

# Missing the significance of IPEF

Despite its misgivings, India stands to gain from the overlap in the agenda of the Quad and the Indo-Pacific Economic Framework

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The US-led Indo-Pacific Economic Framework (IPEF) was announced on May 23 in Tokyo just a day before the convening of the fourth summit of the Quad countries. India is a critical partner in both groupings. The US Indo-Pacific strategy now has two pillars — political and economic — and the integral link between the two is the key to assessing the likely trajectory of a region that is home to India. India's participation in both constitutes the country's Indo-Pacific strategy, although this has not yet been declared as such.

The Quad has only four members — India, Australia, Japan and the US. The IPEF has 13, including the members of the Quad, seven members of Asean, South Korea and New Zealand. The latter is an economic grouping but has a clear geopolitical dimension. The Quad is a geopolitical grouping but has significant economic content extending outwards into the Indo-Pacific. The four broad modules or pillars under the IPEF will link seamlessly with corresponding areas of Quad collaboration. For example, the objective of establishing resilient supply chains, pursuing standard and norm setting in critical and emerging technologies, contributing to regional infrastructure and implementing a clean and green agenda. There is a significant overlap in the agenda of the Quad and the IPEF and to that extent the Quad has become the core of a larger Indo-Pacific construct with both security and economic dimensions. The significance of this may have been missed. There were reports about India's misgivings about joining the IPEF.

India's membership followed logically from its participation in the Quad. IPEF, in turn, would have lost much of its relevance without India.

There will be areas where India will find subsequent negotiations difficult and the trade-offs complex and ambiguous. For example, the trade pillar will be centred on the digital economy, including cross-border data flows and data localisation on which India has distinctive positions. India's reservations are apparent from the fact that at the first ministerial level meeting on the trade module convened by the US in Paris last week, India sent an additional secretary to attend. It is not clear whether India will participate in subsequent negotiations under this module. However, it may gain from what the IPEF and the Quad may offer in enhancing India's capabilities in cyber security and in a range of emerging technologies such as Artificial Intelligence.



SHYAM SARAN

India has something significant to bring to the table in the fields of space and maritime surveillance.

The Quad Satellite Data Portal will draw from India's network of resource satellites while the Indo-Pacific Partnership for Maritime Domain Awareness will use Indian advance capabilities in this field. The IPEF has purposely been kept as a broad template at this stage with considerable flexibility available to shape the emerging regimes in the four modules. More importantly, it is not necessary for a participating country to sign on to all four modules and this may have been reassuring enough for India to become a member.

The Quad and the IPEF may not be aimed explicitly at the strategic containment of China but clearly seek to offer a credible alternative to a Chinese dominated Asian order. The idea is to offer an alternative set of security and economic arrangements which may expand the room for manoeuvre for Indo-Pacific countries vis-à-vis China.

The Quad is becoming more pointed in confronting China in the region. While still not naming China, the May 24 Quad joint statement declares that its members oppose actions "such as militarisation of disputed features, the dangerous use of coast guard vessels and maritime militia and efforts to disrupt other countries' offshore resource exploitation activities." That the target is China is more than obvious. The IPEF also has an anti-China orientation though articulated explicitly only by the US so far. At a briefing to introduce the IPEF, the US Secretary of Commerce Gina Raimondo described the initiative as "an alternative to China's approach to these critical issues", these being issues comprising the four modules.

Is the IPEF an alternative to the Regional Cooperative Economic Partnership (RCEP) or even the Comprehensive and Progressive Trans-Pacific Partnership (CPTTP)? How will it relate to the Asia Pacific Economic Cooperation (APEC) forum? As has been repeatedly emphasised by the US, the IPEF is not a free trade agreement; it does not involve agreements related to reciprocal tariff cuts. However, subsequent negotiations under the four modules are expected to result in agreements related to regulatory coherence, common standards and norms. The latter are part of the existing trade agreements though their salience may be more or less. The CPTTP, for example, has more stringent regulatory provisions and standards while the RCEP does not. To the extent that future provisions under the IPEF will constitute binding commitments, it will resemble a classic trade agreement. If the participants can pick and choose which commitments they assume, then there will be a range of provisions which will be more in the nature of best practices. This is the approach followed by APEC which is also not a trade negotiating body.

India had applied to become a member of APEC and came close to being admitted at the APEC summit in 2016. However, it was the US which stymied the admission by demanding a number of trade related concessions from India. These were rejected precisely because APEC is not a trading arrangement but a forum for exchanging and cooperating on trade and investment related best practices on a purely voluntary basis. India's membership of APEC, which is private sector driven, would have exposed Indian industry to advanced international standards and enabled it to benefit from collaboration with counterparts in other countries. While joining the IPEF India should press for its membership of APEC at its next summit. This may be an opportune moment to achieve this long-standing objective.

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