopolitical. The shift of power to lead the trade agenda to the Commerce Department resulted to suspicions that the US is favoring more its domestic companies and protecting its technologies, particularly to prevent competitors, especially Chinese companies, to access advanced US technologies, a form of distortionary and protectionist policy, which is against the principle of fair and open trade. It can be noted that Malaysia has long been an open economy, with free and open trade and investment policies. In addition, Malaysia has no existing FTA with US; US treats countries with whom it has FTA differently than those who do not have (Menon 2023).

### *Thailand*

Thailand also considers IPEF as a strategy for economic recovery and changing geopolitics, as it provides opportunities to generate new trade and investments, improve business environment, and create more jobs (Pitakdumrongkit 2023). On Trade pillar, IPEF is considered a means of crafting international rules and standards, and can deepen economic engagement. Particularly with the delays on the US-Thailand FTA talks, IPEF provides a forum for the country to continue engaging with the US. Supply Chain pillar provides companies a means to expand abroad and deepen their supply chains. On Clean Economy, Thailand expects this pillar to complement its pursuit of bio-circular-green (BCG) economy. On Fair Economy, Thailand expects IPEF to upgrade the regions' anti-corruption and taxation standards, as well as enhance transparency and good governance.

Thailand, however, also recognized some potential challenges. For instance, Thailand has a sluggish progress in terms of digital governance architecture. While it is signatory to CPTPP, which has an e-commerce chapter, it is not participating in the WTO e-commerce talks and is not likely to participate in any digital agreements. Thailand, therefore, may not participate on trade pillar concerning digital economy. In addition, domestic legislations are more restrictive cross-border data flows. Also, like that of India, labor standards set by the Framework may also be an issue for Thailand (Pitakdumrongkit 2023).

### *Indonesia*

Indonesia, as the largest ASEAN member, also hopes that IPEF can maintain a strategic balance between the two giant economies – US and China, and that IPEF can be an effective complement to other existing global and regional initiatives, including the RCEP and the BRI. Indonesia also expects that IPEF will provide access for technology, as well as financing for green and digital economy. Despite these expectations, Indonesia, however, recognizes some issues with IPEF. First, the fact that the US pulled out from the TPP means that it can also easily repeal the framework. Indonesia has also similar sentiment with respect to the US' Inflation Reduction Act (IRA), which will attract in green technologies. This makes it unclear how IPEF can bring benefits to members that do not have FTA with the US. IPEF also includes high-standards in its pillars, which may entail costly adjustments for some members (Negara and Wihardja 2023).

### *South Korea*

South Korea exhibited a shifting response to engaging with the Indo-pacific region. South Korea was initially cautious towards the framework because of its existing relationship with China, Japan, and the rest of its neighbors. The cautious position of South Korea mainly arises from IPEF being a US initiative, which may put South Korea in the middle of US-China geopolitical tension (Qing 2023, and Moon and Lee 2022). In addition, South Korea and China have established significant diplomatic and trading partnerships, which may be jeopardized if it joins the framework. considering that IPEF remains half-baked, it is unclear for South Korea how the US will be able to implement the strategy.

On the other hand, in 2019, during an ASEAN meeting, South Korea shifted its attitude towards the Indo-Pacific. South Korea, together with the US, has released its “South Korea-US Efforts to Enhance Cooperation between the New South Policy and the Indo-Pacific Strategy”, marking its position to support the framework. South Korea's shifting decision is motivated both by domestic and international factors. South Korea's economy has been sluggish in recent years due to lack of natural and human capital resources, and slow movements in its domestic markets. It therefore considered IPEF as an ideal leverage. At the international level, like other countries' perspective, it sees the framework as a strategy to offset the influence of China, especially with the situations in the Northeast Asia and the Korean Peninsula (Qing 2023).

### *Australia*

Australia's consideration in embracing IPEF is motivated not just by the commercial or economic benefits but also of the chance to participate in a security alliance within the region, with which IPEF is seen as the only viable means. Worker-centric trade in IPEF supports espousing labor and human rights, digital trade, and environmental standards. This makes the framework an opportunity for Australia to maximize (Draper 2023).

There is, however, some skepticism emerging from the non-enforceability of some of the pillars. There are also concerns on how IPEF will interact with other regional initiatives, such as APEC. IPEF can potentially promote regional fragmentation, particularly on the implementation of standards that depart from the existing regional norms.

### *Japan*

Japan's support to IPEF is expected with its vision to have a rules-based free and open Indo-Pacific region. Japan is motivated by the growth of digital economy, as a driver of economic growth and job creation, as well as the importance of data utilization. Similarly, data protection, in the global economy, and the need to understand and manage related issues are major concerns for Japan (Nagy 2023).

As with other partners, Japan's motivation is both centered on economic and security interests. Being a major partner with both the US and China, Japan's role in IPEF is significant. Although its participation in the framework showcases its support for a better supply chain that does not depend much on China, this can also be seen to contain China's influence in the region.

In the recent decades, Japan has experienced a slowing down of its economy. Participating in a number of trade and economic agreements is seen as a way to sustain economic sustainability. These partnerships include, RCEP, the CPTPP, and the Japan-EU Economic Partnership. In all of these partnerships the US is not a party. IPEF, therefore, fills this gap, being a US-led initiative. Overall, Japan's participation in the framework focuses on its interest to sustain its economic position, and promote rules-based order and regional security (Nagy 2023).

### *New Zealand*

For New Zealand, supporting IPEF does not need much discussion as the framework fits into its "Trade for All", Trade Recovery Strategy 2.0, Industry Transformation Plans 8 initiatives. The four pillars of IPEF are seen as a cooperative forum for rules-based and standards-setting of new-age trade issues, including digital trade, carbon pricing, and critical minerals. IPEF can also revive the motivations in addressing old trade issues. New Zealand, on the other hand, pushes for IPEF to be more engaging with the stakeholders and strengthen public engagement throughout the negotiation (Mikic 2023).

### *Fiji*

Fiji sees IPEF has a potential for increasing market access to Asia and the US. With China, as its major trading partner, IPEF can allow some trade diversification, especially with supply chain integration. Being a small economy, Fiji fears that its hopes to increase market access would not be feasible if it is to arrange with individual countries separately, due to the regulatory and technical requirements and costs. IPEF, therefore, provides an opportunity to engage with prospect partners more viably. Fiji, however, recommends including technical and financial assistance at all pillars, and ensure that the assistance is on top of the existing assistance already provided by developed countries (Kumar 2023).

## *Vietnam*

Similar to other countries, Vietnam finds IPEF a promising leverage to address issues on supply chains, innovation, climate change, and green development. It particularly sees resilient and clean economy pillars to benefit the country. Vietnam, however, is cautious of the challenges on low localization rates and resource limitations, which must be given attention in the discussions (Dang and Tran 2023).

## *Singapore*

Singapore, on the other hand, finds IPEF to complement its pursuit for green and digital economy, as well as in making its trade resilience. IPEF offers a dialogue-based pathfinding means of addressing key issues, which especially fits with the pragmatic view of Singaporean policymakers. Although, admittedly, IPEF is far from perfect, what matters is the US engagement, and that the initiatives laid down in the framework complements with the interests and priorities of Singapore (Tay 2023).

## **2.4. Strategies for Engaging with countries in the Indo-Pacific**

Indo-Pacific has been a region of interest for decades. Several economies have considered its potential to expand their markets and alliances. Similar to US, some countries and blocs have created their own strategies to engage with the region.

### **2.4.1 Japan's FOIP**

In 2023, Japan introduced its revised and improved Free and Open Indo-Pacific (FOIP) Strategy, which it originally introduced in 2016. Japan's FOIP was developed "to propose a guiding perspective to be shared by the international community" (Kishida 2023, p.2) and, basically, to defend peace, motivated by the conflict between Russia and Ukraine and to address common challenges on health, environment, digital space, among others (Kishida 2023).

Japan's FOIP upholds four pillars of cooperation. First, "principles for peace and rules for prosperity", which serves as the backbone of the strategy. This pillar upholds the basic principle of international order, which includes respect for sovereignty and territorial integrity. Under this pillar, Japan expresses concern over ongoing aggressions and that it will continue to support countries fight poverty and terrorism. This pillar also covers Japan's interest in maintaining the Indo-Pacific as a free and open region that provides a level playing field for all countries in the region.

The second pillar is "addressing Challenges in an Indo-Pacific Way", which is the new focus of the FOIP. Under this pillar, various challenges on climate and environment, health, cyberspace, among others, will be addressed in a "realistic and practical Indo-Pacific way... achieving an equal partnership among autonomous nations" (Kishida 2023, p.6). Here, Japan also intends to promote the "Asia Zero Emission Community" as it leads clean market and cooperation in innovation to realize the global Green Transformation (GX), and will maximize the use of ODA in providing support for introducing renewable energy.



The third pillar pertains to “multi-layered connectivity”, which recognizes the role of infrastructure and connectivity in economic growth and regional integration. Here, Japan highlights three important regions – Southeast Asia, South Asia, and Pacific Islands region. Japan recognizes the shared visions between FOIP and ASEAN Outlook on the Indo-Pacific (AOIP), and pledges 100 million US dollars to the Japan-ASEAN Integration Fund. The third pillar also underlines its approach to focus on developing human resources and strengthening knowledge connectivity, not only on national level but across the region.

Lastly, “extending efforts for security and safe use of the sea to the air”, which provides importance of recognizing geopolitical shifts and risks. Here, Japan reiterates its advocacy for “three principles of the rule of law at sea” – “(1) States should make and clarify their claims based on international law, (2) States should not use force or coercion in trying to drive their claims, and (3) States should seek to settle disputes by peaceful means” (Kishida 2023, p. 10).

The FOIP pillars will be implemented by strengthening diplomatic efforts and expanding Japan’s ODA in various forms, which will require revising the ODA guidelines and introducing a new “private capital mobilization-type” grant aid. Moreover, Japan recognizes India as co-equal in “maintaining and strengthening ‘a free and open-international order based on the rule of law’” (Kishida 2023, p. 13). In a nutshell, Japan’s FOIP strategy covers strengthening partnership, infrastructure development, maintaining security, and deepening economic engagement in the region.

#### 2.4.2 ASEAN Outlook on the Indo-Pacific (AOIP)

The AOIP was adopted during the 34th ASEAN Summit in 2019 (ASEAN 2019). Almost similar to that of FOIP, the AOIP is based on the principles of inclusivity and openness, complementarity and coherence, economic cooperation, maritime cooperation, and ASEAN centrality. With these, AOIP aims (1) to guide cooperation in the region, (2) to promote an enabling environment for peace, (3) to enhance ASEAN’s community building process and strengthen ASEAN-led mechanisms, and (4) to implement existing and explore other priority areas of cooperation (ASEAN 2019).

Among the areas of cooperation that are prioritized in ASEAN under this strategy are maritime cooperation, connectivity, SDG 2030, and economic cooperation. Other possible areas of cooperation include south-south cooperation; trade facilitation and logistics; digital economy and cross-border data flow; MSMEs; and Science, Technology Research and Development.

While AOIP’s main mechanism is a deeper engagement in Asia-Pacific and Indian Ocean regions, it also recognizes other regional mechanisms, such as the East Asia Summit (EAS), ASEAN Plus One, ASEAN Regional Forum (ARF), and ASEAN Defense Ministers Meeting and its Dialogue Partners, or (Australia, China, India, Japan, New Zealand, Republic of Korea, Russia, and the United States, collectively as “Plus Countries”) (ADMM-Plus) as avenues for deeper engagement in the region (ASEAN 2019).

#### 2.4.3 India’s strategy

India’s strategy is similar to that of Japan and ASEAN’s by also focusing on maritime security and strategic partnerships. It complements the two strategies in the sense that, while Japan and ASEANs strategy move towards deepening cooperation towards the near western region of

South Asian and Indian Ocean countries, India's strategy moves towards Southeast Asia, East Asia, and Pacific regions, in its Act East Asia Policy (Baruah 2020).

Partnership is at the core of India's IP strategy. Especially crucial among these would be with of Japan, Australia, and the United States. Initially, India's strategy was centered around infrastructure cooperation with Japan as a direct response to the Chinese-led initiative in the region. Japan's Partnership for Quality Infrastructure, promotes "sustainable, quality, and financially responsible infrastructure." In 2016, India and Japan underlined the need to connect Asia and Africa via the Indian Ocean, which later concluded as the Asia-Africa Growth Corridor, considered as a direct counter initiative to that of China's Maritime Silk Road (maritime component of the Belt and Road Initiative or BRI) (Baruah 2020). This partnership between Japan and India can be considered as a balancing element of power within the region.

### 2.4.3 China's Strategy

In response to IPEF, which is believed to be US' military-oriented Asia Pivot policy (Hussein et al. 2023), China has also crafted its own Indo-Pacific strategy, which reflects China's efforts to expand its influence and safeguard its interests in these areas. China's strategy also covers a number of areas, encompassing economic, political, and military aspects. The strategy will enhance China's economic connectivity initiatives in its Belt and Road Initiative (Scott 2019).

China's Indo-Pacific strategy covers three maritime zones – the South China Sea, Indian, and Pacific Oceans. Its maritime strategy is based on the idea of developing its maritime capabilities, establishing energy security flows in the Indian Ocean, and gaining control of what it claims as part of its economic zones – East and South China seas. South China Sea, and the Hainan Island, gives China maritime advantages. Hainan is set to become a free trade zone in 2025 as the starting point of the MSR network.

China's maritime strategy includes penetrating the Pacific island-chains and the two-ocean navy. The island chains run from, first, Japan to Taiwan and the Philippines, and, second, from Japan to the Norther Marianas and Guam. The two-ocean navy, on the other hand, is a military strategy of deploying naval operations in the two island-chains in the Pacific and in the Indian Ocean (Scott 2019).

## 3. Methodology

The lack of clarity on some areas of IPEF leads to apprehensions to support and join the framework. There is therefore the need to better understand what IPEF is, its benefits, and how the Philippines, and other economies, can reap the benefits.

One way of understanding the IPEF is by examining it as a policy framework, which can be done by determining its coherence with a set of factors. Policy coherence is defined as "the systematic promotion of mutually reinforcing policies across government department and agencies creating synergies towards achieving the defined objective" (OECD 2001, p.90). Policy coherence leads to "working together in ways that result in more powerful tools and products for all concerned. It means looking for synergies and complementarities and filling gaps, between different policy areas to meet common and shared objectives" (OECD 2002, p.34).

This paper adapts the areas of policy coherence utilized by the OECD’s policy coherence for sustainable development (PCSD) framework.

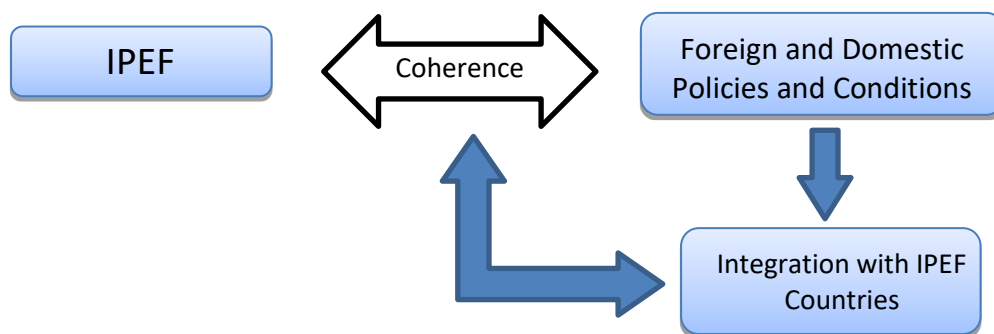
The following are the areas of coherence considered (OECD 2017, p. 2):

- Transboundary coherence, i.e. between national and international policy and across national boundaries
- Political or intrinsic coherence (i.e. taking a policy decision through all the steps necessary to translate it into action)
- Vertical coherence between different levels of government, from local to national
- Horizontal coherence across key government ministries, departments and agencies and across sectors and themes
- Temporal coherence, promoting a long-term vision and coherence across political mandates

This paper diverges from the PCSD framework in terms of areas of implementation as OECD’s focuses on the achievement of SDGs by ensuring coherence between policies across levels of government. For this paper, policy coherence is intended to assess IPEF as a regional framework, and how participating in it as a national policy, can be coherent and consistent with Philippine goals and vision. Therefore, the indicators used in this paper are not similar to those in the OECD framework.

Following this concept, this paper adopts the following conceptual framework to assess the IPEF as a multilateral framework and its coherence with the national foreign and domestic policies:

**Figure 4. Conceptual Framework**



Source: Authors’ construct

In addition, to aid in understanding policy coherence, this paper investigates the integration between IPEF countries in terms of a number of dimensions, including trade and investment, financial, value chains, connectivity and infrastructure, movement of people, regulatory, and digital goods.

Institutional integration and policy coherence are considered to be causally linked. As policy coherence requires collaborative institutions, mechanisms across scales, networks, or sectors, policy coherence often results from institutional integration. Hence, institutional integration and policy coherence are central concerns of the 2030 Agenda (Nilsson et al. 2022). Similarly, OECD identified policy integration as a building block of policy coherence for sustainable

development (OECD 2019). In the context of mobility policies, integration is among the fundamental elements in achieving coherence in migration policies. Imbalance or slow regional integration is considered a factor of the existence of uncertainties in mobility policies. Without adequate integration, may cause regional cooperation to be disrupted by political tensions and agreements (GFMD 2018). On the other hand, tighter integration of world markets and societies underscored the importance of coherent global policies as coordinated actions on the management of global public goods has increased (ILO 2007).

The inclusion of integration highlights the importance of institutional and policy integration in regional and economic cooperation within IPEF. The paper, however, does not distinguish which causes which but recognizes the mutual relationship between integration and coherence. Hence, this paper infers that the coherence of IPEF with the Philippines is backed by the level of integration of the Philippines to IPEF partners.

Determining the different levels of coherence will help determine how the IPEF complements with the national policies and agenda of the country. As IPEF countries share common issues, needs, and motivations, they are most likely driven to participate in an alliance and cooperate towards achieving mutual benefits, whether for socio-economic or security purposes. This will also help determine what areas of cooperation needs to reinforce or be built in cases where there is still no existing cooperation. In addition, as the country navigates this new and incomplete framework, there is a need to understand how this will complement and benefit the country, its industries, and people.

Under the transboundary coherence, the paper will evaluate whether IPEF is consistent with the foreign policies and regional/global interests of the Philippines. Transboundary coherence ensures the commitments of the Philippines in IPEF do not digress from its domestic commitments. This can be assessed by looking at the priorities and interests of IPEF and its members, and how these priorities and interests differ from that of the Philippines. Here, the level of Philippine integration with the rest of the IPEF partners can be an acceptable indicator. In addition, trade complementarity index is considered as an indicator under transboundary coherence. Trade complementarity index suggest how Philippine exports are absorbed by IPEF partner countries.

Political coherence pertains to how commitments are translated into action, and the domestic and foreign implications for implementing or adopting such policy. Here, how partners share common norms and values, as well as environmental, social, and governance issues, can be an indicator of how coherent their political goals can be. For instance, in addressing pollution, poverty, or corruption. Thus, if IPEF countries share common environmental issue, they are more likely to engage with each other through IPEF as a cooperation mechanism to address environmental issues. This can also be observed in terms of the shared regional cooperation or agreements IPEF countries have. Consider two or more countries are signatories to the same agreement, which has underlying commitment, they are more likely to engage in a commitment in IPEF, which underscores the coherence of IPEF. Another indicator considered under political coherence is their commitment to regional trade and economic cooperation, such as membership in ASEAN, and having bilateral agreement with other IPEF partners. However, even if two countries are not signatories to common agreement, the lack of partnership does indicate the need to bridge that gap, which IPEF can address.

Under horizontal coherence, this paper will look at how domestic policies, in response to commitment in IPEF, will be coherent across the different levels of government, agencies, or sectors. This ensures synergy and collaborative effort across government agencies in addressing an issue. For instance, trade pillar may cut across a number of issues, including labor, environment, and agriculture, which have to be dealt with by multiple agencies. This paper, therefore, will determine how issues cut across the different pillars of IPEF. Cross-pillar or inter-sectoral relationship among pillars in IPEF may indicate viability in undertaking the commitments to IPEF. Moreover, this will also be easier for governments to align their existing policies and needs without having the need to heavily overhaul their national policies or create complicated reforms.

On vertical coherence, the paper will investigate the adoptability of the framework. This covers how it can be translated into a national policy, and how it can be aligned with the existing domestic policies, especially concerning sectors that IPEF pillars cover. Similarly, how the country's response to IPEF commitments, as a national policy, will be acceptable to and relate to subnational governments. In particular, this paper looks at how the focus areas of IPEF can respond to the needs of local government units, their devolved functions, and the possible mechanism with which local governments can benefit from an international framework, such as IPEF, based on the inherent power of local governments.

