



Indo-Pacific Economic Framework

For Prelims: Indo-Pacific, Quad, Paris Agreement, 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, India's Prime Minister participated in an event in Tokyo to launch the **Indo-Pacific Economic Framework (IPEF)**.

- This economic initiative came a day before the **second in-person summit** of the **Quad leaders** (India, the US, Australia and Japan) in Tokyo.

What is QUAD?

- It is the grouping of **four democracies** -India, Australia, the US, and Japan.
- All four nations find a common ground of being democratic nations and also support the common interest of unhindered **maritime trade and security**.
- The Quad is billed as four democracies with a shared objective to ensure and support a **"free, open and prosperous"** Indo-Pacific region.
- The idea of Quad was first mooted by **Japanese Prime Minister Shinzo Abe in 2007**. However, the idea couldn't move ahead with Australia pulling out of it, apparently due to Chinese pressure.
- Finally in 2017, **India, Australia, the US, and Japan**, came together and formed this **"quadrilateral"** coalition.

What is the Significance of IPEF?

- **About:**
 - 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 with a dozen initial partners who together represent **40% of the world GDP**.
- **Opportunity for Indo-Pacific Region:**
 - It is a declaration of a collective desire to make the Indo-Pacific region an engine of global economic growth.
- **An Economic Vision:**
 - The Indo-Pacific covers half the population of the world and more than **60% of the global GDP** and the nations who will join this framework in the future, are signing up to work

toward an economic vision that will deliver for all people.

- **Focus Areas:** Unlike traditional trade blocs, IPEF won't negotiate tariffs or market access, and the framework will focus on integrating partner countries in **four areas which include:**
 - **Trade:** It intends to build high-standard, inclusive, free, and fair-trade commitments and develop new and creative approaches in trade and technology policy that advance a **broad set of objectives that fuels economic activity** and investment, promotes sustainable and inclusive economic growth, and benefits workers and consumers.
 - **Supply Chains:** IPEF is committed to improving transparency, diversity, security, and sustainability in supply chains to make them more resilient and well-integrated.
 - To coordinate crisis response measures; expand cooperation to better prepare for and mitigate the effects of disruptions to better ensure business continuity; improve logistical efficiency and support; and ensure access to key raw and processed materials, semiconductors, critical minerals, and clean energy technology.
 - **Clean Energy, Decarbonization, and Infrastructure:** In line with the [Paris Agreement](#) goals and efforts to support the livelihood of peoples and workers, it plans to accelerate the development and deployment of clean energy technologies to decarbonize our economies and build resilience to climate impacts.
 - This also involves deepening cooperation on technologies, on mobilizing finance, including concessional finance, and on seeking ways to improve competitiveness and enhance connectivity by supporting the **development of sustainable and durable infrastructure** and by providing technical assistance.
 - **Tax and Anti-Corruption:** It is committed to promoting fair competition by enacting and enforcing effective and robust tax, anti-money laundering, and anti-bribery regimes in line with existing multilateral obligations, standards, and agreements to curb tax evasion and corruption in the Indo-Pacific region.
 - This involves sharing expertise and seeking ways **to support the capacity building** necessary to advance accountable and transparent systems.

What is India's Vision for 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 upping 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**.

[Source: IE](#)