

The Indo Pacific Economic Framework

Disclaimer: Information provided in this document reflects customs modernization initiatives up until June 2022; this is an ever changing and evolving topic that requires additional research to fully grasp its concepts and goals.

Background

Covering over 60 percent of the world's population and over 40 percent of global GDP, the Indo-Pacific region will be the main driving force behind the global economy for decades to come. ([White House, 2022](#))

As the world's largest economy and a major trading partner in the region, the United States' national and economic interest is undoubtedly linked to the Indo-Pacific. The United States would need to expand and strengthen its economic presence across the region in order to ensure its prosperity and security. ([Chamber of Commerce, 2022](#))

Despite the economic significance, the United States' attempts to strengthen its trading presence in the Indo-Pacific region have encountered many setbacks. The Indo-Pacific oriented Trans-Pacific Partnership (TPP), which was the largest and most comprehensive trade agreement of its time, failed to ratify in Congress and was officially rejected by the Trump administration in 2017. ([NPR, 2018](#)) Failing to join the TPP and the subsequent successor agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), created a vacuum of U.S. economic and strategic leadership in the Indo-Pacific. ([Chamber of Commerce, 2022](#))

White House's Plans for IPEF

The Biden-Harris Administration had since made strides to restore American influence in the Indo-Pacific. In the past year, the United States has updated its longstanding alliances, strengthened unseasoned partnerships, and forged innovative links among them to meet modern challenges. Furthermore, it has done so with a broad, bipartisan agreement in the U.S. Congress that the United States must act in the Indo-Pacific. ([White House, 2022](#))

The pinnacle of the United States' recommitment to the Indo-Pacific region can be seen in the Indo-Pacific Economic Framework (IPEF). Announced in October 2021 and officially launched in May 2022, IPEF is a non-binding trade framework consisting of four key pillars which include: Connected Economy, Resilient Economy, Clean Economy, and Fair Economy. ([White House, 2022](#)) ([Congress, 2022](#))

Countries can opt to join any number of the four pillars but are expected to commit to all aspects of each pillar if they choose to participate. Details regarding IPEF have yet to be released but are expected to be announced in the near future following formal negotiations with regional partners. ([CSIS, 2022](#))

It is worth noting that IPEF differs from traditional trade agreements: it does not include provisions on market access and tariff reductions like the TPP or the CPTPP mentioned earlier. Yet, despite not being comparable to traditional trade agreements, important elements in the administration's Indo-Pacific Strategy could still be achieved through the IPEF. ([Chamber of Commerce, 2022](#), [CSIS, 2022](#), [White House, 2022](#))

Key Takeaways

- An Indo-pacific region partnership with the United States is necessary for future growth and development.
- Rejecting the TPP had created a vacuum of U.S. economic and strategic leadership in the Indo-Pacific.
- IPEF was launched in May 2022 with an emphasis on four key pillars which include: Connected Economy, Resilient Economy, Clean Economy, and Fair Economy. ([White House, 2022](#))
- IPEF differs from traditional trade agreements due to its non-binding nature and lack of provisions on market access and tariff reductions.

Discussion Questions

- Will the IPEF boost approval ratings for the Biden-Harris Administration?
- What implications could there be for the United States if IPEF is seen as a threat to other major economies in the area, such as China?
- What regional and other multilateral trade commitments would best serve U.S. economic and strategic interests in the region? ([Congress, 2022](#))
- What role should Congress play in the negotiation and consideration of an IPEF and other regional trade initiatives? ([Congress, 2022](#))
- Is IPEF an adequate replacement for traditional trade agreements such as TPP or CPTPP?
- Without provisions on market access and tariff reductions, would countries in the Indo-Pacific be incentivized to participate in IPEF?