Lastly, the paper will also assess temporal coherence, which refers to how IPEF is aligned with the short-term goals and long-term visions of the country. Here, the paper considers the visions outlined in the *Ambisyon Natin 2040* and the goals and strategies in the Philippine Development Plan 2023-2028, and how these are related with the focus areas of IPEF.

This paper determines how integrated the Philippines is with the IPEF partners using the Regional Integration and Value Chain Analyzer (RIVA).<sup>2</sup> Specifically, the level of integration will be measured across different dimensions, including Trade and Investment, Financial, Value Chain, Infrastructure and Connectivity, Movement of People, Regulatory Cooperation, and Digital Economy. Annex 1 provides the list of specific indicators under each dimension, and for two types of integration – conventional and sustainability.

Trade and investment integration measures the depth of regional integration among group of economies who intend to facilitate freer flows of goods and services, and investments. This dimension focuses on the indicators related to barriers of trade and investment, and those contributing to jobs and environmental goods. This dimension specifically considers measures that contribute to poverty reduction (SDG 1), increased employment and economic growth (SDG 8), industrial development (SDG 9), and partnership (SDG 17), as well as the achievement of environment-related SDGs, including SDGs 7, 12, 13, 14, and 15 (UNESCAP 2023).<sup>3</sup>

Financial integration measures the level of closeness of economies in terms of cross-border flows of capital, participation of foreign investors in the domestic financial markets, and information sharing of financial institutions. Financial integration supports two SDG

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<sup>2</sup> RIVA is developed by Economic and Social Commission for Asia and the Pacific (ESCAP) in collaboration with the Forum for East Asia-Latin America Cooperation (FEALAC) and Economic Commission for Latin America and the Caribbean (ECLAC). RIVA considers two categories of measures.

<sup>3</sup> Chapter 2: Connecting DigiSRII Dimensions to the SDGs.

[https://riva.negotiatetrade.org/riva2\\_introduction/connecting-digisrii-dimensions-to-the-sdgs.html](https://riva.negotiatetrade.org/riva2_introduction/connecting-digisrii-dimensions-to-the-sdgs.html) (accessed on September 4, 2023).

indicators, the SDG 8 for economic growth and SDG 10 as it may reduce inequality through the improvements in domestic financial development.

Economies also participate in value chains to facilitate the backward and forward linkages in the flows of goods, services, and capital, among others, thereby integrating deeper. As value chain improves, it also facilitates the developments of industries and infrastructures (SDG 9), contributing to the creation of decent work and economic growth (SDG 8). It also allows for the availability of affordable and clean energy (SDG 7), thereby contributing to other environment related goals (SDGs 12, 13, 14, 15).

Perhaps, among the more perceptible measure of integration is connectivity and the infrastructures that allow it to occur, such as transport and telecommunications. Infrastructure and connectivity relate to other integration measures as it provides inclusive access to goods and services, as well as people, capital and information, among others. With such, this measure of integration relates to SDGs 2, 5, 7, 9, 10, and 11.

The movement of people, and basically remittance flows, translates to economic integration and is directly related to SDG 8 as it concerns about the availability of jobs.

Integration in the regulatory cooperation, on the other hand, refers to common institutional arrangements and frameworks, which is usually indicated by regulatory similarities and diplomatic relations among economies. This measure can be related to provisions in trade and cooperation agreements that facilitate labor mobility, intellectual property rights, environment, health, legal, and technical. Thus, this dimension is related to SDGs 2, 3, 7, 8, 10, 12, 13, 14, 15, 16, and 17.

Finally, integration in the digital economy pertains to the closeness of economies in terms of improving the flows of and access to digital goods and services for industrial and infrastructural developments, thus relating to SDGs 5, 8, 9, 10, and 11 (UNESCAP 2023).

RIVA uses two vectors of integration – conventional and sustainable integration. Conventional integration uses traditional indicators used in the literature of economic integration, whereas sustainable integration includes indicators that point out how regional integration contributes to the attainment of SDGs, particularly on areas involving environment, safety and inclusivity.

#### **4. Policy Coherence**

Considering its regional dynamics, assessing the policy coherence in IPEF is quite challenging. Member economies have very varied economic and political environments, as well as the numerous issues and areas of concern from which coherence of policies are to be viewed, the level or depth of coordination between these policy making economies is quite a task to track and measure.

For simplicity of discussion, policy coherence in this paper will be discussed in the general context of IPEF's four pillars and how member economies go about these – whether they support the pillars, and what existing or planned actions these economies have in order to align with IPEF.

## 4.1. Transboundary Coherence

Transboundary coherence in IPEF pertains to the level of coordination and cooperation among the member economies in addressing transboundary issues within the region or in another region that may also potentially affect the member economies. In this context, participating economies are understood to be in collaboration with each other. They are working together to come up with solutions to the shared challenges and promote the attainment of common goals and vision, such regional stability and prosperity, as well as on issues relating to trade facilitation, infrastructure development, digital connectivity, sustainable development, among others. Here, it is important to recognize cohesive and coordinated approaches crafted to address the stated issues.

In order to facilitate the understanding in transboundary coherence among IPEF countries, it is helpful to determine what pillars each economy supports, what areas have these economies priorities domestically, and what cooperation exist among them with respect to these areas.

Transboundary coherence can also be determined in terms of the levels of integration across economies and with respect to different key areas. Looking back at the levels of integration across economies, as shown in the earlier Figures 5 and 6, somehow assures that coherence in IPEF is not difficult to achieve. Also, as earlier pointed out, although integration between economies is generally not strong, it has improved across periods (between 2010-2-15 and 2-16-2021). In addition, integration across different areas, as shown in Figures 7 and 8, which shows improvements particularly on infrastructure and connectivity and digital economy, indicates that IPEF may easily be aligned with the priorities of these economies.

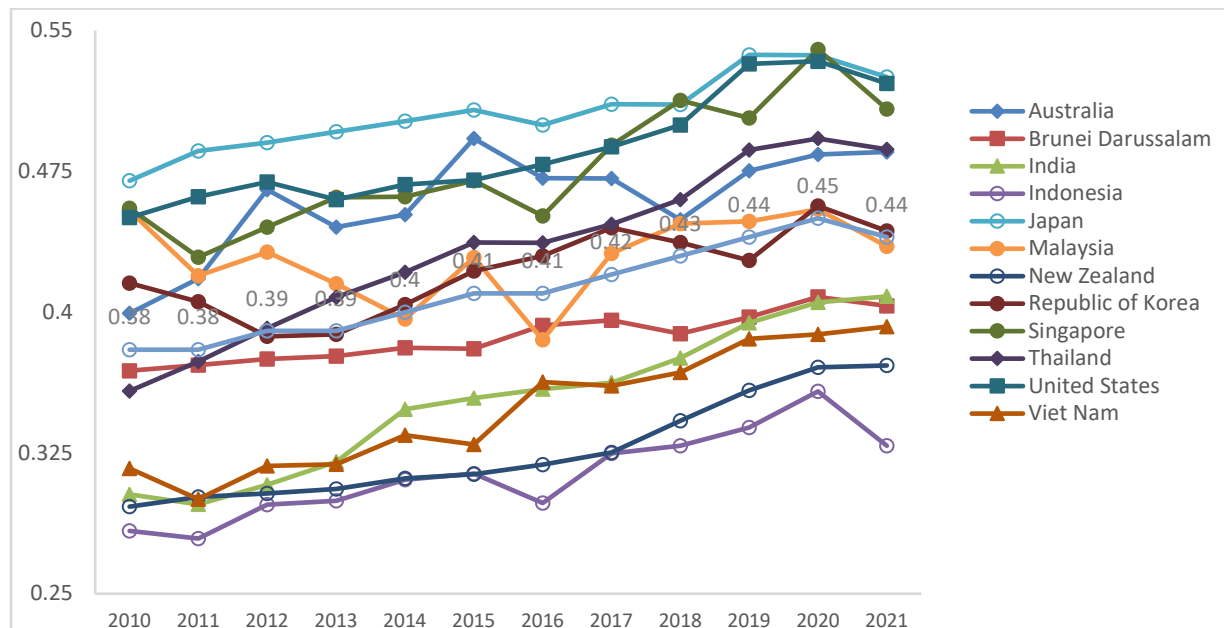
In the context of Supply Chain Pillar, IPEF members are required to identify critical sectors with which other economies are expected to act upon. Removing trade restrictions to supply on the identified weak sectors can be a transboundary solution to address this supply chain issue within the region.

### 4.1.1. Level of Philippine Integration with IPEF

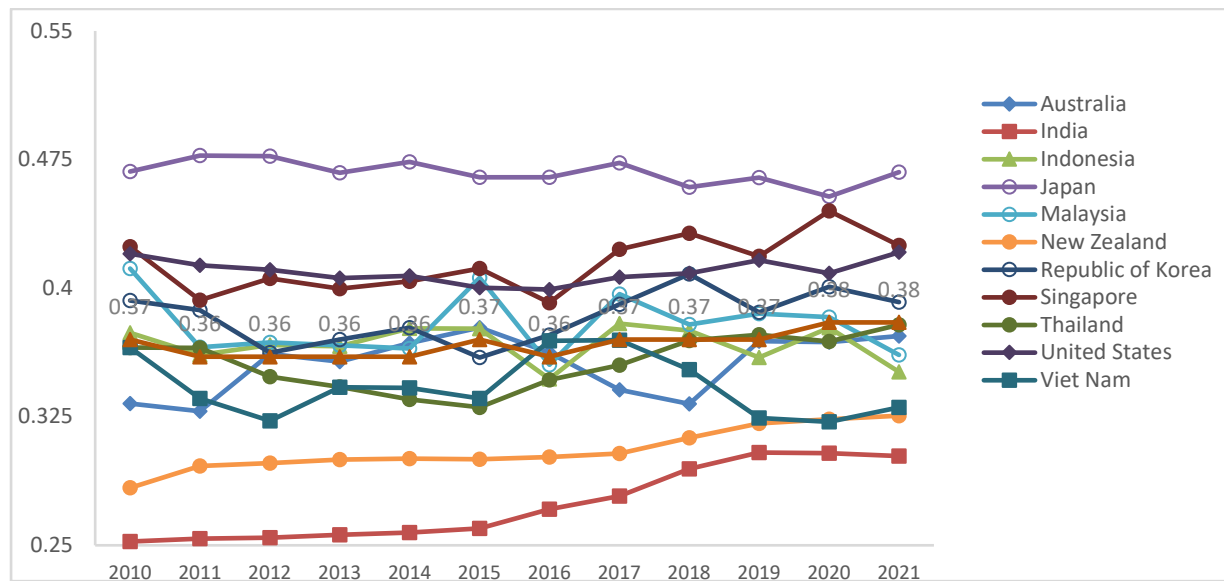
Considering the sustainability indicators, the level of integration of the Philippines with IPEF partners is 0.44 in 2021, a slight decline from 2020's 0.45. It can be noted that the general integration level of the Philippines with the group has become deeper since 2010. Among IPEF partners, the Philippines is more integrated with the economies of Japan, US, and Singapore, while less integrated with the Indonesia, New Zealand, and Vietnam (Figure 5a). In terms of conventional integration, on the other hand, the Philippines is generally integrated with the IPEF partners at 0.38, which did not change from the previous year and does not differ much since 2010. Conventionally, the country is also more integrated with Japan, Singapore, and US, while less integrated with India, New Zealand, and Vietnam (Figure 5b).

**Figure 5: Sustainable and conventional integration, by economy, 2010-2021**

a. Sustainable integration



b. Conventional integration



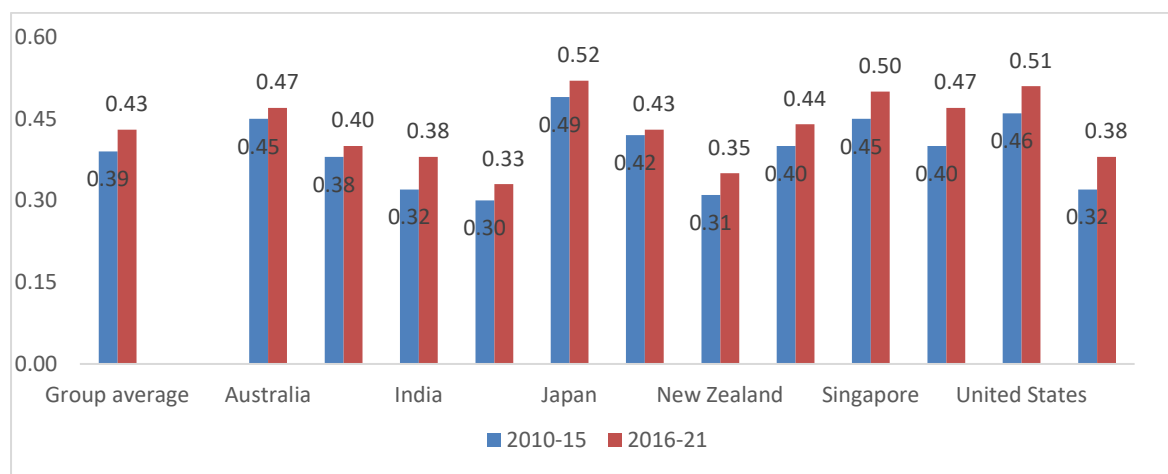
Source: Authors' construct



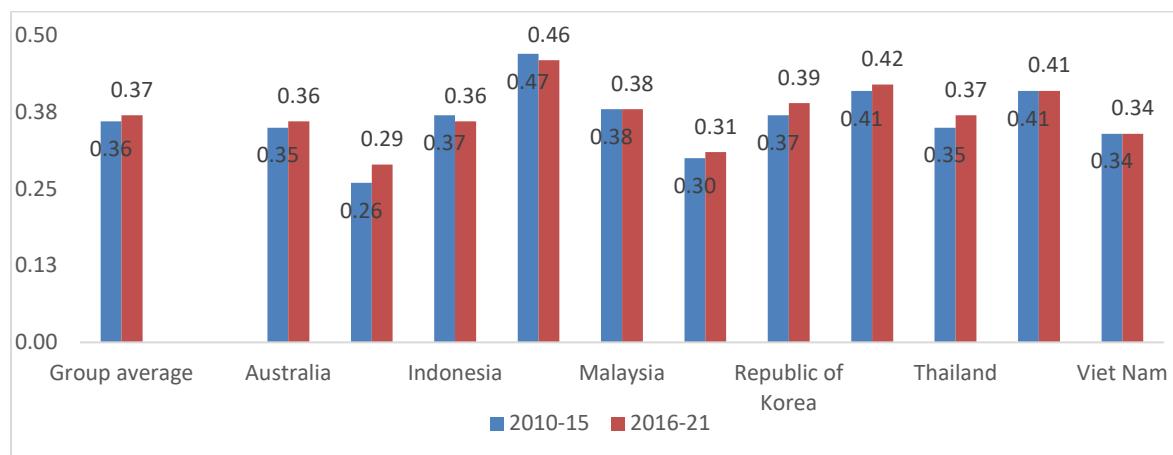
Across economies, sustainable integration has improved between the periods 2010-2015 and 2016-2021. Figure 6a shows that the Philippines is more integrated to Australia, Japan, Singapore, and the United States. It is least integrated with Indonesia. In terms of conventional integration, on the other hand, the country also generally improved across periods. Figure 6b shows that it is more conventionally integrated with Japan while least integrated with India, New Zealand, and Vietnam. While the level of integration with the United States and Vietnam did not change much, the levels of integration with Japan and Indonesia slightly declined, though very negligibly.

**Figure 6: Sustainable and conventional integration, by economy, across periods, 2010-2021**

a. Sustainable integration



b. Conventional integration



Source: Authors' construct

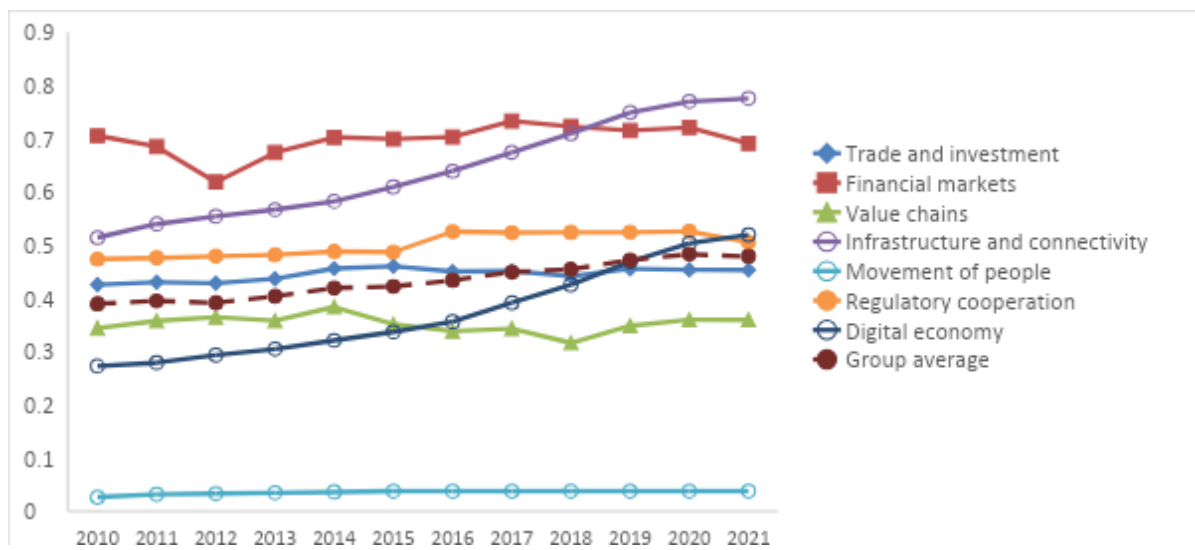
Across dimensions, in terms of sustainable integration, Figure 7a shows that the Philippines is more integrated with IPEF partners in terms of infrastructure and connectivity, and financial markets based on sustainable integration indicators. In terms of the conventional integration, however, it is more integrated also with infrastructure and connectivity and with regulatory

cooperation. Financial markets integration has not been doing well and does not seem to be recovering since the decline in 2010. In fact, it continues to decline in the previous years (Figure 7b).

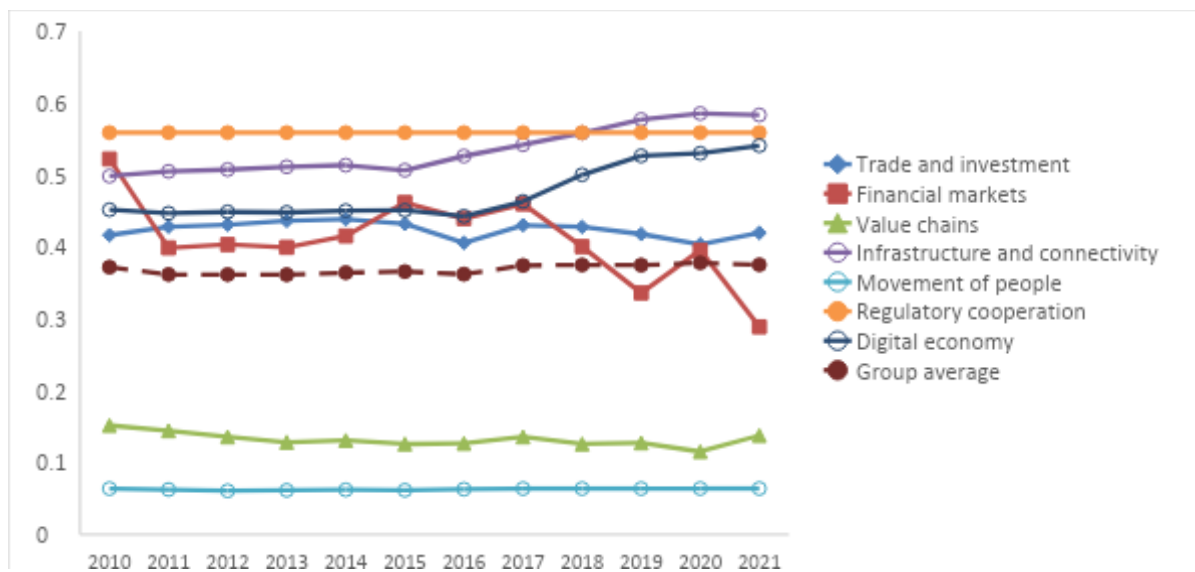
It is interesting to note how the levels of integration differ across dimensions between the sustainable and conventional vectors, which may indicate how SDGs are prioritized, attained, or related to these dimensions.

