Last Updated: August 9, 2023

Executive Summary:

This brief will be periodically updated with selected new developments under the Indo-Pacific Economic Framework for Prosperity (IPEF). The framework was first proposed by U.S. President Joe Biden in May 2022 with 12 countries for the goal of building resilience, sustainability, inclusiveness, and growth in the international economy. It also aims to foster more cooperation and stability by providing tangible benefits to participating regions.

Recent Developments and News:

1. The United States Department of Commerce and Office of the United States Trade Representative announced the fourth negotiation round of IPEF from July 9-15, 2023.
	1. The U.S. delegation led by Sharon Yuan and Sarah Ellerman will travel to South Korea for the fourth round of negotiation on the pillars of the agreement.[[1]](#footnote-1)
2. Biden Held the Second Round of talks for the Indo-Pacific Economic Framework was held in Bali between March 13-19 with the presence of the Office of the U.S. Trade Representative and Commerce Department[[2]](#footnote-2).
	* Negotiators from 13 countries, including the US, Australia, Japan, South Korea, Indonesia, and Malaysia, were present.
	* The main discussion was based on the discussing further from the Brisbane and New Delhi rounds and following up on the vision for making a more resilient, open, connected, and prosperous Indo-Pacific region.[[3]](#footnote-3)
3. The US shared its “Pillar 1” negotiating text of the IPEF with a focus on labor, environmental, digital trade, and assistance[[4]](#footnote-4).
	* The texts that were tabled by the negotiators have not been released.
	* This is in addition to the texts presented ahead of the Brisbane round with a focus on trade facilitation, agriculture services, domestic regulation, transparency, and good regulatory practices[[5]](#footnote-5).
	* New Zealand and Australia also shared texts on inclusivity.
4. Important: IPEF Partners have committed to an ‘aggressive’ negotiating schedule throughout 2023 with the following dates in the coming year[[6]](#footnote-6):
	* First negotiations round in Brisbane: December 2022
	* Special negotiating round in New Delhi: February 2023
	* Second negotiations round in Bali: March 2023
5. With negotiations fully underway, US negotiators are aiming to conclude all agreements on the IPEF before the APEC meeting in San Francisco in November 2023. Although no information has been released about the next full negotiation round, there is speculation that it may take place in Singapore[[7]](#footnote-7).

Historical Background

The Indo-Pacific Framework for Prosperity was proposed by President Joe Biden to create a stronger, more inclusive, and more resilient economy for the U.S. and its partners in the Indo-Pacific region. Thirteen countries have joined the framework talks: Australia, Brunei, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam. This group represents 40 percent of the world GDP and with this partnership comes great benefits for U.S. workers and small businesses to compete in the Indo-Pacific region. Further, this framework will help the U.S. tackle inflation and strengthen the supply chain.[[8]](#footnote-8)

For the countries in the Indo-Pacific region, the prolonged negotiation process in determining the four “pillars” of the framework is bringing more uncertainty about whether they should enter the agreement or not.[[9]](#footnote-9)

Current Status and Prospects

As the first major trade play of the Biden administration, the Indo-Pacific Framework for Prosperity includes four “pillars”: connected economy, resilient economy, clean economy, and fair economy. These were similar to the goals of the previous Trans-Pacific Partnership agreement which then President Donald Trump withdrew from.[[10]](#footnote-10)

The connected economy aims to establish a trade network that pursues high-standard rules to address potential concerns associated with the digital economy. This pillar will benefit small and medium-sized businesses by allowing them to engage more with the e-commerce sector. The resilient economy focuses on strengthening the supply chain to guard against unforeseen turbulences in pricing that could increase costs for families. This step involves building an early warning system that will map out critical mineral supply chains and improve key sectors’ traceability to coordinate diversification.

The third pillar continues the U.S.’s commitment to clean energy and decarbonization as a response to the climate crisis. The need to address global warming and climate change through various means is embedded in this pillar with the benefits of promoting good-paying jobs in the renewable energies sector. The last pillar, fair economy, seeks to enforce regulations that promote fair practices and crack down on money laundering and bribery. These four pillars combined would hope to bring an economic system that is fair, inclusive, resilient, and prosperous for participating parties.[[11]](#footnote-11)

The talks for the framework have entered into the fourth round on July 9-15, 2023. Countries have expressed concerns regards to the prolonged negotiation process with the other regional agreement already in force, the CPTPP. As participating countries have placed different emphases on the pillars of the framework, it is uncertain whether all countries would abide by the regulations established in the framework to upgrade labor and work standards without a guarantee of market access.[[12]](#footnote-12)

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1. U.S. Department of Commerce 2023. [↑](#footnote-ref-1)
2. Reuters 2023 [↑](#footnote-ref-2)
3. U.S. Department of Commerce 2023. [↑](#footnote-ref-3)
4. Reuters 2023. [↑](#footnote-ref-4)
5. U.S. Department of Commerce 2023. [↑](#footnote-ref-5)
6. Ibid. [↑](#footnote-ref-6)
7. Arasasingham et al. 2023. [↑](#footnote-ref-7)
8. The White House, 2022. [↑](#footnote-ref-8)
9. Harris and Sutton 2022. [↑](#footnote-ref-9)
10. Manak 2022. [↑](#footnote-ref-10)
11. The White House 2022. [↑](#footnote-ref-11)
12. Harris and Sutton 2022. [↑](#footnote-ref-12)