

# Indo-Pacific Economic Framework

The Indo-Pacific Economic Framework is a unique type of trade pact that the United States is pushing among the region's governments. India and 12 nations led by the United States inaugurated the Indo-Pacific Economic Framework (IPEF) on 23rd May 2022 to provide an economic alternate solution to China's Geostrategic footprint in the Indo-Pacific area. The IPEF seeks to strengthen economic relationships between all of the participating nations to enhance resilience, sustainable development, inclusiveness, economic expansion, fair treatment, and competitive spirit in the Indo-Pacific region. Biden initiated the IPEF with twelve initial partners who collectively account for 40% of global GDP. The topic has a very high chance of being asked as a UPSC Prelims International Relations Question or as a Current Affairs Question, as it has been in the news recently.

## About Indo-Pacific Economic Framework

The nations shared a determination to create a free, accessible, transparent, inclusive, interconnected, robust, safe, and affluent Indo-Pacific region with the potential for sustained and inclusive growth in the economy, according to a joint statement. According to the joint statement, they are commencing cooperative discussions in preparation for future deliberations, and the IPEF has four pillars.

### Four Pillars of IPEF

#### *Trade*

To create new and innovative strategies in trade and technology policies that promote a broad set of goals that stimulates economic growth and investment, fosters sustainable and equitable economic development, and incentives consumers and workers. Collaboration in the digital economy is one of the initiatives, but it is not the only one.

#### *Supply Chains*

To make the supply chains increasingly robust and very well-integrated by increasing openness, diversity, security, and sustainability. To better prepare for and reduce the effects of interruptions in order to assure continuity of business.; to increase logistical efficiency and assistance; and to guarantee access to important raw and processed commodities, semiconductors, key minerals, as well as clean energy technologies.

#### *Clean Energy, Decarbonization, and Infrastructure*

In keeping with the objectives and initiatives of the Paris Agreement to enhance people's and workers' livelihoods, it plans to speed up the development as well as deployment of clean energy technologies to de-carbonise countries and develop climate resilience. Strengthening collaboration on technologies, mobilising funding, particularly concessional finance, and identifying ways to promote competitiveness and interconnectivity through supporting the development of long-term infrastructure and giving technical assistance are all part of this.

#### *Tax and Anti-Corruption*

To encourage fair competition within the Indo-Pacific region, countries must establish and enforce efficient and robust tax, anti-money laundering, and anti-bribery frameworks in accordance with existing

global obligations, principles, and agreements. This entails sharing knowledge and looking for methods to help with the capacity building that is required to promote responsive and accountable mechanisms.

## Significance

Manufacturing, business activity, global trade, and investment are all centred around the Indo-Pacific area. For millennia, India has been a major hub in the Indo-Pacific region's commercial operations. As a result, finding shared and innovative answers to the region's economic difficulties is critical. The Indo-Pacific region is home to half of the world's population as well as more than 60% of world GDP. This is a significant step toward rebuilding US economic dominance in the area and providing Indo-Pacific countries with a viable alternative to China's approaches to these key challenges.