**Figure 7: Sustainable and conventional integration of the Philippines with IPEF, by dimension, 2010-2021**

a. Sustainable integration



b. Conventional integration



Source: Authors' construct

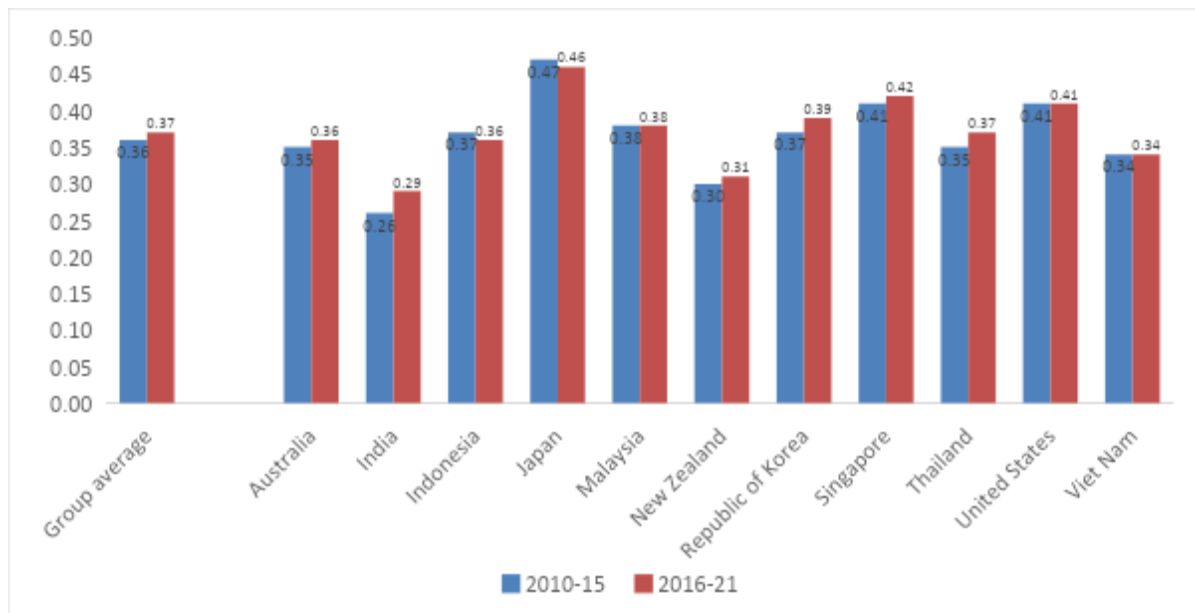
Across periods, much improvement is observed in infrastructure and connectivity in terms of sustainable integration, nothing much has changed in terms of the conventional integration among the dimensions (Figure 8).

**Figure 8: Sustainable and conventional integration, by dimension, across periods, 2010-2021**

a. Sustainable integration



b. Conventional integration



Source: Authors' construct

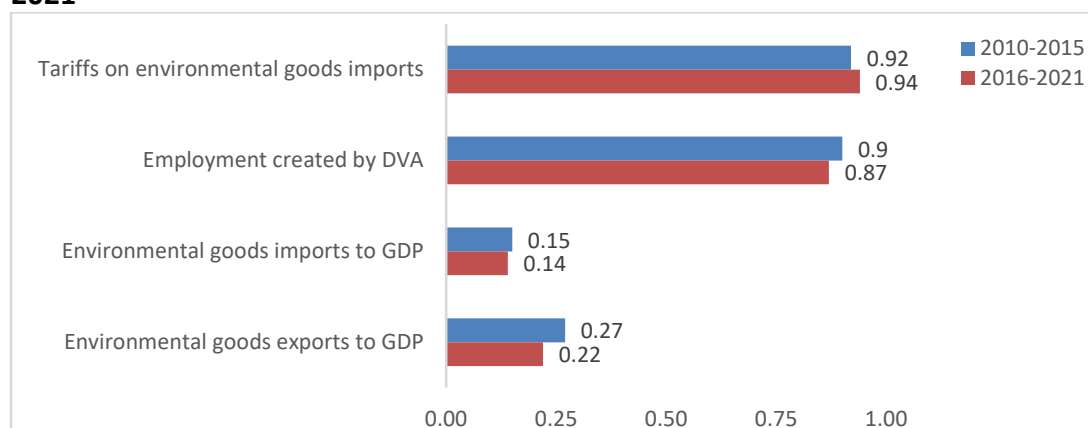
#### 4.1.2. Integration with IPEF on Specific Dimensions

On specific dimensions, Trade and investment (Figure 17), value chains (Figure 17), and movement of people (Figure 25) are among the areas that are generally least integrated across vectors, which indicate that the Philippines should step up and strengthen integration and cooperation on these areas.

##### *Trade and investment integration*

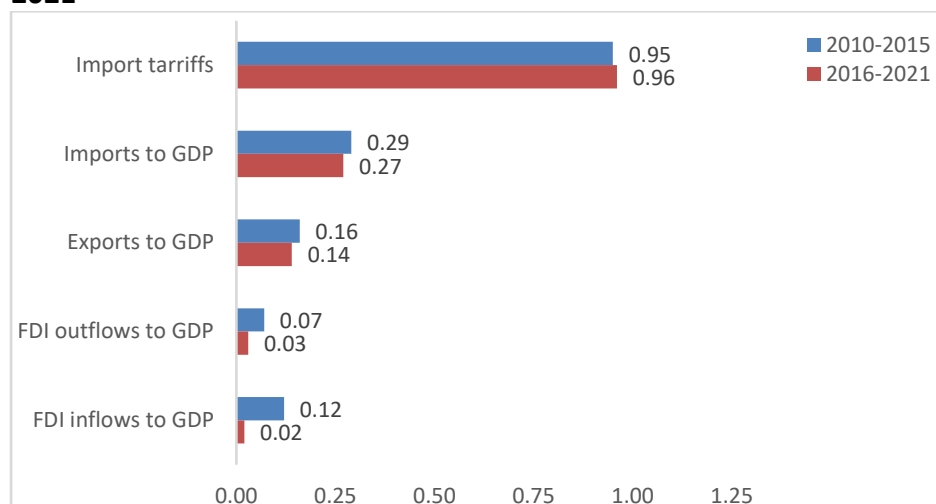
Looking specifically on the indicators of trade and investment, it can be noted that the country is only performing well in only two out of four sustainable integration indicators (Figure 9), while it only performed well in one out of five conventional integration indicators (Figure 10).

**Figure 9: Trade and investment sustainable integration indicators, across periods, 2010-2021**



Source: Authors' construct

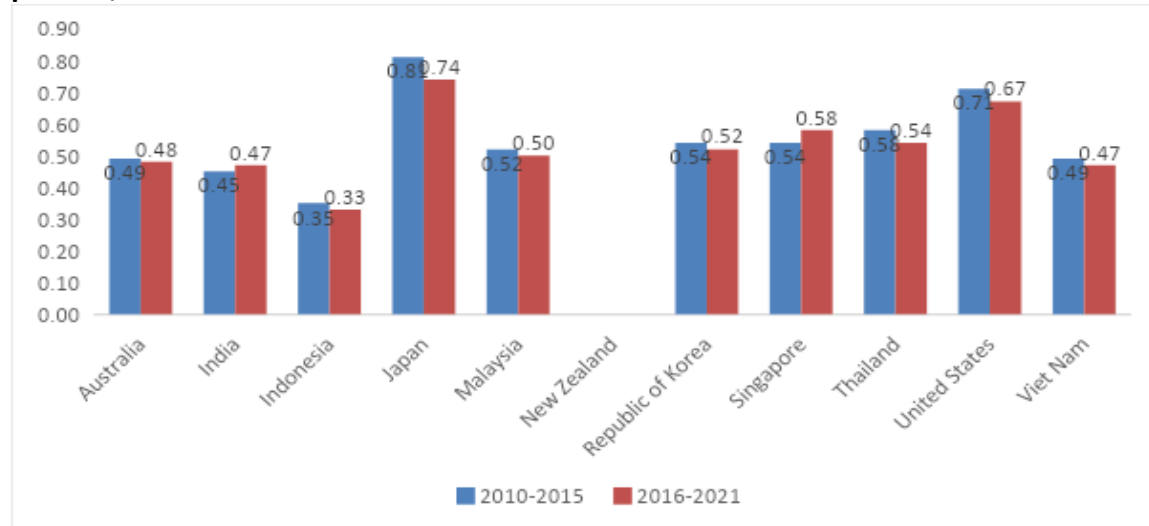
**Figure 10: Trade and investment conventional integration indicators, across periods 2010-2021**



Source: Authors' construct

The trade and investment of the country is generally more integrated with Japan. In sustainable integration, however, the country's trade and investment is nowhere comparable with that of New Zealand (Figure 11).

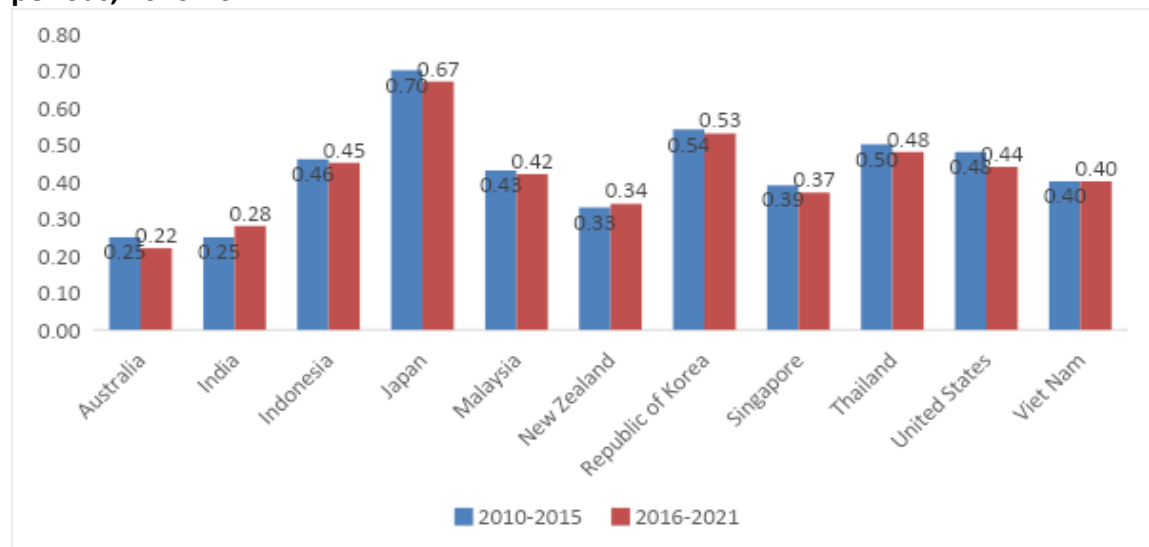
**Figure 11: Trade and investment sustainable integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

Considering the conventional type of integration, however, the Philippines is more integrated with more number of IPEF countries, as compared to sustainable type. Conventionally, it is also more integrated with Japan, followed by Korea and Thailand (Figure 12).

**Figure 12: Trade and investment conventional integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

### Financial integration

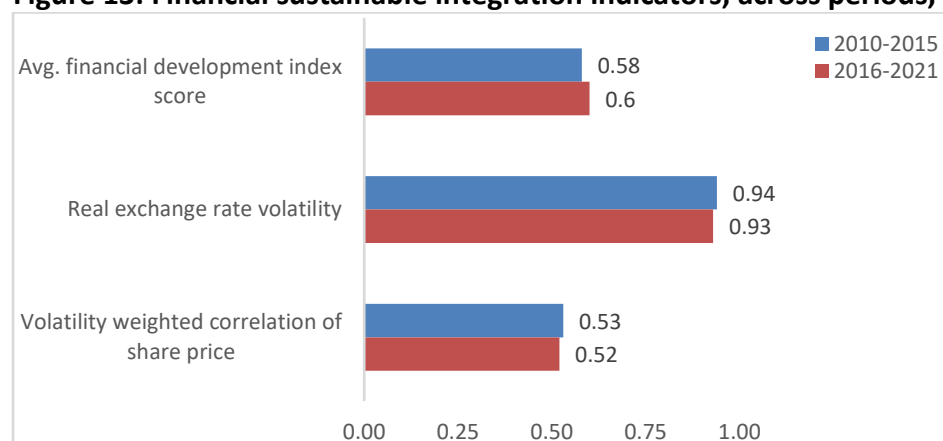
Financial integration is generally relatively high across vectors, except for the cross-border portfolio to GDP conventional integration indicator (Fig 13 and 14).

The country's average financial development index is relatively high although there remains more that can be done to improve the country's financial market, especially in terms of making it deeper, more accessible, and more efficient.

Real exchange rate volatility is among the indicators that shows an advantage of the Philippines. Having this indicator close to unity means that the country's real exchange rates with the trading partners have low volatility.

The correlation of share price, on the other hand, shows moderate level of integration, which indicate also moderately to not so compelling investments in stocks.

**Figure 13: Financial sustainable integration indicators, across periods, 2010-2021**



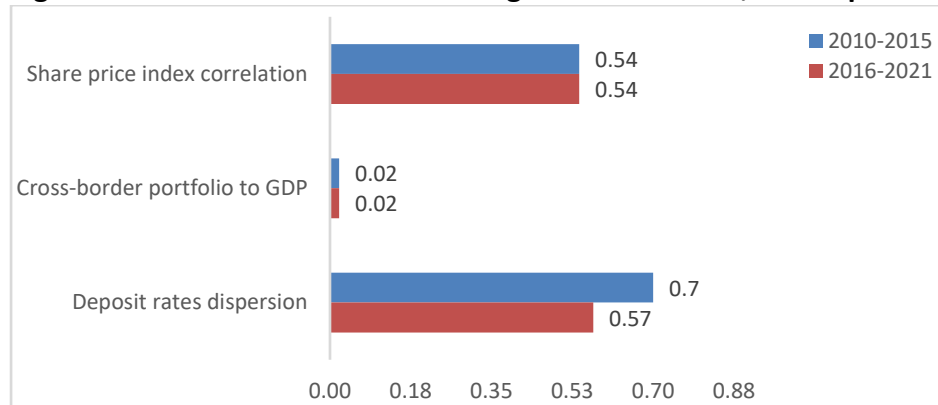
Source: Authors' construct

In terms of the conventional indicators, the country's share price index correlation is also moderately integrated with the IPEF partners. This means that the business-cycle synchronization of the Philippines with its trading partners is not that strong and does not contribute much to financial integration.

The cross-border portfolio seems to be the largest set back in the country's financial integration with IPEF partners as this indicator indicate that the country has very weak intensity of capital inflows and outflows relative to IPEF partners.

Deposit rates dispersion, on the other hand, shows relatively high integration level, although it has declined from the previous period. This means that the movements in the country's deposit-rates do not diverse much from the trading partners. Thus, showing relatively higher integration level.

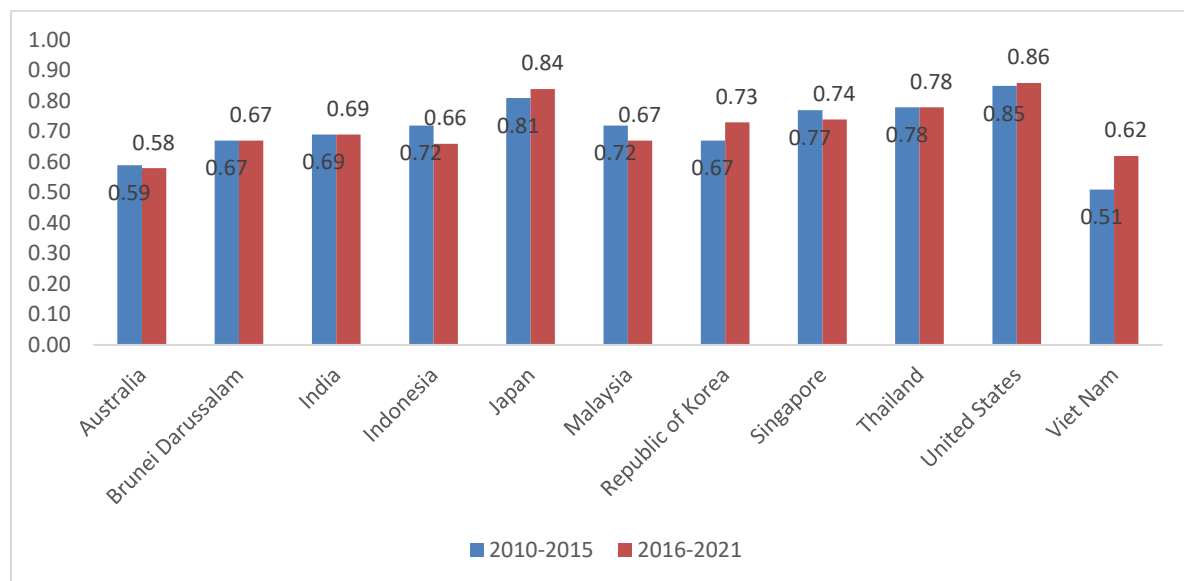
**Figure 14: Financial conventional integration indicators, across periods 2010-2021**



Source: Authors' construct

Sustainable financial market integration, however, slightly decline with Singapore, Malaysia, and Indonesia, while only integration with North Korea shows positive change in the conventional index (Figure 15).<sup>4</sup>

**Figure 15: Financial sustainable integration indicators, by economy across periods, 2010-2021**

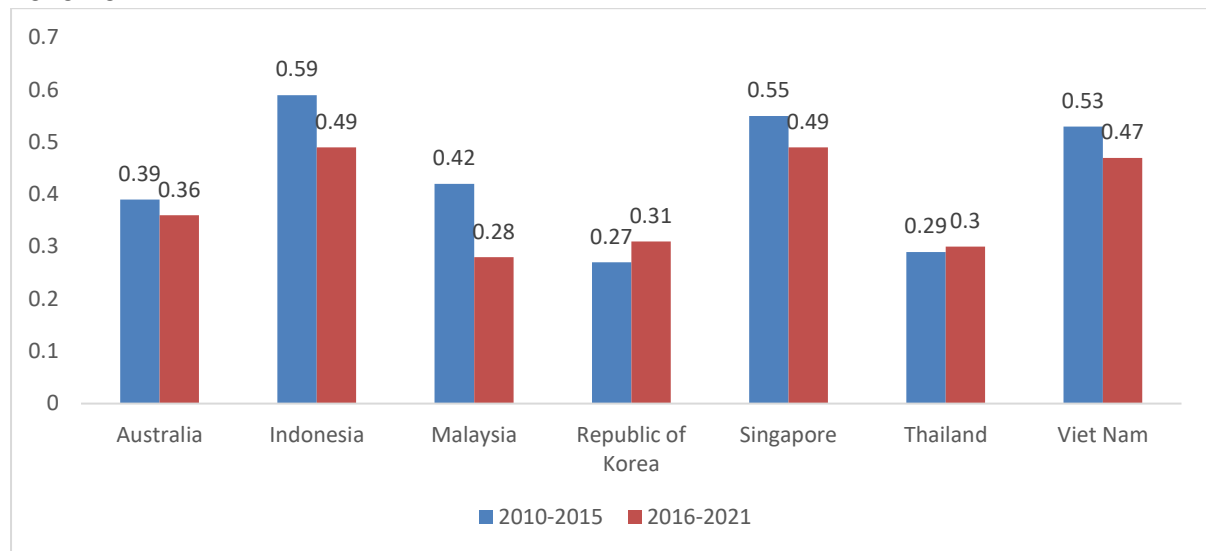


Source: Authors' construct

In the conventional integration, the Philippines is more integrated with Indonesia from 2010-2015. The level, however, dropped in 2015-2021, matching the level with that of Singapore, which also dropped from the previous years. A more prominent drop can be observed with Malaysia, while the levels of integration with Korea and Thailand slightly increased (Figure 16).

<sup>4</sup> Note that the list of economies included in sustainable and conventional vectors are not necessarily congruent as other economies may not be included due to lack of information.

**Figure 16: Financial conventional integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

### *Value chain integration*

Regional value chain (RVC) integration can be considered one of the most perceptible dimensions that can directly define how integrated a country is to the global economy. Figures 17 and 18, however, show how the country performs in this dimension and how unlikely its level of integration with the IPEF partners is. Generally, it can be said that the Philippines needs to do more to better its position in the global value chain as reflected in both the conventional and sustainable indicators.

