



Indo-Pacific Economic Framework

For Prelims: Indo-Pacific, Quad, CEPA (Comprehensive Economic Partnership Agreements)

For Mains: Groupings & Agreements Involving India and/or Affecting India's Interests, Bilateral Groupings & Agreements, QUAD, Indo-Pacific and its Significance

Why in News?

Recently, the Minister of Commerce & Industry addressed the [Indo-Pacific Economic Framework \(IPEF\) Ministerial meeting](#) in the US, where India decided to stay away from the Fair & resilient trade Pillar.

- India agreed to **three out of four pillars**, which are [Supply Chains](#), [Tax & Anti-Corruption](#) and [Clean Energy](#).

What is IPEF?

- It is a **US-led initiative** that aims to **strengthen economic partnership among participating countries** to enhance resilience, sustainability, inclusiveness, economic growth, fairness, and competitiveness in the [Indo-Pacific region](#).
- The IPEF was launched in 2021 with **a dozen initial partners** who together represent **40% of the world GDP**.
- The IPEF is **not a Free Trade Agreement (FTA)** but allows members **to negotiate the parts they want to**. The negotiations will be along **four main “pillars”**.
 - Supply-chain resilience**
 - Clean energy, decarbonisation & infrastructure
 - Taxation & anti-corruption
 - Fair & resilient trade.
- Currently, **India and 13 countries located in the Pacific Ocean** are its members,
 - Australia, Brunei, Fiji, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, United States, and Vietnam.

What is India's position on the IPEF?

- While some countries had expressed interest in joining negotiations, India **did not declare a definitive position** for some time because it will be watching **what benefits member countries will derive and whether any conditionalities on aspects like environment** may discriminate against developing countries.
- Some areas proposed in the IPEF **do not appear to serve India's interests**.
 - For example, the IPEF talks about digital governance but the IPEF formulation contains issues that **directly conflict with India's stated position**.
- India is in the **process of firming up its own digital framework and laws**, particularly regarding privacy and data, and **it would wait for more information**.
 - In August 2022, the Indian government withdrew the Personal Data Protection Bill from Parliament, saying it would consider **“comprehensive legal framework”** to regulate the

overall Internet ecosystem, cybersecurity, etc.

- The **US has earlier expressed concerns** about the possibility of the **Indian side demanding data localisation or the storage** and processing of Indian users' data in servers located in India and not the US, even in the case of data of US-based companies.
 - A US report expressed that India's policy will serve as significant barriers to digital trade and act as market access barriers, especially for smaller firms.

How is IPEF Different from Other Trade Deals?

- The IPEF is **not exactly a trade pact** and the provision of multiple pillars does entail **an option for participants to choose what they want** to be a part of.
- It's not a **take-it-or-leave-it arrangement**, like most multilateral trade deals are.
- Since the IPEF is not a regular trade pact, the members so far are **not obligated by all the four pillars despite being signatories**.
- So, while **staying off the trade part of the arrangement, India has joined** the other three pillars of the multilateral arrangement – supply chains, tax and anti-corruption and clean energy.

What is India's Vision for the Indo-Pacific Region?

- India's trade in this region is growing rapidly, with overseas investments being directed towards the East, e.g., the **Comprehensive Economic Partnership Agreements** with Japan, South Korea, and Singapore, and the Free Trade Agreements with **ASEAN (Association of Southeast Asian Nations)** and Thailand.
- India has been active in championing a Free and Open Indo-Pacific. The US, Australia, and the members of the ASEAN have all expressed a common view that India plays a greater role in the region.
- India, along with its **Quad partners**, is improving its game in the Indo-Pacific.
- India's view is to work with other like-minded countries in the Indo-Pacific region to cooperatively manage a rules-based multipolar regional order and prevent any single power from dominating the region or its waterways.

UPSC Civil Services Examination Previous Year Question (PYQ)

Q. The new tri-nation partnership AUKUS is aimed at countering China's ambitions in the Indo-Pacific region. Is it going to supersede the existing partnerships in the region? Discuss the strength and impact of AUKUS in the present scenario. **(2021)**

Source: IE