



## 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**