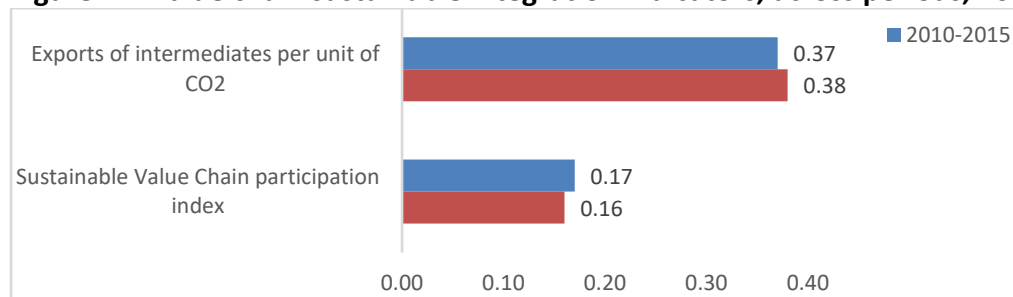
For instance, in the exports of intermediates per unit of CO<sub>2</sub>, which measures the association between the degree of environmental sustainability and export production for trading partner economies, indicate that the country is less sustainably integrated in the region's value chain, which also means that the Philippines has low exports of intermediate goods per CO<sub>2</sub> emissions.

The sustainable value chain participation, on the other hand, measures the gains captured by the Philippines in participating in upstream production processes with IPEF partners, accounting for the share of employment with these gains. Here, the RVC participation index clearly indicate that the country is less sustainably integrated in the global value chains.<sup>5</sup>

<sup>5</sup> The regional value chain (RVC) integration has three indicators under the sustainability vector – the environmental good (EG) export complementarity index, the sustainable RVC participation index, and exports intermediates per unit of CO<sub>2</sub> emissions. Due to lack of information, the EG export complementarity index is not considered in the estimation of the RVC integration.



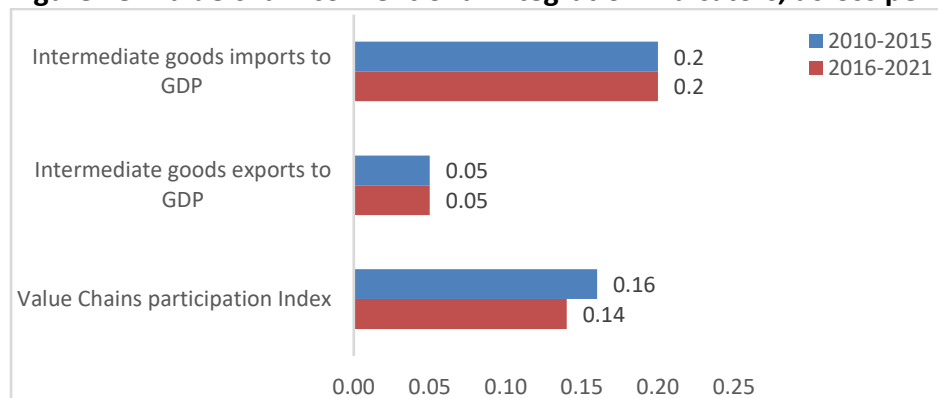
**Figure 17: Value chain sustainable integration indicators, across periods, 2010-2021**



Source: Authors' construct

Meanwhile, Figure 18 shows that the Philippines has very minimal intermediate exports and imports, in general, to IPEF partners. Its RVC participation index also shows that the country has considerably weak forward and backward value chain linkages with the IPEF partners.<sup>6</sup>

**Figure 18: Value chain conventional integration indicators, across periods 2010-2021**



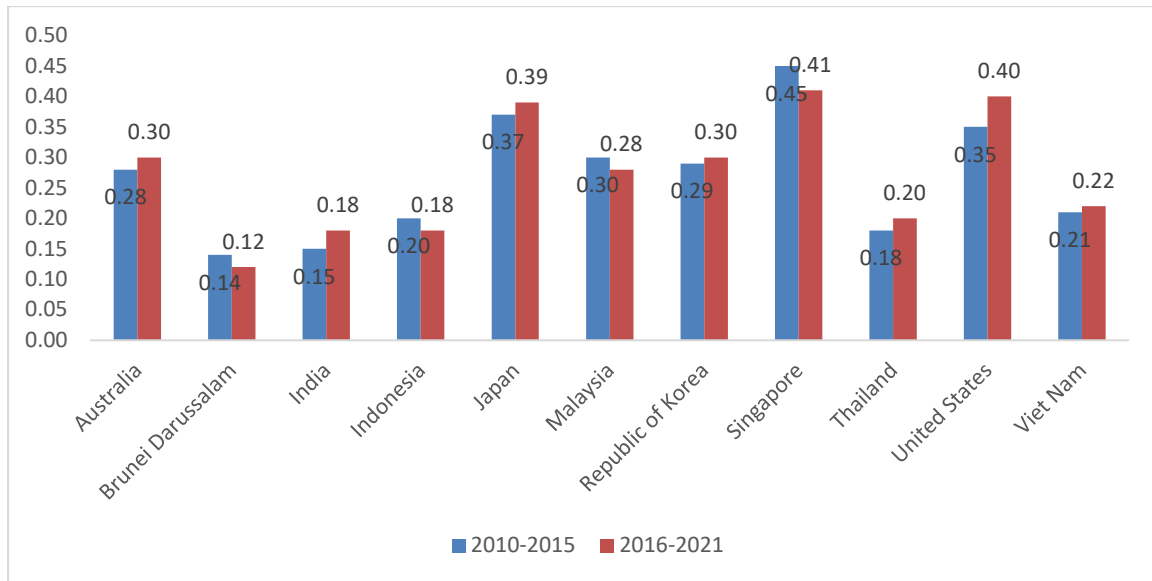
Source: Authors' construct

Generally, the Philippines has considerably weak level of integration levels with IPEF partners, in both the sustainable and conventional types (Figures 19 and 20).<sup>7</sup>

<sup>6</sup> Another indicator under the conventional measure of value chain integration is the export complementarity index. This, however, is not considered here due to lack of information.

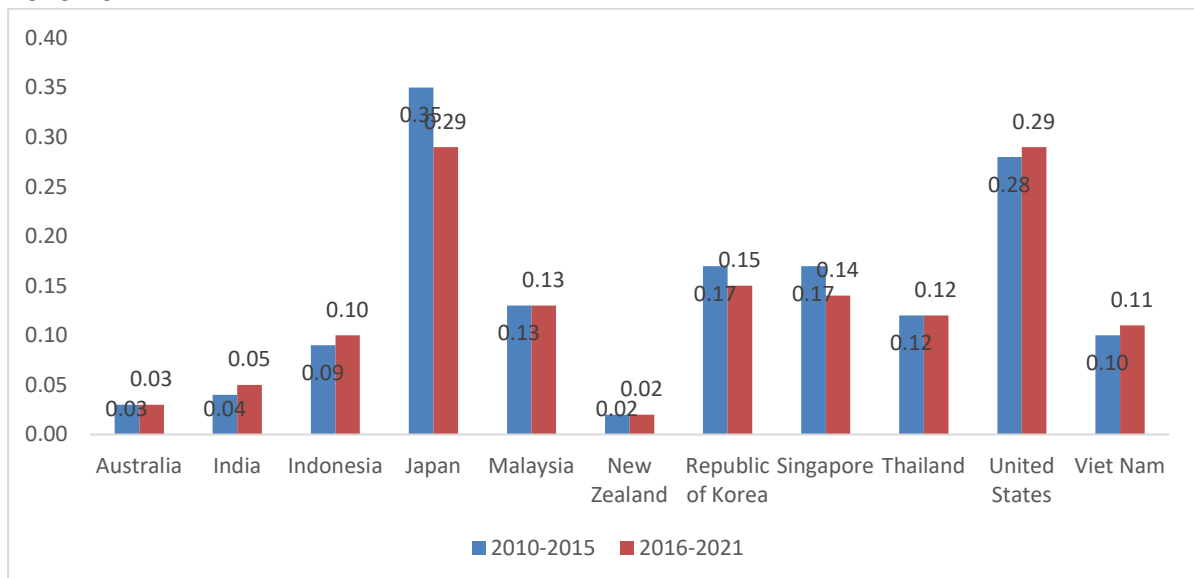
<sup>7</sup> Some countries are not considered in both figures due to lack of information.

**Figure 19: Value chain sustainable integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

**Figure 20: Value chain conventional integration indicators, by economy across periods, 2010-2021**



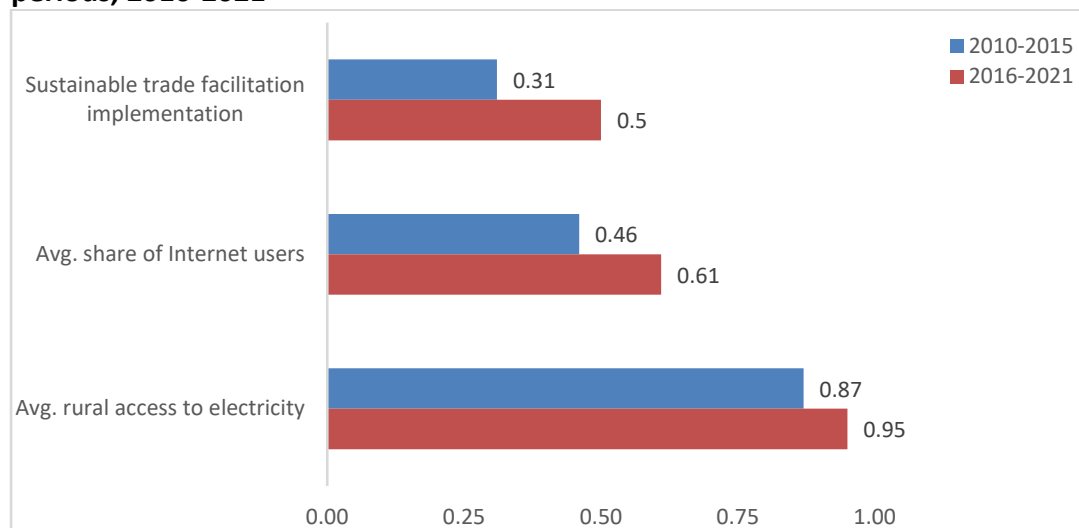
Source: Authors' construct

### *Infrastructure and connectivity integration*

Sustainable integration indicators of infrastructure and connectivity pertains to the likeliness of trade facilitation measures and inclusiveness of internet and electricity of an economy with its partners. Sustainable trade facilitation refers to the inclusiveness of equivalent trade facilitation measures for SMEs, agriculture and women, of an economy with another economy. In this aspect, it can be noted that the Philippines' integration with IPEF partners has considerably improved.

The share of internet users and access to electricity, on the other hand, refer to the similar provisions among economies that provide access to these facilities. Here, it can be noted that Philippines' integration with IPEF partners remarkable increased across periods. In other words, it can be said, that on average, the Philippines is catching up in the level of inclusive access to internet and electricity of its IPEF partner (Figure 21).

**Figure 21: Infrastructure and connectivity sustainable integration indicators, across periods, 2010-2021**

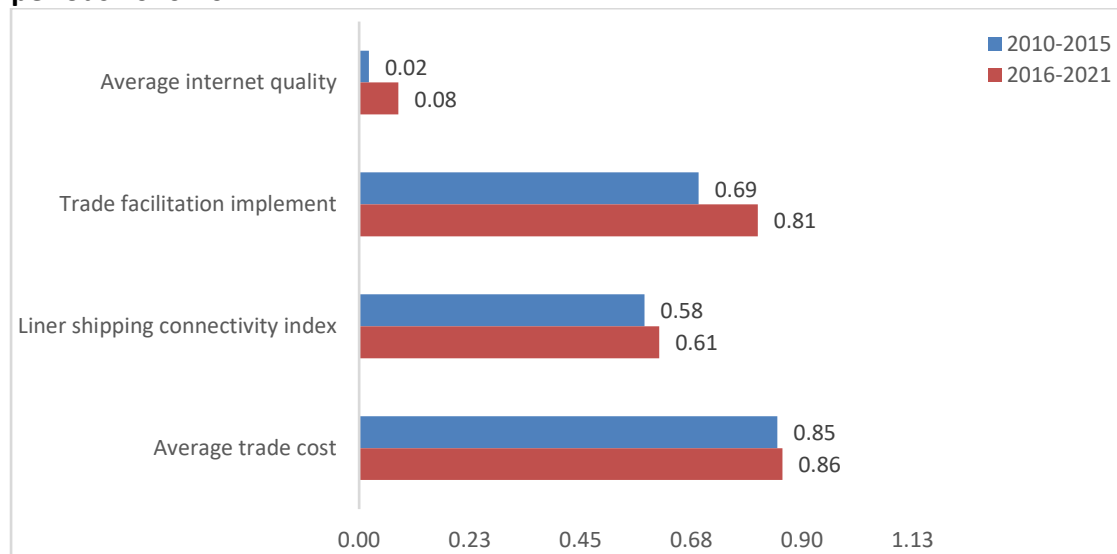


Source: Authors' construct

Although access to internet may have improved, the quality of internet may tell a different story. As can be seen in Figure 22, the level of integration in terms of the average quality of internet between the Philippines and IPEF is very low. In fact, as reported in, it has been a general knowledge that the country's internet quality is among the poorest in the region, or at least in Southeast Asia.

Other indicators, on the other hand, show the country's efforts in improving on other aspect, specifically on trade facilitation, liner shipping connectivity, and trade cost, to catch up and better its position in the region.

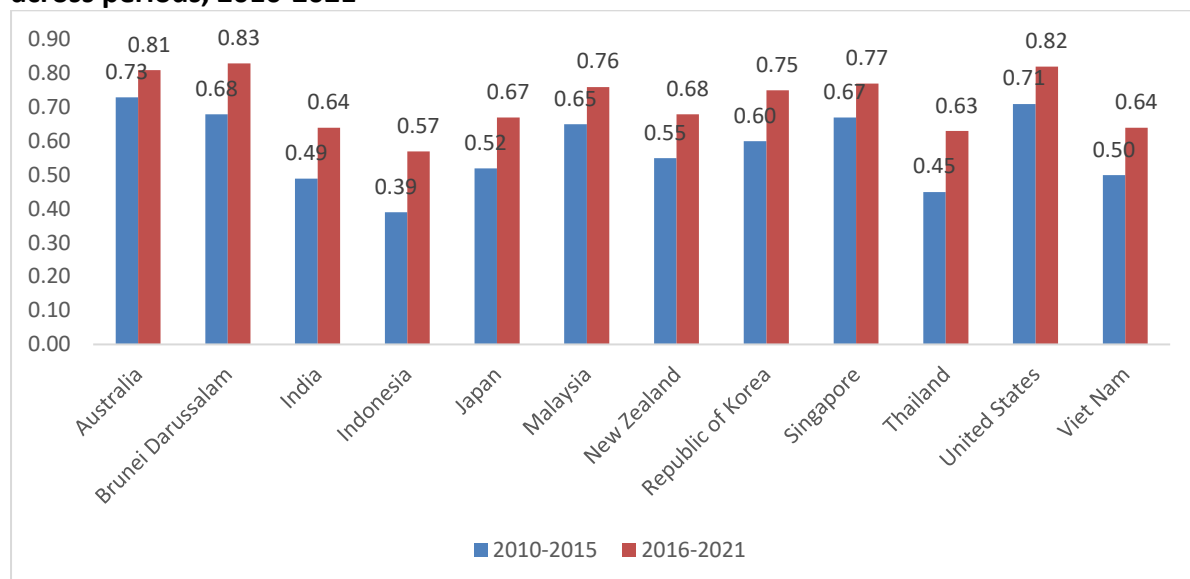
**Figure 22: Infrastructure and connectivity conventional integration indicators, across periods 2010-2021**



Source: Authors' construct

Figure 23 shows that the Philippines is generally sustainably integrated in terms of infrastructure and connectivity, especially with Brunei, United States, and Australia.

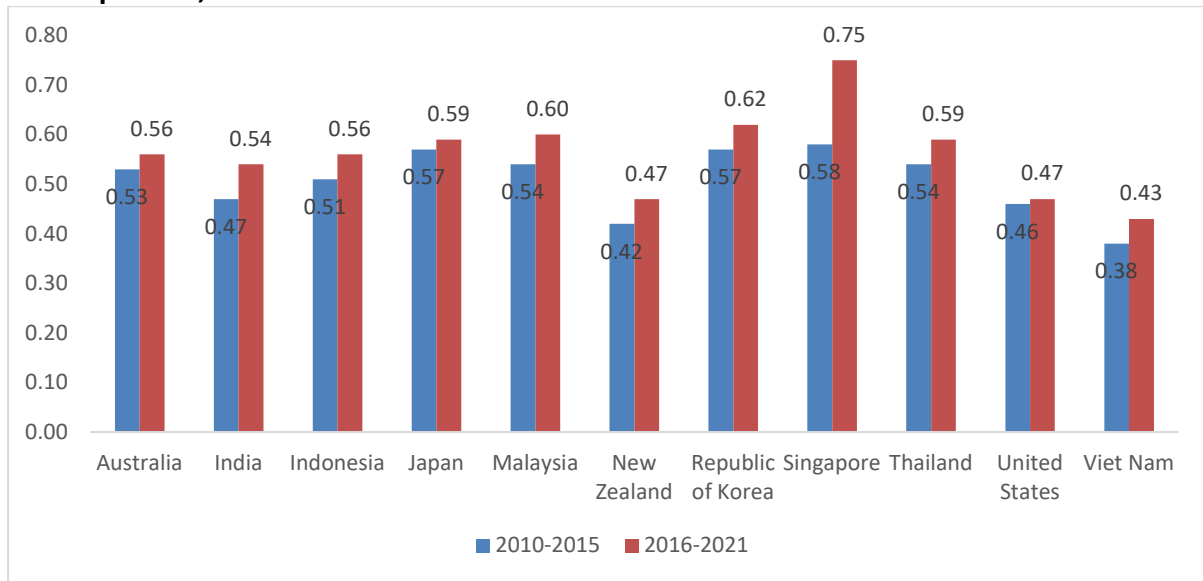
**Figure 23: Infrastructure and connectivity sustainable integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

Conventionally, however, its integration levels with IPEF are much lower, except with Singapore that shows recognizable improvement over the years (Fig 24).

**Figure 24: Infrastructure and connectivity conventional integration indicators, by economy across periods, 2010-2021**

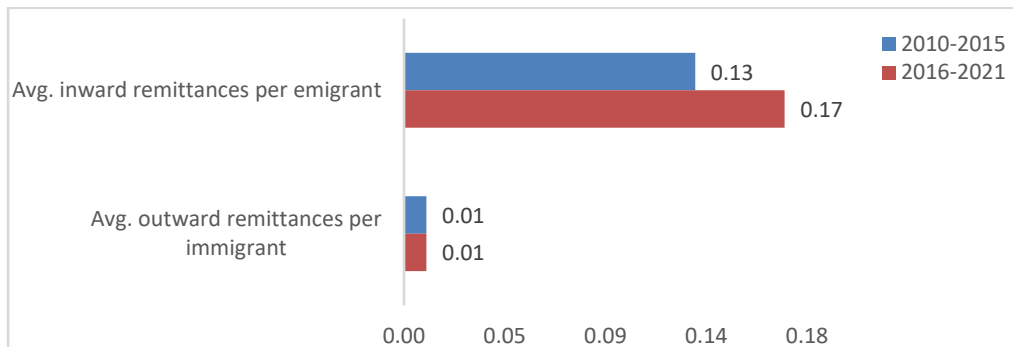


Source: Authors' construct

*Movement of people integration*

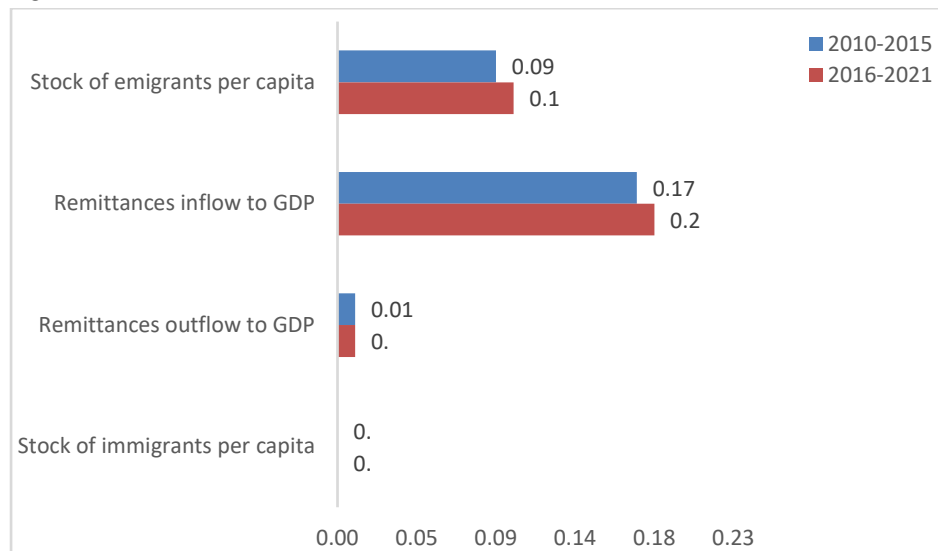
Similar to other indicators earlier discussed, the movement of people integration is also weak between the Philippines and IPEF, despite having some of the members as among the major destinations of Filipino emigrants and sources of remittances, including as Japan, Korea, and Singapore, among others. In all sustainable and conventional indicators, the Philippines has still a lot to improve in this dimension (Figures 25 and 26).

