

## The Indo-Pacific Economic Framework: What is in a Name?



A dominant power in the international system has to provide benefits to its allied countries. This is the Realist explanation of defining a hegemonic power which is conditional to the provision of public goods to the allied countries. Despite several challenges from different blocs, USA has been at the forefront of orchestrating the liberal world order since the end of the Cold War, if not the Second World War. That trend stopped dramatically with the arrival of Donald Trump at the White House in 2017, as his administration questioned the fundamental logic behind the country's financial and political support to its allies and multilateralism.

The consequences were felt in the American commitment to the transatlantic security establishments, environmental treaties, regional initiatives and intergovernmental organizations. The return of a Democrat President to the White House was inevitably expected as the revamping of US commitment to the liberal order. However, the pathway has not been smooth so far.

A global pandemic and the following recession kept the Biden administration busy in the first year. There was hardly any promising step under the US leadership to provide an effective global vaccine-sharing platform. Vaccines became a politicized diplomatic tool in the global political arena. And now the whole world is feeling the brunt of the Russia-Ukraine war. The US is leaving no stone unturned to build a strong alliance to counter the Russian invasion of Ukraine.

Consequently, we are experiencing the rise of minilateralism on security and economic issues. The advent of BRICS and AUKUS and a reinvigorated QUAD are notable examples in this regard. And we are seeing the development of several minilateral platforms like I2U2 (India, Israel, USA, UAE) and Partners in the Blue Pacific (USA, UK, Australia, Japan, New Zealand).

One notable trend in forming these newer types of alliances is that a significant number of them are formed around the issues in the Indo-Pacific region. The US-led constellations in the Indo-Pacific region are broadly defined in terms of its Indo-Pacific Strategy (IPS), and the goals and rules of engagement vary across different US administrations.

The Indo-Pacific Economic Framework (IPEF) was developed against the backdrop of the US withdrawal from the Trans-Pacific Partnership (TPP) in 2017. Meanwhile, China was quick to foster the formation of an alternative economic initiative in this region, and 15 countries signed the Regional Comprehensive Economic Partnership (RCEP) in 2020. And the newer version of the TPP, CPTPP- Comprehensive and Progressive Agreement for Trans-Pacific Partnership, is still in place without American membership. Therefore, announcing a new initiative facilitating free trade in this region was long overdue. The IPEF was designed to fill the void. But, has it met the level of expectations surrounding a new free trade agreement?

The IPEF is neither a multilateral initiative nor a full-fledged agreement. It is a framework among thirteen partnering countries to foster a connected, resilient, fair and clean economy in the region. And the initiative is an economic framework, not a trade agreement like the TPP. The TPP was considered the cornerstone of the Obama administration's 'Pivot to Asia' policy. After the interruption during the Trump presidency, it was expected that the Biden administration would announce a renewed platform for the region.

The IPEF was expected to be a more upgraded 'Pivot to Asia 2.0', but it has so far received mixed reactions. The most lucrative public good of a free trade agreement is the provision of market access, implying a significantly less number of trade barriers. But the IPEF does not provide any such arrangement, like the Asian countries' easier access to the US market. It merely provides a framework to discuss the trade-related issues, but it also introduces some stringent governance and environmental standards. Therefore, the question remains whether the Asian countries will be ready to prioritize decarbonization and tax and anti-corruption over the provision of market access. The latter has traditionally been labelled as the 'crown jewel' of international economic cooperation. So, the trajectory of Asian countries' preferences will be a decisive factor in determining the success of IPEF.

The divergence and convergence between the interests of the wealthiest and developing partners of IPEF have to be delicately balanced. The IPEF marks a new beginning for constructive economic engagement with major US partners in the geopolitically important Indo-Pacific region. The success of the initiative depends on how seriously the US government thinks about how it can reduce its partners' dependence on the Chinese economy. It also depends on how the framework will contribute to sustainable and equitable growth in Asia's emerging markets.

All the major powers acknowledge Bangladesh's geopolitical and geoeconomic significance in the region. According to various credible sources, Bangladesh was informally asked to be one of the founding members of IPEF. However, the US delegation in Dhaka has contacted the Government of Bangladesh to be a partner country of the IPEF. Bangladesh has been successfully venturing towards ensuring a cooperative framework through the complex geopolitical dynamics. The guiding postulate of Bangladesh's foreign policy - friendship to all,

malice towards none- has been effective in balancing the interests of the major regional powers. And economic diplomacy has been the cornerstone of Bangladesh's success in its developmental trajectory.

As long as the underlying objective of a bilateral or multilateral engagement is purely an economic one, Bangladesh finds it aligned with its policy-level philosophy of 'development without enmity'. Therefore, Bangladesh might be inclined towards joining IPEF soon as the economic partnership is merely a framework, not a trade agreement. As India is also a part of the framework, the dynamics of India-Bangladesh bilateral relations will also be an important factor in this regard. Bangladesh's accession to the IPEF might overshadow China's growing involvement in Bangladesh's development projects. Thus, it might provide another avenue for a balancing act in the contemporary context of a somewhat strained relationship with the US.

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