**IPEF: More Noise Than Signal**

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Overall, if analyzed holistically and pragmatically, the Indo-Pacific Economic framework (IPEF) is more like a noise than a signal. It sounds like this all-too-obvious political publicity stunt is about economic connectivity and inclusion. But on practical grounds, it lacks a solid set of rules and regulations, impairing a free, fair and impartial global market. It also demotivates trade facilitation and tax reduction mechanisms. The reason why IPEF advocates a zero-sum game lies in its essence and the resulting conspiracy. Access to the US market under the US-led framework is extremely ambiguous, creating serious obstacles for Indo-Pacific nations to make binding commitments to the high standards sought by the Biden administration.

After the US unilaterally quit the Trans-Pacific Partnership (TPP), it has been intensifying endeavors to reclaim its economic leadership in the Indo-Pacific region, striving to put a fourth alternative to China’s economic strategy, in the shape of IPEF. However, the Biden administration does not want to channel IPEF at the expense of its market, technically disallowing the rest of IPEF partners, especially economically unstable countries, to enjoy the US business ecosystem. According to an opinion piece published in renowned media, US national security advisor Jake Sullivan has said the framework is a means for the US to “strengthen ties with allies and partners to increase shared prosperity.” But analysts noted it is “more marketing than policy.”

Lack of consistency in implementing global economic policies has already drawn the ire of international players, especially those part of the US-led framework. It is a smothering belief that with the change of command, the US changes its economic strategies. The Trans-Pacific Partnership, an ambitious major trade pact involving the Indo-Pacific countries, was part of President Barack Obama’s strategic pivot to Asia. Trump pulled the US out of the trade pact in 2017, after it drew criticism from the protectionist end of the US political spectrum. Nobody knows what will happen with IPEF after Biden is gone. The biggest problem with IPEF is Washington’s mounting rivalry to “free trade”. There are no market access or tariff reduction provisions in the framework, which destroyed trade incentives that countries in the region long for.

It was also difficult for the Biden administration to promise sufficient political and economic capital to IPEF. Several developing countries in the framework have demanded clean energy as a significant interest in the IPEF. But while renewable energy is cheaper than fossil fuels, the start-up costs of increasing renewable energy production in a country are skyrocketing in the wake of existing infrastructure, where carbon-intensive energy generation continues to rule. Regional partners and countries would urge to pour financial support from the US in eliminating their coal sectors gradually. However, apprehensions remain about the funding and execution of these initiatives, especially since IPEF has not been approved by the US Congress and its political sustainability has been questioned. No doubt, the verbal features of IPEF include trade facilitation, access to the digital ecosystem, financial assistance for clean-energy transition, and increased investment in the improvement of infrastructure and taxation and anti-corruption. To put all in force, certain economic, legal and financial SOPs are to be tweaked. The question pops up: Is anything set in motion so far? The answer is simple, not at all. “If you look at the four pillars, it requires all partners to do something to change their laws or regulations or the way they operate to a large extent,” said an international trade expert and professor of law at the Chinese University of Hong Kong, Bryan Mercurio in an article published in an international media outlet.

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Experts believe that IPEF hurts economic dividends harming globalization and win-win situations, It solely serves the geopolitical interests of the US and Japan who believe that IPEF will give leverage in coping with “economic security threats” from China. The Chinese leadership has made categoric assertions that China does not want to dominate the world. Even in an article published in CGTN, it has been projected clearly that “Peace and development are values that all the world shares and ideas for solving related problems will increasingly come from the majority of humanity in the Global South. The US Cold War mentality has led to a knee-jerk reaction of criticizing anything that comes out of China, but a closer look at what China proposes suggests that it doesn’t seek to dominate the world and instead, it is integrating these initiatives with the needs of the entire world and the UN order supported by the US. Along with the US, major economies like Australia, Japan, South Korea, and India, developing countries such as the Philippines, Indonesia, Malaysia, Vietnam, and Thailand, as well as smaller nations like Brunei, New Zealand, and Singapore are signatories to the framework. These countries represent about 40 per cent of the world’s gross domestic product, and about 60 per cent of the world’s population resides in the Indo-Pacific region.

In accordance with White House FACT SHEET: In Asia, President Biden and a Dozen Indo-Pacific Partners Launch the Indo-Pacific Economic Framework for Prosperity, it is said that US foreign direct investment in the region totalled more than USD 969 billion in 2020 and has nearly doubled in the last decade, and the US is the leading exporter of services to the region, helping fuel regional growth. Trade with the Indo-Pacific supports more than three million American jobs and is the source of nearly USD 900 billion in foreign direct investment in the US. With 60 per cent of the world’s population, the Indo-Pacific is projected to be the largest contributor to global growth over the next 30 years. Besides region is highly likely to be the largest contributor to global growth over the next three decades. Many regional partners have spoken volumes against IPEF, terming it as essentially a political effort aimed to counter China, rather than a sincere and thoughtful economic policy integration initiative. In the backdrop of existing regional economic architecture that already includes the Asia-Pacific Economic Cooperation (APEC), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the Belt and Road Initiative, and numerous free trade deals, many countries are negotiating the Regional Comprehensive Economic Partnership (RCEP), IPEF, as a political gimmick, has lost steam since its onset.

Meanwhile, the digital economy is an especially integral segment of IPEF for many countries in the region. For those with advanced economies, such as Singapore, New Zealand, the ROK, Australia and Japan, the digital part gives rise to an opportunity to synergize data, privacy, intellectual property, digital tax, and technology policies to foster a more open and interoperable market for advanced digital economies.

However, the White House administration is trying to bolster those terms and conditions of digital technologies and digital trade like artificial intelligence and 5G that promote American First Policy and suit the US dominance. Many countries, particularly the many less-developed countries in the South and Southeast region, cannot meet the standards, or they cannot see the standards suitable for their country. IPEF must provide incentives to the members and demonstrate that the US is committed to long-term participation in the region. If the US-run framework fails to do so, it will be considered a failure.

With rising inflation, geopolitical disputes and energy crises seriously threatening the Asia-Pacific region, the region should seek cooperation, not division. With IPEF being driven more by geopolitical considerations rather than economic factors, it will be overshadowed by CPTPP and RCEP. Besides, if Chinese leadership keeps the right direction concerning domestic and international policies, China is destined to thrive with strategies of multilateralism and globalization.

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