**Figure 25: Movement of people sustainable integration indicators, across periods, 2010-2021**



Source: Authors' construct

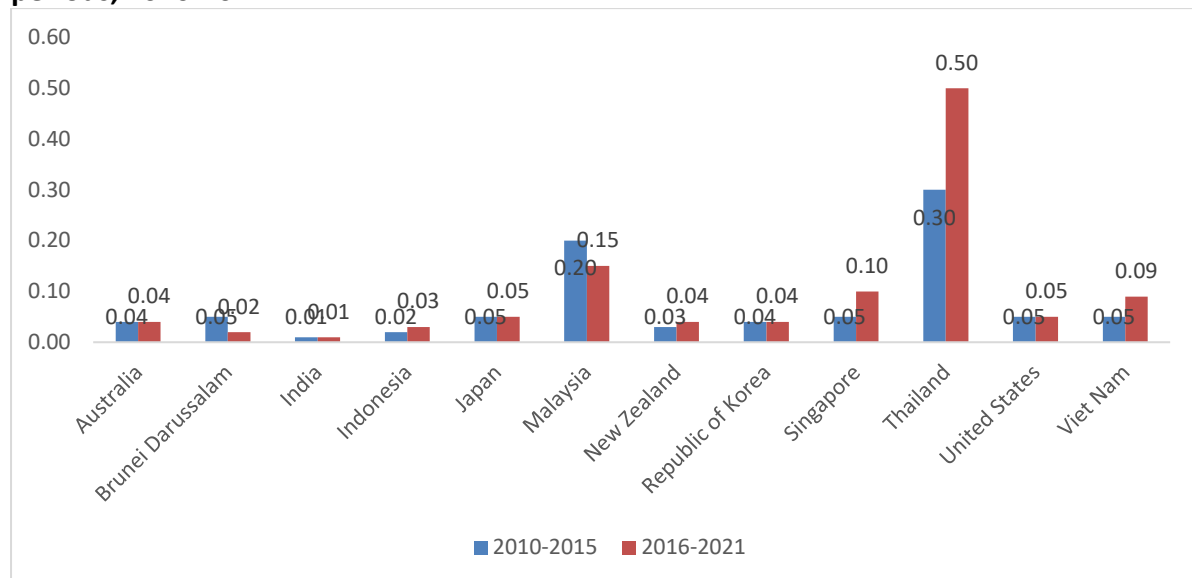
**Figure 26: Movement of people conventional integration indicators, across periods 2010-2021**



Source: Authors' construct

Figure 27 reveals that, on per economy basis, sustainable integration with Thailand has improved in over the past decade. It can be noted that Thailand is among the destinations of Filipinos who aspire to work as English teachers in the country.

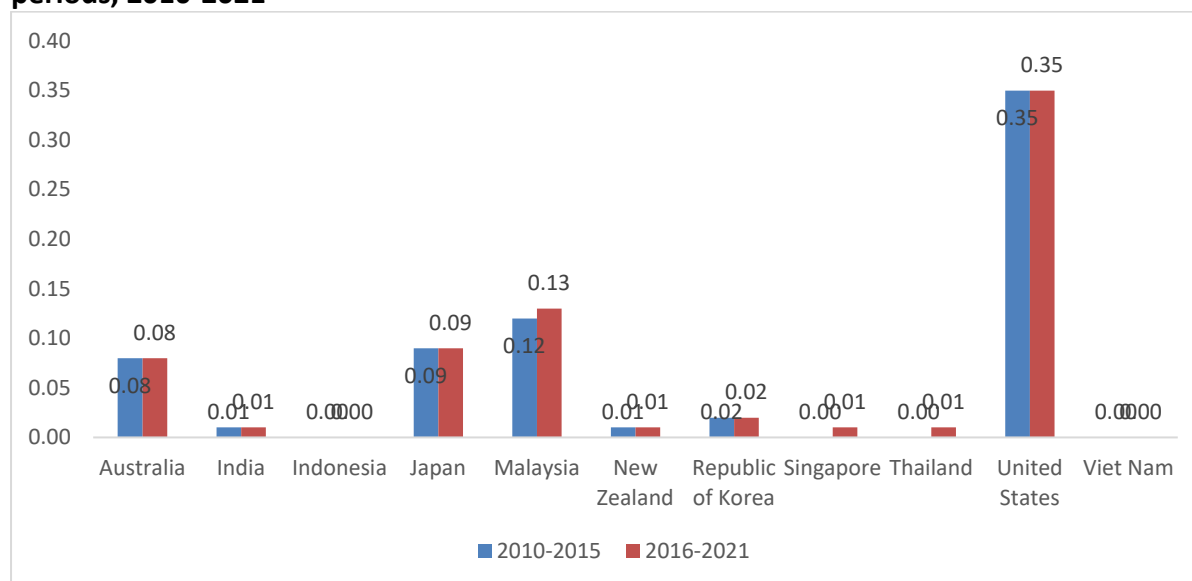
**Figure 27: Movement of people sustainable integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

Conventional integration in the movement of people, on the other hand, is also generally low. Integration with the US, however, is higher among the IPEF partners (Figure 29).

**Figure 28: Movement of people conventional integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

### *Regulatory cooperation*

Sustainable integration in the regulatory cooperation with IPEF appears to be low to moderate, and do not seem to have change much in the past decade, particularly in the three out of four sustainable indicators (Figure 29).

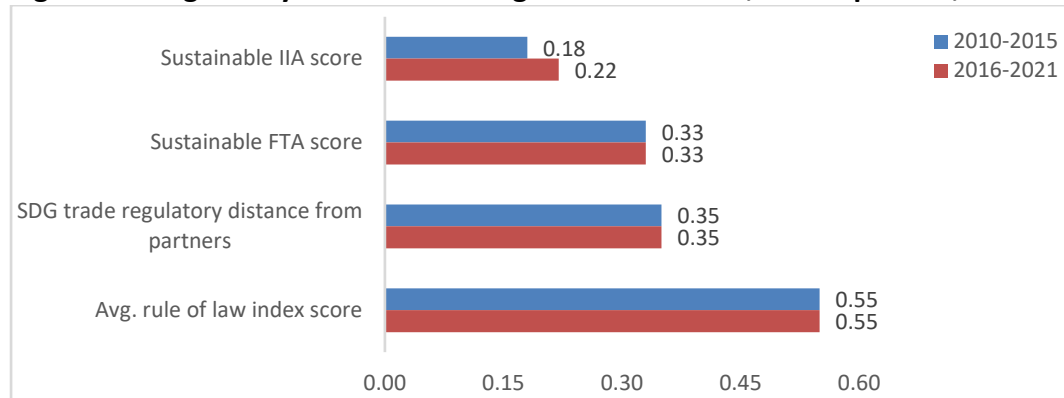
The low level of sustainable international investment agreement (IIA) indicator indicates the Philippines weak association with economies that have institutions that are more sustainably integrated. This also means that, relative to other IPEF partners, the country has lesser provisions that cover environment, economic, and social dimensions of sustainable development.

In terms of sustainable provisions in FTA, the Philippines, however, does seem to be better on this aspect as compared to the previous indicator; although still considerably low.

Similarly, the SDG regulatory distance, which pertains to the NTM measures employed by the country on sustainable products, does seem to diverge from those employed by other IPEF countries.

Relative to other indicators, the Philippines, however, seems to be doing well in the rule of law, which indicates a relatively good governance, and the quality of its performance in terms of contract enforcement, property rights, police enforcements, and on issues pertaining to crime and violence. Still, the country has a lot to be working on this aspect.

**Figure 29: Regulatory sustainable integration indicators, across periods, 2010-2021**



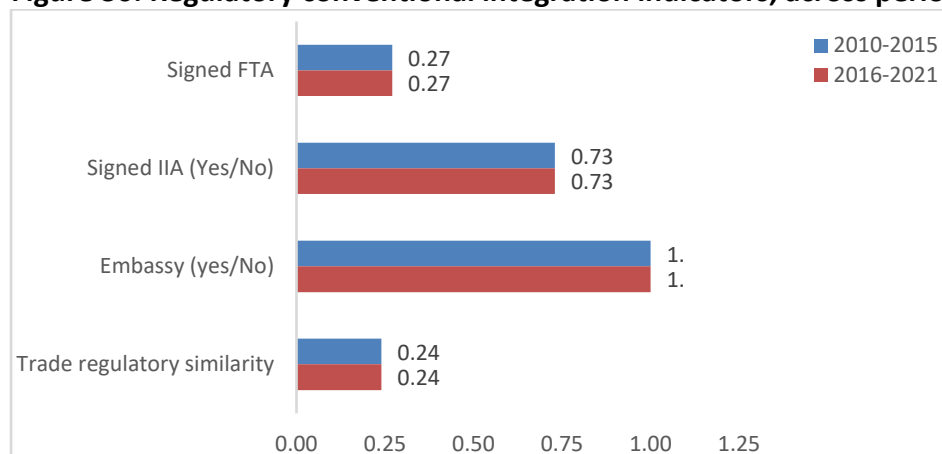
Source: Authors' construct

In terms of conventional integration in regulatory cooperation, the country does seem to be fairly doing well in two out of four indicators. Not surprisingly, IPEF partner countries all have embassies in the Philippines, and most of them have signed IIA.

In terms of signed FTA, however, the Philippines has a varying degrees of agreements with IPEF, which affects the integration level in this aspect.<sup>8</sup>

Trade regulatory similarity, on the other hand, indicates how different NTMs are between the Philippines and its partner. The score shown in Figure 30 indicates that the Philippines' trade regulations diverge from that of other IPEF partners.

**Figure 30: Regulatory conventional integration indicators, across periods 2010-2021**



Source: Authors' construct

<sup>8</sup> The country's score on this indicator varies depending on the type of agreement or arrangement it has with the partner economies. This may range from partial scope agreement (score = 1), preferential trade agreement (score = 2), FTA (score = 3), FTA and EIA (score = 4), and customs union and EIA (score = 5).



Figure 31 shows that the Philippines is somehow sustainably close to Australia, Brunei, New Zealand, Japan, and India in terms of trade regulation. Also, noticeably, not much have changed in the past decade, except with India.

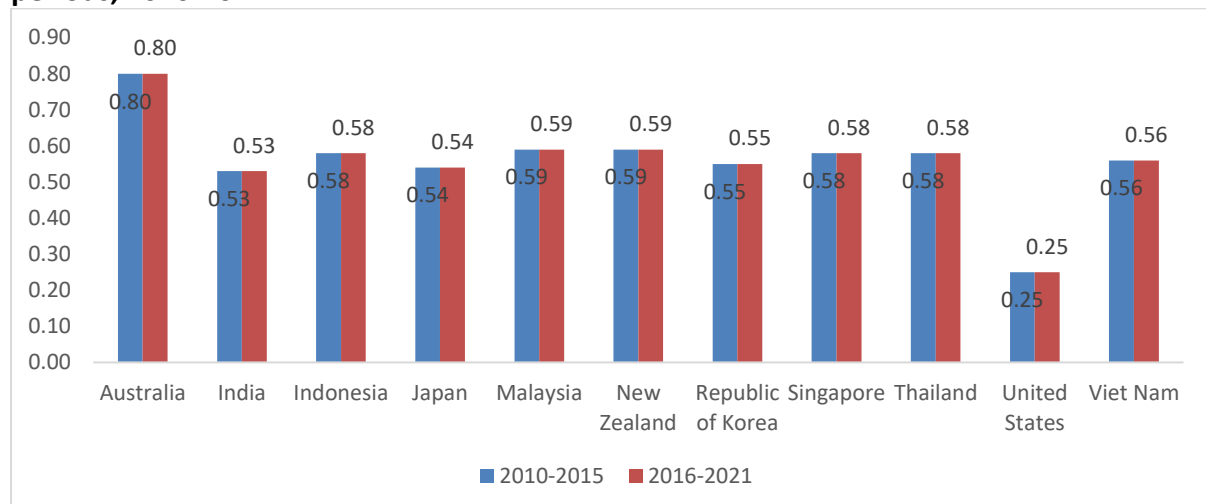
**Figure 31: Regulatory cooperation sustainable integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

Conventionally, the Philippines' trade regulations are generally moderately close to IPEF, except with the US, which is low, and with Australia, which is noticeably high (Figure 32).

**Figure 32: Regulatory cooperation conventional integration indicators, by economy across periods, 2010-2021**

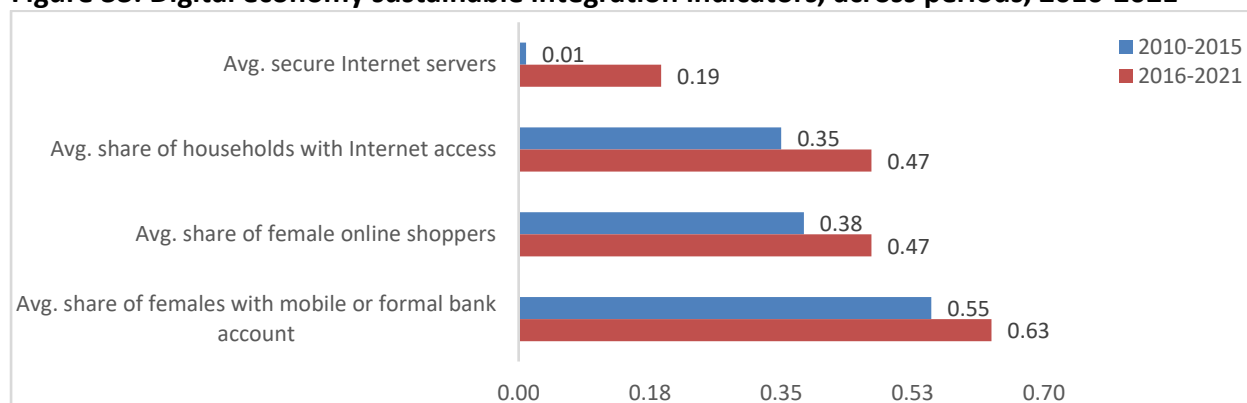


Source: Authors' construct

### Digital economy integration

Despite having the technology for decades already, the Philippines has been facing bottlenecks in the digital sector. For instance, relative to IPEF partners, the country does seem to have difficulty in achieving secure internet servers. It is noteworthy to consider, however, the improvement over the years. Similarly, the rest of the indicators, which pertain to inclusiveness of internet services and facilities required to participate in digital economy, are relatively low to moderate, but have also considerably improved over the years (Figure 33).

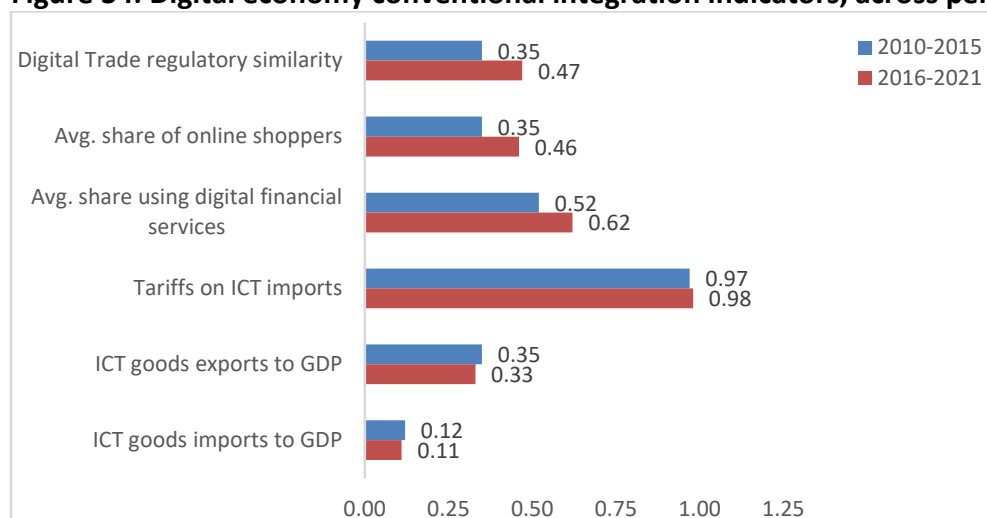
**Figure 33: Digital economy sustainable integration indicators, across periods, 2010-2021**



Source: Authors' construct

In terms of the conventional integration in the digital economy, the Philippines does seem to be significantly catching up with its IPEF partners in terms of the tariffs imposed on ICT import products (Figure 34).

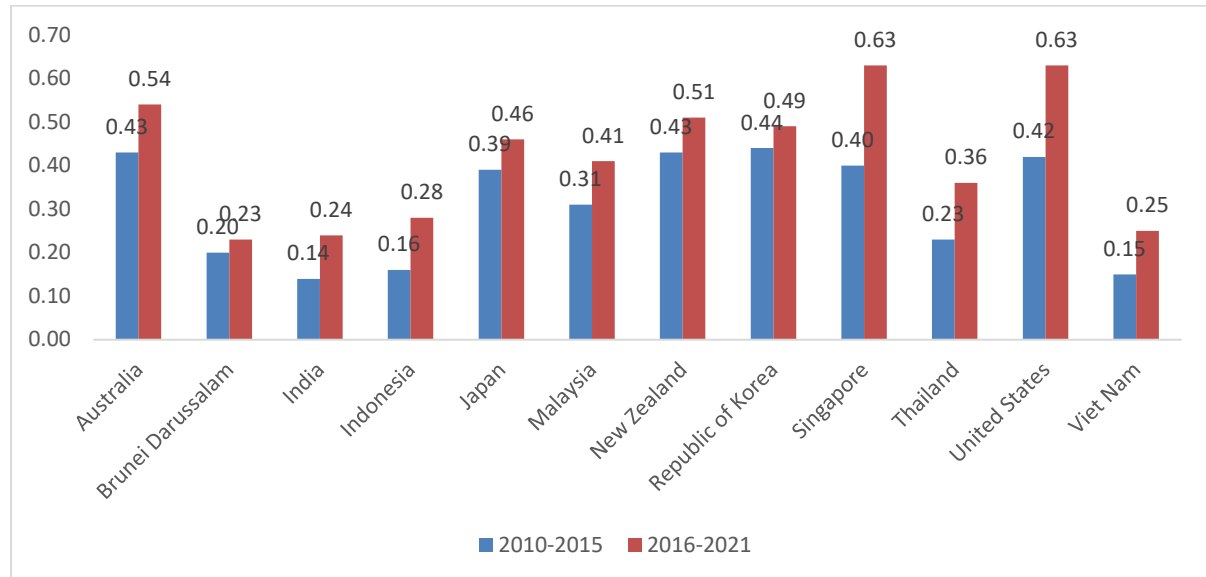
**Figure 34: Digital economy conventional integration indicators, across periods 2010-2021**



Source: Authors' construct

Across IPEF members, sustainable integration of the Philippines has improved, especially with Singapore and the US (Figure 35).

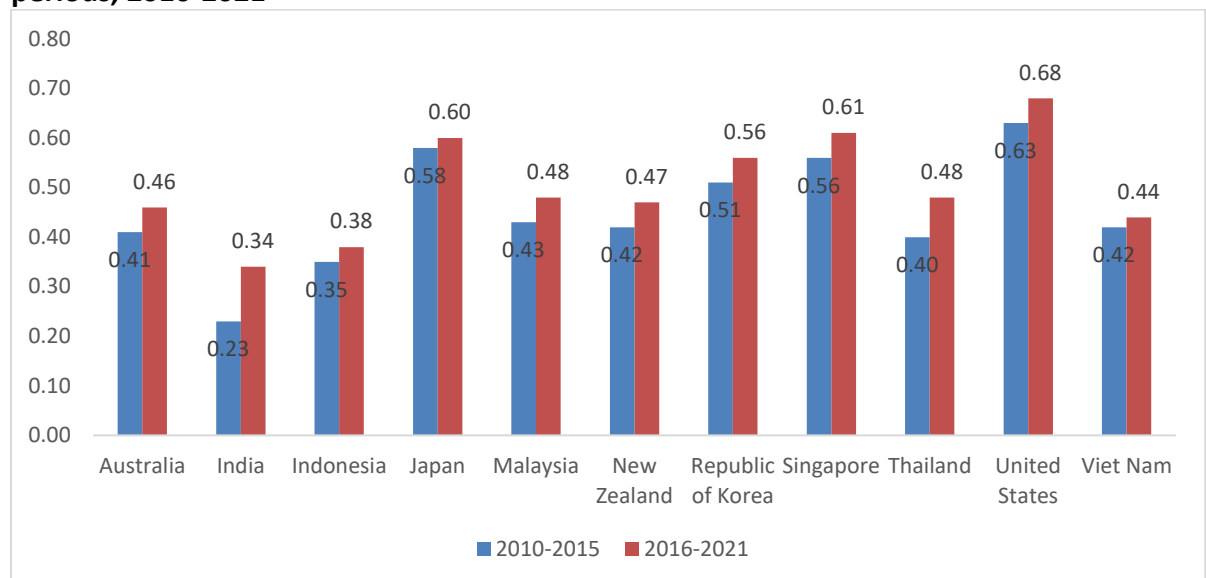
**Figure 35: Digital economy sustainable integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

Conventional integration, on the other hand, also generally improved, although at smaller increments than sustainable integration (Figure 36).

**Figure 36: Digital economy conventional integration indicators, by economy across periods, 2010-2021**



Source: Authors' construct

### 4.1.3. Trade Complementarity with IPEF

In order to further understand how IPEF as a framework is coherent with the Philippines, this paper also briefly investigates the trade complementarity of the Philippines with the IPEF partners. The data used are Philippine exports and partner imports in 2022 from the WITS database, using HS 2017, 2-digit HS codes. Table 3 shows the trade complementarity scores of the Philippines with its IPEF trading partners.

**Table 3. Trade complementarity of the Philippines with IPEF partners, 2022**

IPEF Partners	Trade Complementarity
Australia	84.96
Brunei	84.52
Fiji	83.89
India	76.98
Indonesia	83.78
Japan	80.63
Korea	84.16
Malaysia	81.28
New Zealand	86.19
Singapore	85.55
Thailand	83.00
US	82.13
Vietnam	78.94
Average	82.77

Note: Trade complementarity score is zero when no goods are exported by the exporting country or imported by its partners, and 100 when the exported goods are exactly what are imported.

Source: Authors' calculations based on the data from WITS

The scores clearly define the level of trade complementarity of the Philippines with IPEF partners. Among the partners, New Zealand has the highest complementarity score, followed by Singapore. On average, trade complementarity with IPEF partners can be considered significantly high, which may suggest the coherence of the framework.

## 4.2. Political Coherence

Political coherence pertains to the alignment of the political goals, norms, and commitments of member economies, entailing their common understanding and agreement on key regional and global issues. Political coherence is important as it indicates how economies will effectively and unitedly go about the regional challenges in the region.

Considered in this aspect are the shared norms and values, consensus on key issues, cooperation and coordination, as well as commitment to multilateralism, among others.

To provide insights on the status of IPEF partners with regard to various environmental, social, and governance issues, Table 4 shows some indicators representing these areas.

**Table 4. Comparison of IPEF members on various development indicators**

IPEF Economies	Population Data Quality (Grade)	Total Population (Millions)	Life Expectancy (Years)	Median Age (Years)	Statistical Capacity (0-100 Index)	Age Dependency (Total)
Australia	A	26.1	85.0	37.0	100.0	46.3
Brunei Darussalam	E	0.4	75.0	31.8		60.8
India	C	1406.6	67.0	27.6	76.7	51.9
Indonesia	B	279.1	68.0	29.4	85.6	52.4
Japan	A	125.6	85.0	48.4	100.0	28.9
Korea, Rep.	A	51.3	84.0	42.4	100.0	60.1
Malaysia	B	33.2	75.0	29.9	76.7	56.7
New Zealand	A	4.9	83.0	36.5	100.0	46.6
Philippines	B	112.5	69.0	24.5	82.2	43.8
Singapore	A	5.9	83.0	41.8	100.0	64.6
Thailand	A	70.1	79.0	39.3	83.3	56.5
United States	A	334.8	77.0	37.7	100.0	46.3
Vietnam	B	99.0	74.0	32.0	74.4	54.5
IPEF Totals/Averages	N/A	2549.6	77*	35.3*	83.0*	51.5*

\* Average for all countries.

Notes:

- Index numbers shown on a scale of 0-100. Rule of Law: 0 = Low rule of law, 100 = High rule of law; Corruption Index: 100 = Low levels of corruption, 0 = High levels of corruption.
- Total Carbon and Methane data expressed in MTCO<sub>2e</sub> (Million Metric Tons of CO<sub>2</sub> equivalent)

Source: World Economics (worldeconomics.com)

IPEF members' engagement to regional organizations, partnerships, and cooperation initiatives is also important to determine how they align with each other, and may indicate how cooperation within IPEF will progress. Table 5 shows trade agreements already signed and in effect, including through ASEAN, and agreements that are still under negotiations, being proposed, or signed but not yet in effect. There are 59 signed and in effect FTAs among the

IPEF members, 5 of which are between ASEAN and non-ASEAN economies, 36 between Non-ASEAN and individual ASEAN IPEF partners, while only 18 are signed between non-ASEAN economies. On the other hand, there are 16 and 15 more FTAs being either negotiated or proposed, respectively, and 2 are signed but not yet in effect.

**Table 5. Bilateral Trade agreements within IPEF**

	AUS	BRN	IND	IDN	JPN	PRK	MYS	NZL	PHL	SGP	THA	USA	VNM
Australia		/A	*	/A, /	/	/	/A, /	**, /	/A, **	/A, /	/A, /	/	/A
<b>Brunei Darussalam</b>	/A		/A	/A	/A, /	/	/A	/A	/A	/A	/A	**	/A
India	*	/A		/A, *	/	/	/A, /	*	/A, **	/A, /	/A, *		/A, /
<b>Indonesia</b>	/A, /		/A, *		/A, /	/A, ***		/A	/A			**	/A
Japan	/	/A, /	/	/A, /		*	/A, /	**	/A, /	/A, /	/A, /	/	/A, /
Korea, Rep.	/	/	/	/A, ***	*		/A, *	/	/A, *	/A	/A, **	/	/A, /
<b>Malaysia</b>	/A, /	/A	/A, /		/A, *	/A, *		/A	/A			*	/A
New Zealand	**, /	/A	*	/A	**	/	/A		/A	/	/A, /		/A
<b>Philippines</b>	/A, **	/A	/A, **	/A	/A, /	/A, *	/A	/A			/A	**	/A
<b>Singapore</b>	/A, /	/A	/A, /		/A, /	/A		/			/A	/	/A
<b>Thailand</b>	/A, /	/A	/A, *		/A, /	/A, **		/A, /	/A	/A		*	/A
United States	/	**		**	/	/	*		**	/	*		
<b>Vietnam</b>	/A	/A	/A, /	/A	/A, /	/A, /	/A	/A	/A	/A	/A		

Note: / - Signed and in effect; /A – Signed and effect ASEAN FTA; \* - Negotiations launched; \*\* - Proposed/under consultation and study; \*\*\* - Signed but not yet in effect; AUS – Australia; BRN – Brunei Darussalam; IND – India; IDN – Indonesia; JPN – Japan; PRK – Republic of Korea; MYS – Malaysia; NZL – New Zealand; PHL – Philippines; SGP – Singapore; THA – Thailand; USA – United States of America; VNM – Vietnam

ASEAN members: Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam

Source: Authors’ construct based on ARIC database

Existing trade agreements between economies may indicate the level of support each would provide with respect to their interests in the framework or the causes each would like pursue. For instance, 7 of the IPEF members are ASEAN member economies, and considering the long standing principle of ASEAN centrality that these economies may carry over, these members may, one way or another, be able to form a kind of a sub-alliance within the framework, which may serve as a balancing factor as against the larger member economies. In addition, the number of partnerships between ASEAN and non-ASEAN, as well as between non-ASEAN economies, may dictate how to align the individual domestic policies already in place in respond to each economies commitments to these agreements with IPEF.

### *4.3. Horizontal Coherence*

Horizontal coherence can be thought of as an institutional issue concerning about “policy/content dimension and its procedural/administrative dimension” (Gebhard 2017, p. 113). It can also be “understood as cross- or inter-pillar coherence”, and therefore should consider coordinating policies across pillars, and that these policies must provide value added to member economies. This highlights the importance of looking into how IPEF Pillars related to each other. Table 6 presents the issues that are common across IPEF pillars. It reveals that some issues, such those concerning the environment, agriculture, and transparency and good regulatory practices, cut across the IPEF pillars. This may indicate that member economies’ initiatives and existing policies concerning these issues may be aligned easily in response to their commitment to IPEF.

**Table 6. Issues across IPEF Pillars**

	P1. a	P1. b	P1. c	P1. d	P1. e	P1. f	P1. g	P1. h	P1. i	P2. a	P2. b	P2. c	P2. d	P2. e	P2. f	P3. a	P3. b	P3. c	P3. d	P3. e	P4. a	P4. b	P4. c	P4. d
P1.a														1				1			1			
P1.b															1	1	1	1	1					
P1.c											1													
P1.d										1	1			1				1		1				
P1.e												1			1						1	1		
P1.f																								
P1.g													1											
P1.h															1									
P1.i											1											1	1	1
P2.a				1																1				
P2.b			1	1				1												2				
P2.c					1																			
P2.d						1														1				
P2.e	1			1																				
P2.f		1			1		1																	
P3.a		1																						
P3.b		1																						
P3.c	1	1		1																				
P3.d		1																						
P3.e				1					1	2		1												
P4.a	1				1																			
P4.b					1			1																
P4.c								1																
P4.d								1																

Note: Shaded areas correspond to issues tackled in both pillars.



Pillars: Pillar 1 - Trade  
 Pillar 1 - Trade  
 Pillar 1 - Trade  
 Pillar 1 - Trade  
 Pillar 1 - Trade  
 Pillar 1 - Trade  
 Pillar 1 - Trade  
 Pillar 1 - Trade  
 Pillar 1 - Trade  
 Pillar 2 - Supply Chains  
 Pillar 2 - Supply Chains  
 Pillar 2 - Supply Chains  
 Pillar 2 - Supply Chains  
 Pillar 2 - Supply Chains  
 Pillar 2 - Supply Chains  
 Pillar 3 - Clean Economy  
 Pillar 3 - Clean Economy  
 Pillar 3 - Clean Economy  
 Pillar 3 - Clean Economy  
 Pillar 3 - Clean Economy  
 Pillar 4 - Fair Economy  
 Pillar 4 - Fair Economy  
 Pillar 4 - Fair Economy  
 Pillar 4 - Fair Economy

Issues: P1.a = P1 - Labor  
 P1.b = P1 - Environment  
 P1.c = P1 - Digital Economy  
 P1.d = P1 - Agriculture  
 P1.e = P1 - Transparency and Good Regulatory Practices  
 P1.f = P1 - Competition Policy  
 P1.g = P1 - Trade Facilitation  
 P1.h = P1 - Inclusivity  
 P1.i = P1 - Technical Assistance and Economy Cooperation  
 P2.a = P2 - Establish Criteria for Critical Sectors and Goods  
 P2.b = P2 - Increase Resiliency and Investment in Critical Sectors and Goods  
 P2.c = P2 - Establish an Information Sharing and Crisis Response Mechanism  
 P2.d = P2 - Strengthen Supply Chain Logistics  
 P2.e = P2 - Enhance the Role of Workers  
 P2.f = P2 - Improve Supply Chain Transparency  
 P3.a = P3 - Energy Security and Transition  
 P3.b = P3 - GHG  
 P3.c = P3 - Sustainable Land, Water, and Ocean Solutions  
 P3.d = P3 - Innovation for GHG Removal  
 P3.e = P3 - Incentives to Enable the Clean Economy Transition  
 P4.a = P4 - Anti-Corruption  
 P4.b = P4 - Tax  
 P4.c = P4 - Capacity Building and Innovation  
 P4.d = P4 - Cooperation, Inclusive Collaboration, and Transparency

Source: Authors' compilation

#### 4.4. Vertical Coherence

Vertical coherence, on the other hand, can be thought of as the alignment of member economies positions and policies from the overall consensus. This may pertain to the “general compliance with political commitments laid down in the treaties but also the technical compatibility of specific national policies with common policies” (Gebhard 2017, p. 109). Vertical coherence is considered a bottom-up commitment between the member economies to a greater group or alliance, which requires balancing between individual economies’ sovereignty and the overall commitment (Gebhard 2017).

At the domestic level, vertical coherence can be considered as the alignment or coordination of the relevant domestic policies and regulations with that of the greater foreign or international commitment. Hence, the adoption of policies or changes in procedures in compliance with what has been agreed upon.

IPEF, however, remains a young and premature alliance that is surrounded with uncertainties that somehow baffle governments and institutions. Considering this, this paper looks into the vertical coherence of IPEF with the domestic policies and visions by matching the issues underscored in IPEF Pillars with the existing initiatives and policies of the Philippines.

With respect to the Philippines, IPEF as a framework can be thought of on the surface as aligned with the country’s policies. In 2022, the Department of Trade and Industry expressed support to the framework, underscoring that IPEF’s pillars are aligned with the government’s policies and reforms (Crismundo 2022). In fact, the Philippines has already ongoing initiatives and policies that are dedicated to the issues or areas concerning trade, supply chains, clean energy, and fair economy.

#### 4.5. Temporal Coherence

Temporal coherence pertains to alignment of policies with the long-term vision of an economy. Here, the coherence of IPEF can be simply determined by looking at how it may support the vision of the Philippines, particularly as outlined in the Philippine Development Plan (2023-2028) and the *AmBisyon Natin 2040*. Table 7 provides the list of priority sectors outlined in the long-term Philippine agenda and where these priorities fall under the IPEF pillars.

**Table 7: IPEF focus areas covered in PDP**

<i>AmBisyon Natin 2040</i> Priority Sectors	IPEF Pillars
Housing and Urban Development	2, 3
Manufacturing	1, 2
Connectivity	2
Education Services	1
Tourism and Allied Services	3
Agriculture	1, 2, 3
Health and Wellness Services	1, 2
Financial Services	1, 2

Source: Authors' compilation

The PDP 2023-2028 is concerned about economic growth, creation of more resilient jobs, food security, fiscal health, productivity and innovation, and poverty reduction. These goals cover economic, social, institutional, and environmental sectors, and will be addressed through the six cross-cutting strategies: digitalization, public-private partnerships, servicification, dynamic innovation ecosystem, enhanced connectivity, and greater national and local governments collaboration. The Plan, directly or indirectly, talks about the various focus areas of the four IPEF pillars. Table 8 presents the PDP chapters that tackles these areas.

**Table 8: IPEF focus areas covered in PDP 2023-2028**

IPEF Focus Areas	In PDP 2023-2028
<b>Pillar 1 - Trade</b>	
Labor	Chapters 2-7
Environment	Chapters 2-5, 9, 10-13
Digital Economy	Chapters 6-7, 10-12
Agriculture	Chapters 2-3, 5, 8-10, 12
Transparency and Good Regulatory Practices	Chapters 2, 7, 10-11, 12, 14, 16
Competition Policy	Chapters 10-14
Trade Facilitation	Chapter 9
Inclusivity	Chapters 2-4, 6-9, 11-12, 14
Technical Assistance and Economic Cooperation	Chapter 9
<b>Pillar 2 - Supply Chains</b>	
Establish Criteria for Critical Sectors and Goods	Chapters 2-5, 8, 11-12, 15
Increase Resiliency and Investment in Critical Sectors and Goods	Chapters 2-13,15
Establish an Information-Sharing and Crisis Response Mechanism	Chapters 9-11, 13
Strengthen Supply Chain Logistics	Chapters 3, 5-7, 9 12
Enhance the Role of Workers	Chapters 2-7, 13, 15

Improve Supply Chain Transparency	Chapters 5, 7
<b>Pillar 3- Clean Economy</b>	
Energy Security and Transition	Chapters 12, 15
Greenhouse Gas Emissions Reductions in Priority Sectors	Chapters 2, 12, 15
Sustainable Land, Water, and Ocean Solutions	Chapters 2, 5-7, 12-13, 15
Innovative Technologies for Greenhouse Gas Removal	Chapters 11, 15
Incentives to Enable the Clean Economy Transition	Chapter 15
<b>Pillar 4 - Fair Economy</b>	
Anti-Corruption	Chapter 14
Tax	Chapters 3, 6, 10-11
Capacity Building and Innovation	Chapters 2-4, 6-8, 10-15
Cooperation, Inclusive Collaboration, and Transparency	Chapters 5,7, 9-11, and 13

Source: Authors' compilation

Moreover, the PDP 2023-2028 has three major overarching objectives: (a) Develop and Protect Capabilities of Individuals and Families, (b) Transform Production Sectors to Generate more Quality Jobs and Competitive Products, and (c) Enabling Environment, encompassing social, economic, geopolitical, environmental, and technological issues, and promoting the betterment of living standards, technical standards, and government servicification in the country. As the IPEF covers broad aspirational components, most of the strategies and outcomes outlined to address the three objectives of the PDP 2023-2028 can be tackled in the framework. For instance, for the first objective, which generally focuses on social sector and issues on health, infrastructure, inclusivity, capacity-building, agriculture, accessibility, and supply chains, among others, all four pillars of IPEF complement with the strategies outline in the Plan. Annex 2 provides a summary of the objectives and strategies of the PDP 2023-2028.

In addition, although may not be as objectively as high with what are proposed in IPEF, the standards aspired in the PDP 2023-2028 can be precursory to that with the standards set in IPEF, particularly in improving the living standards, labor standards, quality of technical and regulatory governance, health and safety, accessibility, social inclusion, environment, among others. At least in terms of aiming some development changes, the PDP 2023-2028 and the IPEF complements with each other, indicating that the framework, at least on paper, can be benefit the country. This can be true as well for the second and third objectives of the PDP 2023-2028.

Finally, as part of the country's foreign policy of leveraging international cooperation and trade agreements to ensure affordable supplies and inter-sectoral linkages (Chapter 9); developing services and expand market access to generate more jobs (Chapter 7); and in developing disaster response mechanisms and strengthening the capacity of institutions (Chapter 13); among others, IPEF seems to be a fitting mechanism.

## 5. Conclusion and Recommendations

IPEF differs from the existing trade agreements and economic cooperation, especially with the ones currently participated by the Philippines. Although, it may quite resemble some frameworks, such as APEC, which is based on non-binding dialogues, IPEF is regarded as a new-age trade and economic agreement, a combination of both binding and non-binding commitments, focusing on non-traditional trade and socio-economic issues, but still provides an impetus for addressing traditional trade issues. Not considered entirely as a trade agreement by dodging market access and tariff issues, IPEF prevents the lengthy and costly process of traditional trade negotiations and allows it to cover tackle non-traditional issues, although broadly but more comprehensively.

IPEF can be considered as the US' attempt to lead a new global economic order, focusing on main issues that cut across economies. It does appear to be a compelling strategy to share the region, with its free, open, connected, resilient, and secure principles. The lack of commitments on some areas, such as market access, and lack of clarity in its enforcement mechanisms raise questions to its significance for the individual economies.

Coherence in IPEF is reflected in terms of the shared norms and values, consensus on domestic and transboundary issues, and commitment to cooperation and multilateralism among member economies. Interests in IPEF can be attributed to its perceived strategic, economic or geopolitical, importance, especially in relation to the prevailing concerns on security and stability in the region. IPEF, despite having some uncertainties, provides a renewed perspective towards the importance of forming alliances and partnerships in the region, with the hopes to enhance cooperation and address common challenges and pursue share interests.

Considering the way these economies integrate does seem to provide positive insights and backs up the existing, although meager, aspirations towards the framework. Integration among economies does seem to improve over time, particularly on infrastructure and connectivity and digital economy. In addition, public sentiments concerning IPEF turns out to be generally positive, despite showing undeniable concerns. This, however, cannot deny the fact that while IPEF is still being negotiated and completed, there remain reasons for economies to take caution before fully committing to the framework. There remains features of the framework that must be clarified, such as in terms of fiscal incentives, enforcement mechanisms, and digital economy considering US' withdrawal from e-commerce provisions in WTO, which can be done by having binding and enforceable rules and standards.

Similar to the rest of IPEF member countries, the Philippines certainly has its shares of hopes and doubts on the framework. It is considerable, therefore, to take heed on the perspectives of other members, particularly on critical areas. It is also important not to fully rely on the provisions of IPEF, especially when no concrete mechanisms are presented. For instance, on Supply Chain Pillar, identifying critical sectors and goods does not automatically translate to receiving support from member states, as this aspect depends on the capability and interest of other members. It is, however, reasonable for the country to prepare its own strategies on how to better its position in the region, especially penetrating the markets. Although it has been recognized that the framework is not a means for members to increase their market access, the IPEF provides relevant provisions that may actually capacitate the country to expand its market access. In addition, anticipating the critical sectors and goods of other economies, the country can in fact take necessary preparation to supply on these sectors. In doing so, however, it needs to address its domestic production issues first and aim to become more self-sufficient.

Considering that most of the focus areas of IPEF are covered in the country's ongoing development plans, adopting the framework and mainstreaming its program and initiatives as its commitment to the framework, it does seem that the country is somehow on the spot. It is, however, important that IPEF clarifies support, financial or technical, for countries to meet its set rules and standards. IPEF, therefore, can complement with the existing trade agreements and economic cooperation that the Philippines is currently a party to, and can very well be leverage to address both its domestic aspirations and global positioning goals. It can, in particular, take advantage of trade and investment, security, and other capacity-building cooperation within the framework. Even without market access, the supply chain agreement alone can already support the country's industries by ensuring sustainable flows of affordable inputs and essential goods, ensuring resilience of critical sectors and industries, such as health, foods, energy, and environment. In terms of security, although cannot be definitely relied upon, IPEF, together with other Indo-Pacific strategies of other countries, provides some hopes to counter and balance the influence of China in the region.

Another observation is that IPEF and individual Indo-Pacific strategies, and other mechanisms, may potentially create a similar spaghetti or noodle bowl effect, which has been observed with the proliferation of FTAs, especially that these IP strategies also cover areas already included in FTAs, such as economic cooperation, supply chain, and connectivity. More concerning is, despite the many strategies and cooperation mechanisms these economies proposed, some economies will receive less to no attention and benefits, especially for an economy like the Philippines. Although the Philippines is part of ASEAN and is covered under the AOIP, it is probably better to also consider crafting its own IP strategy or at least make its own detailed plan or foreign policy, such as deepening economic relationship with Indo-Pacific economies.

To reap the benefits of IPEF and, at the same time, avoid the potential pitfalls, there has to be careful considerations of balancing national interest with regional goals. National interests of the country should not be overwhelmed by the broader regional commitments. Instead, frameworks like IPEF, should be utilized in pursuing the national and domestic agenda, interests of various stakeholders, addressing sensitive industries, enhancing the competitive advantage, and strengthening capacity building (Quimba 2023).

Moreover, the country must ensure that its commitments in IPEF will not affect its commitments with other trade and economic frameworks. It should be able to balance its foreign policies across these frameworks and avoid inefficiencies in the utilization of trade agreements. Although IPEF is less likely to supersede existing trade agreements, it is important to consider how the country navigates across these arrangements to benefit the full potentials of these agreements. The Philippines should be able to harmonize IPEF with other trade agreements it has, and provide a thorough information drive to industries and FTA users, considering that currently there are prevailing issues on low utilization of FTAs by exporters. Also, as a potential trade destination and IPEF partner, the Philippines should also push for more clarity in IPEF, particularly on financing, enforcing mechanisms, and inclusivity. More public engagement and information dissemination are needed especially in the negotiation process to make the framework more inclusive and transparent. Finally, although IPEF generally allows countries some degree of flexibility in their commitment, the Philippines should ensure that safety measures are provided and accessible in IPEF once unforeseen risks are realized. It should consider designing its own contingency measures, for both economic and security purposes.

## *Epilogue*

At the APEC summit last November 2023, the Biden administration was expected to showcase progress in the IPEF, especially in the trade pillar. However, the summit's focus shifted to the Biden-Xi Jinping summit and geopolitical conflicts, conveniently diverting attention from the IPEF's struggles, particularly the trade pillar. The lack of concrete progress in the trade negotiations reflected a broader skepticism about the IPEF's potential benefits and the U.S.'s economic commitment to the region. The failure to secure agreements on labor and environmental standards, and the absence of market access benefits in the IPEF, have been points of contention. These issues have led to disappointment among Southeast Asian members, particularly Indonesia and Vietnam, due to the standstill in U.S. market access and the requirement for binding commitments on higher domestic standards without corresponding benefits (Arrizal Jaknanihan 2023, Byrnes 2023, Dixon and Savic 2023, Jackson and Harden 2023, Murphy 2023, and Nadeau 2023).

The U.S.'s reluctance to include market access in the IPEF discussions has led to a perceived vacuum in the region, which China is eager to fill. China's push to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and its engagement in other regional trade agreements demonstrate its commitment to high-standard economic rules. This contrasts with the U.S.'s hesitant approach, potentially leaving American workers, consumers, and businesses at a competitive disadvantage (Byrnes 2023, and Jackson and Harden 2023).

Furthermore, the IPEF's continuity is uncertain, particularly if there's a change in U.S. leadership after the 2024 presidential election. The IPEF might face a similar fate as the Trans-Pacific Partnership (TPP), which was abandoned by the U.S. after a change in administration. This uncertainty is compounded by domestic political pressures within the U.S. and the complex nature of trade agreements, which require balancing multiple interests and standards (Arrizal Jaknanihan 2023 and Byrnes 2023).

The future of the IPEF, particularly its trade pillar, remains uncertain. The framework's success depends on the U.S.'s ability to demonstrate a committed and sustainable economic strategy in the Indo-Pacific region and to address the concerns of its partners regarding market access and enforceable standards. The evolving geopolitical landscape and the U.S.'s domestic politics will significantly influence the IPEF's trajectory and its role in shaping regional economic integration.

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## 7. Annexes

Annex 1: Indicators used in Digital and Sustainable Regional Indication Index (DigiSRII) 2.0, by type and dimension

Dimension	Type	Indicators
Trade and investment integration	A. Conventional	Goods exports to GDP
		Goods imports to GDP
		Tariff on imports
		Stock of FDI inflows to GDP
		Stock of FDI outflows to GDP
	B. Sustainable	Environmental goods exports in GDP of exporting economy
		Environmental goods imports in GDP of importing economy
		Tariff on imports of environmental goods
		Employment created by DVA in exports to regional economies
2. Financial integration	A. Conventional	cross-border portfolio liabilities and assets to GDP
		Pair-wise dispersion of deposit rate
		Pair-wise correlation of share price index
	B. Sustainable	real exchange rate volatility
		Average financial development index score
		Volatility weighted pair-wise correlation of share price index
3. Value chain integration	A. Conventional	Regional export complementarity index
		RVC participation index
		Intermediate goods exports to GDP
		Intermediate goods imports to GDP
	B. Sustainable	Environmental good export complementarity index
		Sustainable RVC participation index
		(The employment weighted forward linkages)
		Exports of intermediates per unit of CO2 emissions
A. Conventional	liner shipping connectivity index	
	Trade facilitation implementation	

4. Infrastructure and connectivity integration		Average Internet quality
		Average trade cost
	B. Sustainable	Average rural access to electricity
		Sustainable trade facilitation implementation
		Average share of Internet users in population
5. Movement of people	A. Conventional	Stock of emigrants per capita
		Stock of immigrants per capita
		Outflow of remittances to GDP
		Inflow of remittances to GDP
	B. Sustainable	Average outward remittances per regional immigrant
		Average inward remittances per emigrant
6. Regulatory cooperation	A. Conventional	Number of regional economies that have signed FTAs with the economy
		Number of regional economies that have signed IIAs with the economy
		Number of economies that have an embassy in the economy
		Trade regulatory distance from regional partners*
	B. Sustainable	Sustainable regional FTA score
		Sustainable regional IIA score
		Average rule of law index score
		SDG trade regulatory distance from regional partners*
7. Digital economy integration	A. Conventional	Share of ICT goods exports to GDP
		Share ICT goods imports to GDP
		Average tariff on imports of ICT goods
		Average share of population with financial institution or mobile money account
		Average share of population that use Internet for online purchase
		Digital trade regulatory similarity with partners
	B. Sustainable	Average secure internet servers
		Average proportion of households with Internet access

		Average share of female population with financial institution or mobile money account
		Average share of female population that use Internet for online purchase

Source: Lifted in full from ESCAP (u.d.-a).



## Annex 2: Objectives and strategies in the Philippine Development Plan 2023-2028

Objectives	Chapter	Subchapter	Outcomes	Strategies
Develop and Protect Capabilities of Individuals and Families	Promote Health and Human Development	Boost Health	1. Social determinants of health improved	<ul style="list-style-type: none"> <li>- Ensure communities, workplaces, and schools support physical, mental, and social well-being for all</li> <li>- Foster a whole-of-government, whole-of-society approach to health</li> </ul>
			2. Healthy choices and behavior enabled	<ul style="list-style-type: none"> <li>- Increase health literacy</li> <li>- Promote appropriate health-seeking behavior</li> </ul>
			3. Access, quality, and efficiency of health care improved	<ul style="list-style-type: none"> <li>- Secure sustainable and equitably distributed health infrastructure and human resources</li> <li>- Promote strategic purchasing for quality, efficiency, and cost-effectiveness</li> <li>- Ensure financial risk protection</li> <li>- Harness complementary private sector partnerships for health care access and delivery</li> <li>- Establish integrated, innovative, and quality health care delivery systems</li> </ul>
			4. Health systems strengthened	<ul style="list-style-type: none"> <li>- Increase national and local government investments for health</li> <li>- Enhance national and local capacity for health system leadership, management, anticipatory governance, and resilience to public health emergencies</li> <li>- Advance responsive regulatory environments for addressing emerging developments and disruptions</li> <li>- Accelerate interoperable health information systems</li> <li>- Strengthen health research for evidence-informed policymaking and self-sufficiency in health technology</li> </ul>
	Improve Education and Lifelong Learning	1. Quality, inclusive, adaptive, resilient, and future-ready basic education for all achieved	<ul style="list-style-type: none"> <li>- Enhance early childhood care and development curriculum</li> <li>- Develop and implement catch-up programs to address learning losses</li> <li>- Ensure access to quality learning resources</li> <li>- Improve competencies of teachers</li> <li>- Strengthen the school-based feeding program to address</li> </ul>	

			malnutrition - Strengthen private–public complementarity in the provision of quality basic education - Adopt modern learning spaces
		2. Globally competitive and inclusive TVET and higher education, and improved research output attained for a broader knowledge economy	<ul style="list-style-type: none"> <li>- Design and implement future-ready TVET programs</li> <li>- Implement structural reforms in local universities and colleges to strengthen linkages with TVET communities</li> <li>- Increase involvement/participation of industry and private sector in TVET</li> <li>- Improve enterprise-based training and bolster micro-credentials</li> <li>- Pursue transnational knowledge co-creation linkages with higher education institutions</li> <li>- Optimize the roles of universities as innovation hubs and incubation centers</li> <li>- Establish regional university systems</li> <li>- Provide more research-oriented scholarships and grants</li> <li>- Effectively implement online and blended learning modalities</li> <li>- Develop alternative assessment and certification methods</li> <li>- Improve student support to ensure student success</li> </ul>
		3. Governance for human capital development improved	<ul style="list-style-type: none"> <li>- Harmonize the trifocalized system of education for lifelong learning</li> <li>- Strengthen school-based management</li> <li>- Develop and improve learning materials in line with international standards and trends</li> <li>- Rationalize workload of teachers</li> <li>- Design a higher education career system</li> <li>- Partner with independent third-party institutions in assessing and monitoring the progress of students' proficiency across all levels</li> </ul>
	Establish Livable Communities	1. Social environment promoted	<ul style="list-style-type: none"> <li>- Improve access to food, health, education, safe drinking water, basic sanitation, social services, social protection, and quality jobs</li> <li>- Strengthen social cohesion</li> <li>- Build disaster preparedness and resilience of communities</li> </ul>

		2. Environmental quality improved	<ul style="list-style-type: none"> <li>- Broaden waste minimization initiatives</li> <li>- Increase access to proper waste disposal facilities</li> <li>- Provide access to green spaces</li> </ul>
		3. Built environment upgraded	<ul style="list-style-type: none"> <li>- Mobilize private sector and government resources to meet housing needs</li> <li>- Improve housing affordability</li> <li>- Increase access of informal settler families, homeless, and underprivileged to housing</li> <li>- Integrate accessibility, health, culture, and resilience outcomes into design of housing and communities</li> <li>- Ensure availability of utilities</li> <li>- Provide public and active transportation links</li> </ul>
		4. Responsive governance advanced	<ul style="list-style-type: none"> <li>- Improve government accessibility</li> <li>- Sustain community livability planning and implementation</li> </ul>
Reduce Vulnerability and Protect Purchasing Power	Ensure Food Security and Proper Nutrition	1. Sufficient and stable supply of food commodities attained	<ul style="list-style-type: none"> <li>- Boost productivity and resiliency of the local agriculture and fisheries sector</li> <li>- Diversify food supply sources by augmenting domestic supply through international trade and maximizing the use of non-traditional agricultural areas</li> <li>- Streamline and improve the implementation of trade regulatory measures</li> <li>- Strengthen buffer stocking of rice and other basic food items for emergencies and disasters</li> <li>- Reduce and prevent food losses or waste</li> </ul>
		2. Access of consumers to affordable, safe, and nutritious food expanded	<ul style="list-style-type: none"> <li>- Promote private investment in facilities, transport, and logistics systems to bring safe and nutritious food closer to consumers</li> <li>- Ramp up the promotion and use of digital platforms for marketing, delivery, and payment transactions</li> <li>- Improve food transportation and distribution processes to hasten and ensure unhampered movement of food products</li> <li>- Strengthen price and supply monitoring of food commodities</li> <li>- Address anti-competitive practices and price manipulation</li> <li>- Intensify promotion of food labeling and food safety measures</li> </ul>

		3. Nutrition across all ages improved	<ul style="list-style-type: none"> <li>- Adopt a whole-of-society approach in promoting healthy lifestyle and a culture of active health-seeking behavior among Filipinos across age groups and income classes</li> <li>- Intensify the development and adoption of technologies that increase the nutritional content and prolong the shelf-life of food products</li> <li>- Implement measures to prevent and address wasting, stunting, and obesity - Strengthen nutrition-specific, nutrition-sensitive, and enabling interventions especially at the local level</li> <li>- Improve nutrition governance especially in local government units</li> </ul>
Strengthen Social Protection	1. A universal, modern, and integrated social protection system achieved	<ul style="list-style-type: none"> <li>- Establish a standard menu of rationalized programs for the social protection floor guarantees</li> <li>- Ensure a timely response and adequate financing for social protection programs in emergencies</li> <li>- Implement a Social Protection Communication Plan and Strategy</li> <li>- Ensure the establishment and updating of social registries</li> <li>- Create synergies among stakeholders in designing and delivering programs</li> <li>- Promote financial literacy for better awareness and use of financial instruments</li> <li>- Enhance and promote social insurance products to encourage coverage of all Filipinos</li> <li>- Strengthen services and facilities for digital payments of cash transfers</li> <li>- Enhance social protection statistics guided by the approved framework</li> <li>- Integrate the nutritional needs of vulnerable groups in social protection programs</li> </ul>	
	2. Individual and life cycle risks mitigated	<ul style="list-style-type: none"> <li>- Establish cash grants to cover disability costs and fully implement the mandatory membership and exclusive package in the social health insurance program (PhilHealth) (RA 11288)</li> <li>- Strengthen implementation of laws protecting women</li> <li>- Assure access to social protection programs in geographically isolated and disadvantaged areas</li> <li>- Ensure safe and orderly overseas migration</li> </ul>	

				<ul style="list-style-type: none"> <li>- Implement a holistic approach to eradicate child labor</li> <li>- Protect children from physical and mental distress</li> </ul>
			3. Economic risks managed	<ul style="list-style-type: none"> <li>- Increase coverage and benefits of unemployment insurance schemes</li> <li>- Rationalize existing livelihood and public works/cash for work programs implemented by various government agencies</li> <li>- Expand coverage of free agricultural insurance for qualified farmers and fisher folk</li> <li>- Develop a comprehensive pathway for returning OFWs</li> </ul>
			4. Natural, health, climate, and other human-induced hazards mitigated	<ul style="list-style-type: none"> <li>- Further strengthen the coordination and collaboration among NDRRMC, Climate Change Commission, local government units, and the private and/or civil society sector</li> <li>- Ensure the implementation of mental health and psychosocial services in the disaster response package</li> <li>- Establish permanent and resilient evacuation centers</li> <li>- Strengthen social protection programs and introduce relevant products in responding to the pandemic and other health hazards</li> <li>- Implement and operationalize the Adaptive Shock Responsive Roadmap</li> <li>- Develop and implement anticipatory delivery mechanisms for various types of disasters and emergencies</li> </ul>
			5. Governance and political risks addressed	<ul style="list-style-type: none"> <li>- Integrate safeguards into development interventions</li> <li>- Prepare anticipatory shock-responsive plans for internally displaced persons and persons of concern</li> <li>- Strengthen the implementation of Executive Order 163, series of 2022 (Protection Services for POCs) and RA 11188 (Special Protection of Children in Situations of Armed Conflict)</li> <li>- Increase investments in TVET human resources, higher education, digitalization initiatives, and innovation facilities</li> </ul>

	Increase Income-earning Ability	1. Employability increased	<ul style="list-style-type: none"> <li>- Align development objectives for basic, technical and vocational education and training (TVET), and higher education based on labor market requirements</li> <li>- Update contents of training standards, modules, and curricula for human capital development based on emerging, in-demand, and hard-to-fill occupations in identified key employment generators</li> <li>- Develop modern and responsive TVET, apprenticeships, and higher education aligned with emerging trends or demands in the labor market</li> <li>- Increase investments in TVET human resources, higher education, digitalization initiatives, and innovation facilities</li> <li>- Develop and promote a national policy for lifelong learning</li> <li>- Increase awareness of the Philippine Qualifications Framework and Philippines Skills Framework</li> <li>- Establish skills assessment mechanisms and certification programs to recognize prior learning</li> <li>- Strengthen collaboration with industry boards and industry associations in TVET</li> <li>- Align professional standards and licensure examinations with international standards</li> <li>- Strengthen public-private partnership on TVET</li> <li>- Intensify participation in youth employability programs</li> </ul>
		2. Access to employment opportunities expanded	<ul style="list-style-type: none"> <li>- Integrate and strengthen all employment facilitation services, including career development support</li> <li>- Maximize the utilization of public employment service offices</li> <li>- Strengthen technical capacity to develop dynamic and responsive labor market information systems</li> <li>- Provide updated labor market information to PhilJobNet</li> <li>- Anticipate skills needs in priority sectors</li> <li>- Share and disseminate information on emerging, critical, and in-demand skills</li> <li>- Intensify employment programs for the youth, marginalized, disadvantaged, and vulnerable sectors</li> <li>- Develop programs and policies that address all forms of labor market discrimination in work, education, and training</li> <li>- Provide emergency employment and training support to</li> </ul>

			displaced workers due to human-induced disasters and natural calamities
		3. Shared labor market governance achieved	<ul style="list-style-type: none"> <li>- Harmonize skills development programs in the government</li> <li>'- Strengthen linkages and collaboration among government and industry associations, enterprises, and social partners to emphasize shared responsibility in promoting and implementing employment policies and strategies</li> <li>- Advocate and strengthen tripartite and bipartite social dialogue</li> <li>- Design mechanisms to ensure inclusive participation and equitable access to education and skills development programs</li> <li>- Ensure effective and efficient use of existing tripartite wage and productivity mechanisms</li> <li>- Mainstream gender and green competencies</li> <li>- Integrate lifelong learning processes in human resource development programs</li> <li>- Create awareness of TVET programs implemented by the government</li> <li>- Actively participate in government-industry associations promoting and implementing employment and skills development policies and strategies</li> </ul>
Transform Production Sectors to Generate more Quality Jobs and Competitive Products	Modernize Agriculture and Agribusiness	1. Efficiency of AFF production enhanced	<ul style="list-style-type: none"> <li>- Diversify farm and non-farm income</li> <li>- Consolidate/cluster farms</li> <li>- Create and facilitate adoption of improved technology</li> <li>- Improve access of primary producers to production requirements</li> </ul>

		2. Access to market and AFF-based enterprises expanded	<ul style="list-style-type: none"> <li>- Create opportunities for the participation of primary producers in value-adding of AFF products</li> <li>- Develop the blue economy</li> <li>- Improve physical and digital infrastructure</li> <li>- Improve the regulatory system for greater private sector investments</li> <li>- Protect local AFF against unfair competition and supply/price manipulation</li> </ul>
		3. Resilience of AFF value chains improved	<ul style="list-style-type: none"> <li>- Create and adopt climate- and disaster-resilient technologies</li> <li>- Strengthen local food systems</li> <li>- Develop and mainstream early warning systems/anticipatory mechanisms</li> <li>- Integrate climate and disaster risks in AFF planning and programming</li> <li>- Boost local capability on the production of AFF inputs</li> </ul>
		4. Agricultural institutions strengthened	<ul style="list-style-type: none"> <li>- Improve coordination and convergence of government agencies in planning, programming, and budgeting</li> <li>- Enhance support to agricultural education and job-skills matching</li> </ul>
	Revitalize Industry	1. Domestic market production and supplier base expanded	<ul style="list-style-type: none"> <li>- Enhance business-matching activities across regions</li> <li>- Intensify support to industries producing for the domestic market</li> <li>- Provide targeted, time-bound incentives to establish labor-intensive industries and businesses</li> <li>- Foster regional industrialization</li> <li>- Establish common service facilities</li> <li>- Update agribusiness roadmaps</li> <li>- Undertake industry-specific R&amp;D and technology adoption</li> </ul>



			<p>2. Moving up the value chain achieved</p>	<ul style="list-style-type: none"> <li>- Competitiveness improved</li> <li>-- Address gaps in industry supply chains</li> <li>-- Ensure efficient movement of goods across the regions</li> <li>-- Lower energy costs and promote renewable energy sources</li> <li>-- Accelerate the digitalization and innovation of MSMEs and startups</li> <li>-- Pursue entrepreneurship leveraging technology-enabled business models</li> <li>-- Put in place business continuity plans in all industries</li> <li>- Dynamic industry ecosystem created</li> <li>-- Bolster science-based industries linked to global value chain</li> <li>-- Embrace Industry 4.0 for technology-mature firms</li> <li>-- Upskill and reskill workers to adapt to technology</li> <li>-- Enhance the National Quality Infrastructure System</li> <li>-- Adopt international standards and international certification</li> <li>-- Develop value-adding activities and downstream industries of the mining sector</li> </ul>
	Reinvigorate Services		<p>3. Inter-sectoral linkages enhanced</p>	<ul style="list-style-type: none"> <li>- Link industrial policy with trade and investment policy</li> <li>- Promote agglomeration or co-location of industry and services, including academic institutions</li> <li>- Strengthen academe–industry linkages</li> <li>- Upgrade industry roadmaps</li> <li>- Enhance servicification of industries</li> <li>- Activate business networks across industries</li> </ul>
			<p>1. Market expansion achieved</p>	<ul style="list-style-type: none"> <li>- Promote sustainable, inclusive, and resilient multidimensional tourism and holiday economics</li> <li>- Improve the quality of the Philippine tourism experience</li> <li>- Foster the creative industries</li> <li>- Spearhead the active promotion of tourism, culture, creative industries, and the information technology and business process management sector</li> <li>- Align public service delivery to industry needs and business models to lower costs</li> <li>- Ensure safety and security in the cyber and physical spaces</li> <li>- Develop the services in trade framework to maximize trade agreements</li> <li>- Accelerate e-commerce adoption by micro, small, and medium</li> </ul>

			enterprises - Encourage creation of consumer interest groups
		2. Creativity and innovation in services value proposition strengthened	<ul style="list-style-type: none"> <li>- Increase access of MSMEs to capital, digital technologies, and startups</li> <li>- Increase access of MSME management and workforce to training and capacity building programs</li> <li>- Develop technology parks, centers of creative excellence and innovation, and creative talent hubs and improve shared services facilities for MSMEs</li> <li>- Foster partnership with the government to develop AI applications and establish linkages between large companies and MSMEs for value chain upgrading</li> <li>- Build capabilities of the creative industries</li> <li>- Increase access to funds and incentives for R&amp;D and startup ecosystem development</li> <li>- Ensure the sustainable supply of a competitive, creative, and skilled workforce</li> <li>- Strengthen the intellectual property rights ecosystem</li> </ul>
		3. Inter-sectoral linkages enhanced	<ul style="list-style-type: none"> <li>- Facilitate physical connectivity (aviation, shipping and maritime, and land) and convenience to move people and goods</li> <li>- Secure foreign capital to modernize infrastructure, fleet, and equipment and position the Philippines as a strategic hub for aviation, shipping and maritime, and logistics services</li> <li>- Promote digitalization in transport and logistics to lower costs</li> <li>- Increase internet speed, coverage, and network</li> <li>- Improve competencies for business advisory services</li> <li>- Strengthen data collection ecosystem for market intelligence, insights, and industry studies</li> </ul>

			<ul style="list-style-type: none"> <li>- Strengthen collaboration among academe, government, and industry boards in talent and skills development</li> </ul>
Advance R&D, T&I	1. Basic R&D and knowledge creation strengthened	<ul style="list-style-type: none"> <li>- Nurture a supportive environment for R&amp;D</li> <li>- Re-engineer basic, technical-vocational, and higher education</li> <li>- Aggressively increase national expenditure in R&amp;D and its commercialization</li> </ul>	
	2. Market-driven and custom-centered research and development advanced	<ul style="list-style-type: none"> <li>- Create mechanisms for integrating a market/user information system</li> <li>- Integrate creative arts and social sciences with science and technology</li> <li>- Carry out R&amp;D, technology, and innovation in mutually beneficial private-public collaborations</li> <li>- Provide analytics on markets and customers</li> <li>- Increase number of partnerships for R&amp;D</li> <li>- Aggressively increase international collaborators and global corporate R&amp;D investors</li> </ul>	
	3. Technology extension, adoption, utilization, and commercialization scaled-up	<ul style="list-style-type: none"> <li>- Accelerate commercialization of market-oriented and inclusive STI products</li> <li>- Provide support and incentives for IP management</li> <li>- Intensify the technology transfer, extension, and commercialization of publicly funded technologies</li> <li>- Strengthen the provincial S&amp;T Offices</li> <li>- Increase public-private partnerships for the utilization and commercialization of R&amp;D products</li> <li>- Increase venture capital investments</li> </ul>	

			<p>4. Innovation and entrepreneurship accelerated</p>	<ul style="list-style-type: none"> <li>- Support globally competitive industries and an agile workforce</li> <li>- Accelerate business mentoring and scientific technical assistance</li> <li>- Accelerate the implementation of the Philippine Innovation Act</li> <li>- Establish and promote innovation hubs and other similar collaborative platforms</li> <li>- Increase financing opportunities for innovation-related projects or activities</li> <li>- Increase investments in financial and entrepreneurial literacy</li> </ul>
	<p>Promote Trade and Investments</p>		<p>1. Global position of Philippine export sectors restored, sustained, and strengthened</p>	<ul style="list-style-type: none"> <li>- Resolve key constraints to export growth and competitiveness</li> <li>- Proactively monitor and implement preventive measures and interventions for distressed firms</li> <li>- Implement targeted, granular strategies to increase exports on three fronts: global value chains, food and agri-marine, and labor-intensive manufacturing</li> <li>- Significantly diversify exports by fortifying the sectoral backward and forward linkages</li> <li>- Advance purposive, assertive, and forward-looking free trade agreement strategies</li> <li>- Position the Philippines as the foremost supplier of tradeable intermediate services</li> <li>- Ensure integrated, whole-of-government commitment to deliver broad access to the National Quality Infrastructure</li> </ul>
			<p>2. Total investments increased and targeted to boost trade, skills upgrading, and sustainability</p>	<ul style="list-style-type: none"> <li>- Maximize synergy and decisively align national and local government investment promotion strategies</li> <li>- Launch an aggressive branding campaign and raise awareness of the new business climate ushered in by most recent structural reforms</li> <li>- Leverage the Strategic Investment Priority Plan</li> <li>- Heighten the country's attractiveness to foreign direct investment by developing unique locational assets, especially in the rural areas</li> <li>- Position the Philippines as a prime destination of foreign investments against climate change or environmental, social, and governance investments</li> </ul>

Promote Competition and Improve Regulatory Efficiency		1. Anti-competitive practices diminished	<ul style="list-style-type: none"> <li>- Strengthen and expand investigation, detection, and prosecution of anticompetitive conduct and agreements</li> <li>- Leverage research and development efforts to identify and address competition and regulatory issues in priority sectors</li> <li>- Develop a framework for the determination of significant market power (SMP), and the specification of obligations on entities with SMP</li> <li>- Ensure compliance with the Philippine Competition Act through adoption of competition compliance programs</li> </ul>
		2. Barriers to entry and re-entry reduced	<ul style="list-style-type: none"> <li>- Expedite the operationalization of recently enacted economic liberalization reforms</li> <li>- Enable open access to essential infrastructure facilities in key sectors</li> <li>- Institutionalize the use of Competition Impact Assessment Manual/Toolkit among government agencies and local government units</li> <li>- Owners of essential facilities and/or resources to grant fair, reasonable, and non-discriminatory terms of access</li> </ul>
		3. Burden of regulation reduced	<ul style="list-style-type: none"> <li>- Expedite efforts to automate and streamline processes for business registration, renewal, closure, and pivots</li> <li>- Eliminate redundant, duplicative, and overlapping regulations</li> <li>- Establish the Philippine Ease of Doing Business Reporting System</li> <li>- Implement the National Policy on Regulatory Management System</li> <li>- Enforce the separation of regulatory and proprietary activities of government-owned and controlled corporations</li> <li>- Businesses to volunteer as Anti-Red Tape Authority champions</li> </ul>
	Cross-Cutting Strategies	1. Adopt a whole-of-government approach to strengthen market competition	<ul style="list-style-type: none"> <li>- Pursue full implementation of the National Competition Policy</li> <li>- Increase awareness, understanding, and support for the Philippine Competition Act and Philippine Competition Commission</li> </ul>

			2. Promote competition and improve regulatory efficiency in and through the internet and digital technologies	<ul style="list-style-type: none"> <li>- Enhance monitoring and understanding of emerging technologies, markets, and business models</li> <li>- Expand access to broadband internet and digital technologies to enhance consumer choice and facilitate digitalization and innovation among micro, small, and medium enterprises</li> <li>- Adopt policies to improve competition and regulatory efficiency in digital markets</li> </ul>
Enabling Environment	Macroeconomy Stability and Expand Inclusive and Innovative Finance	Promote an Inclusive, Innovative, and Healthy Financial Sector	1. Financial inclusion broadened and depend	<ul style="list-style-type: none"> <li>- Promote financial literacy</li> <li>- Improve access to financial services, including digital services, among previously excluded sectors</li> </ul>
			2. Financial innovation accelerated and strengthened	<ul style="list-style-type: none"> <li>- Adopt a regulatory sandbox approach for fintech innovators</li> <li>- Encourage efficiency and innovation in small and medium enterprise financing, microfinance, and microinsurance</li> <li>- Mainstream sustainable finance</li> </ul>
			3. Financial sector health ensured	<ul style="list-style-type: none"> <li>- Pursue financial stability through macro and micro prudential measures</li> <li>- Intensify consumer protection</li> </ul>
		Cross-Cutting Strategies		<ul style="list-style-type: none"> <li>- Leverage data and address information gaps among stakeholders</li> <li>- Promote safe and efficient National Payment System</li> <li>- Foster capital market development</li> <li>- Promote RegTech development</li> </ul>
		Ensure Sound Fiscal Management and Improve the Tax Regime	1. A productive, equitable, and simple tax system established and other sources of revenues mobilized	<ul style="list-style-type: none"> <li>- Strengthen the progressivity and productivity of the tax system</li> <li>- Simplify taxation of the financial sector</li> <li>- Pursue greater use of benefit taxation</li> <li>- Implement appropriate tax regime for extractive industries and pollution</li> <li>- Increase tax compliance to tax laws and regulations by simplifying tax rules and enhancing services of the BIR and BOC to taxpayers and other stakeholders</li> <li>- Streamline and fully automate major processes in tax and customs administration</li> <li>- Fast-track the privatization of government assets</li> </ul>

		2. An efficient and inclusive budget system implemented	<ul style="list-style-type: none"> <li>- Increase participation of the private sector in the procurement of government projects</li> <li>- Ensure timely completion of awards and projects</li> <li>- Improve the efficiency of bureaucracy</li> <li>- Pursue the Military and Uniformed Personnel pension reform</li> </ul>
		3. Local government finance strengthened	<ul style="list-style-type: none"> <li>- Strengthen the capacity of LGUs to raise more revenues and implement devolved functions</li> <li>- Pursue an equitable and efficient National Tax Allotment</li> <li>- Develop the LGU bond market and establish an LGU credit rating system</li> </ul>
		4. Sustainable management of debt ensured	<ul style="list-style-type: none"> <li>- Diversify and explore alternative sources of financing</li> <li>- Maintain a resilient and strategic debt management</li> </ul>
	Expand and Upgrade Infrastructure	1. Planning, programming, and asset management in infrastructure enhanced	<ul style="list-style-type: none"> <li>- Implement integrated master-planning development and convergence programs</li> <li>- Embed resilient and innovative solutions in infrastructure design</li> <li>- Fully implement asset management and preservation</li> <li>- Undertake strategic partnerships for financing investments</li> </ul>
		Connectivity 2. Seamless and inclusive connectivity via local and international linkages achieved	<ul style="list-style-type: none"> <li>- Move people, goods and information through modernized and expanded transport and digital infrastructure, with active participation of the private sector</li> <li>- Address universal mobility and connectivity needs</li> </ul>
		Water Resources 3. Water security, ecological integrity of water systems, and resiliency to water hazards attained	<ul style="list-style-type: none"> <li>- Upgrade and expand water infrastructure</li> <li>- Strengthen implementation of integrated water resource management</li> <li>- Invest in water infrastructure services provision and provide accessible financing for water supply and sanitation projects</li> </ul>
		Energy 4. Affordable, accessible, reliable, and clean energy provided	<ul style="list-style-type: none"> <li>- Implement game-changing reforms to bring down the cost of electricity</li> <li>- Enhance the delivery of energy by coordinating investment in generation, transmission, and distribution</li> <li>- Provide an enabling environment for the market to deliver an optimal fuel mix</li> <li>- Enhance the demand side management</li> </ul>

			<ul style="list-style-type: none"> <li>- Invest in energy innovation to respond to increasing demand and new markets for clean technology goods and services</li> </ul>
		<p>Social Infrastructure</p> <p>5. Enhanced support to social development provided</p>	<ul style="list-style-type: none"> <li>- Ensure equitable access to health and educational infrastructure, in partnership with the private sector</li> <li>- Improve resiliency to support health and educational outcomes</li> <li>- Pursue optimal solid waste management solutions</li> </ul>
Ensure Peace and Security and Enhance Administration of Justice	Ensure Peace and Security	<p>1. Conflict-affected communities and conflict-vulnerable areas protected and development sustained</p>	<ul style="list-style-type: none"> <li>- Complete the implementation of all signed peace agreements</li> <li>- Ensure full transition of the BARMM Government</li> <li>- Expedite normalization and reintegration of former combatants and their families, and the rehabilitation of conflict-affected communities, including Marawi City</li> <li>- Strengthen convergence of programs, and ensure that development interventions are conflict-sensitive and peace-promoting</li> <li>- Advance healing and reconciliation, social cohesion, and transitional justice interventions as key components of peacebuilding</li> <li>- Establish appropriate mechanisms to counter threats from terrorism, radicalization, and violent extremism</li> </ul>
		<p>2. Quality of life of people safeguarded from criminality</p>	<ul style="list-style-type: none"> <li>- Promote a holistic approach in countering the proliferation of illegal and dangerous drugs</li> <li>- Strengthen and expand police engagements with communities on crime deterrence, reporting, and resolution</li> <li>- Strengthen regional and international partnerships to counter and prevent threats from terrorism, violent extremism, radicalization, transnational crimes, and other non-traditional security threats</li> </ul>



		3. Protection and safety from natural hazards and other security threats ensured	<ul style="list-style-type: none"> <li>- Improve capacity and capability of security forces and LGUs on humanitarian assistance and disaster response and protection services to mitigate the impacts of natural hazards and other emergencies-</li> <li>Protect critical infrastructure, strategic assets, and natural resources</li> <li>- Strengthen security and resilience of the Philippine cyberspace</li> </ul>
		4. Territorial integrity and sovereignty upheld and protected	<ul style="list-style-type: none"> <li>- Strengthen advocacy on respect for rules-based regime in the regional and international community</li> <li>- Pursue greater international and regional dialogues and cooperation</li> <li>- Develop a modern, credible, and self-reliant defense force</li> <li>- Strengthen capacity of institutions in security assessment, operations, and response relative to geopolitical developments</li> </ul>
	Cross-Cutting Strategies		<ul style="list-style-type: none"> <li>- Sustain compliance of LGUs to good governance principles and of security institutions on human rights and rule of law</li> <li>- Ensure gender mainstreaming and protection of vulnerable groups in conflict affected communities</li> <li>- Mobilize a broad-based constituency for peace</li> </ul>
	Enhance Administration of Justice	1. Quality and efficiency in disposition of cases improved	<ul style="list-style-type: none"> <li>- Establish and/or strengthen coordination mechanisms to improve sector efficiency and accountability</li> <li>- Create a Central Evidence Unit to store and handle evidence in criminal cases</li> <li>- Improve human resource allocation in the justice sector</li> <li>- Adopt sectoral training for all stakeholders in commercial disputes</li> <li>- Advance the use of Alternative Dispute Resolution mechanisms at all levels</li> <li>- Maximize the use of digital technology and build a robust, efficient, and disaster-resilient ICT architecture for the justice sector</li> <li>- Implement the integration of the unified crime index to improve uniformity of crime data</li> <li>- Streamline the rules on the disposition of specialized and multi-party cases</li> </ul>

			<ul style="list-style-type: none"> <li>- Automate consumer complaints handling</li> <li>- Provide private sector-led redress mechanisms</li> </ul>
		2. Access to quality free or affordable legal services by Filipinos improved	<ul style="list-style-type: none"> <li>- Establish free legal aid public directory and referral system</li> <li>- Expand the Justice on Wheels Program</li> <li>- Strengthen victim legal protection and assistance</li> <li>- Expand access to non-financial bail and periodic review of preventive imprisonment</li> </ul>
		3. Quality of life of PDL improved, and productive re-integration of PDL in the community ensured	<ul style="list-style-type: none"> <li>- Undertake construction and repair of penal facilities</li> <li>- Establish a unified penology and corrections system</li> <li>- Operationalize the National Preventive Mechanism</li> <li>- Expand the e-Dalaw system, livelihood, and entrepreneurial opportunities for PDL, and multi-disciplinary rehabilitation mechanisms</li> <li>- Identify classes of PDL who may be qualified for early release and expand access to parole and probation for certain classes of offenses</li> <li>- Operationalize the unified referral and monitoring system for former PDL</li> </ul>
	Practice Good Governance and Improve Bureaucratic Efficiency	1. Participatory governance deepened	<ul style="list-style-type: none"> <li>- Ensure sufficient and functional participatory spaces</li> <li>- Broaden public access to information</li> <li>- Improve the quality of participation</li> <li>- Increase inclusivity and accessibility of elections</li> </ul>
		2. Public accountability and integrity bolstered	<ul style="list-style-type: none"> <li>- Enhance public feedback loops</li> <li>- Intensify transparency in public spending</li> <li>- Strengthen implementation and monitoring of anti-corruption</li> </ul>

			laws and programs - Improve national governance assessments
		3. Government functions, systems, and mechanisms rationalized and strengthened	- Pursue rightsizing and the whole-of-government approach in re-engineering systems and procedures - Accelerate digital transformation in government - Raise the productivity performance of agencies
		4. Competent, motivated, agile, and resilient public servants supported	- Guarantee complete and capable human resources in government - Promote conducive working environments
Accelerate Climate Action and Strengthen Disaster Resilience	1. Climate and disaster risk resilience of communities and institutions increased	- Strengthen the capacity of LGUs and communities in disaster prevention and preparedness - Boost multistakeholder partnership in building and translating knowledge to climate change adaptation and disaster risk reduction - Align ESG measures and investments with local adaptation and risk reduction needs and priorities	
	2. Ecosystem resilience enhanced	- Intensify ecosystem protection, rehabilitation, and management - Promote and expand natural resource-based industries and enterprises	
	3. Low carbon economy transition enabled	- Implement the Nationally Determined Contribution policies and measures - Bolster private sector investments in green development - Ensure just transition of workers affected by the structural changes toward a greener, more sustainable, and low-carbon economy - Expand market opportunities for low-carbon technologies and products	
Cross-Cutting Strategies	Improve governance and intersectionality of climate change and natural hazard resilience	- Improve national and local climate and risk data and information management system - Scale up natural capital accounting and valuation of ecosystem services	

					- Scale up the mobilization of sustainable finance from public and private sources
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Source: Authors' compilation based on PDP 2023-2028 (pp.16–356)