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Indo-Pacific Economic Framework for Prosperity(IPEF)

Sources: Indian Express; Livemint; The Hindu

News: India joined the IPEF declaration and agreed to three pillars out of four pillars of the Indo-Pacific Economic Framework for Prosperity.

About Indo-Pacific Economic Framework for Prosperity (IPEF):

- It is a **U.S.-led economic grouping** comprising India and 13 countries located in the Pacific ocean.
- **Members of IPEF are the** U.S.A, Australia, Brunei, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, Vietnam, and Fiji.
- IPEF members account for 40 percent of the global GDP.
- IPEF is not like a **“traditional” free trade agreement** having reciprocal market access. On the other hand, It allows members to negotiate the parts of the agreement they want to.



Four key pillars of IPEF:

- **Connected Economy by enhancing digital economy and trade:** Aim is to fuel economic activity and investments benefitting both workers and consumers by establishing high-standard, inclusive, free, and fair-trade commitments. Here, the U.S. is willing to extend cooperation for enhancing the digital economy and trade.
- **Resilient Supply Chain Economy:** As a crisis response measure and ensuring business continuity this framework ensures access to key raw and processed materials, semiconductors, critical minerals, and clean energy tech.
- **Clean Economy through decarbonization, clean energy, and infrastructure:** Development of sustainable and durable infrastructure for adopting renewable energy through technical assistance and mobilizing finance, including concessional finance.

- **Fair Economy through anti-corruption and good corporate governance measures:** Through enforcing the robust tax, anti-money laundering, and anti-bribery regime, and curbing tax evasion.

Reasons for the inception of IPEF:

- **The emergence of multi-country trade agreements** such as the Regional Comprehensive Economic Partnership (RCEP) led by China.
- **U.S. withdrawal from Trans-Pacific Partnership (TPP)** during the Donald Trump era left the U.S. without an economic and trade strategy to counter China's increasing economic influence in the Indo-Pacific region.
- **To reap the economic benefits of growth in the Indo-Pacific** as IPEF tries to form an economic accord allowing like-minded nations to set technical rules. As the White House Fact Sheet on IPEF projected Indo-Pacific to be the largest contributor to global growth over the next 30 years.
- **Assured supplies of common goods at lower costs:** With the inception of IPEF supply chains will become more resilient in the long term, protecting consumers against costly disruptions and higher prices.
- **Achieving emissions reduction goals** through decarbonization and clean supply chains.
- **Countering China:** IPEF will provide the ground for the U.S. to regain its position as a major economic player in Asia from China. Various provisions of the IPEF such as setting digital norms or corporate governance, and focusing on securing supply chains and critical minerals aim to prevent China from framing global economic rules.
- **Reducing the economic dependencies of IPEF nations on China** as many U.S. companies are moving away their manufacturing from China. Participating countries through IPEF will be able to bring those businesses into their territory.

Concerns and Challenges associated with IPEF:

- **Lack of market access negotiations with members:** The United States mostly focuses on high-standard agreements in its trade accord like Trans-Pacific Partnership. In IPEF, also America may demand the same standards from its partners without any inducements in the form of market access and trade agreements. Developing nations like Vietnam and Indonesia may find it difficult to make binding commitments on issues such as anti-corruption standards without trade inducements.
- **Feasibility of IPEF grouping:** As IPEF is neither a forum to discuss tariff reductions or increasing market access nor it constitutes a free trade agreement.
- **Doubt among potential participants about U.S.'s willingness to offer significant concessions under the agreement:** As U.S. does not need congressional approval to act under the IPEF like other traditional trade agreements.
- **Volatile domestic politics in the U.S. raising concerns regarding IPEF's durability:** Abrupt withdrawal of the U.S. under the presidential leadership of Donald Trump from the TPP, still haunts many regional partners.
- **Geopolitical caution pursued by the U.S. by excluding its ally Taiwan from the IPEF, despite its willingness and economic merit to join IPEF:** U.S. does not want to further politicize and heighten China's opposition to the IPEF framework by including Taiwan.
- **Possibility of Bipolar World:** Due to IPEF regional partners may be forced to respect either Washington or Beijing's imperatives.

India's stand on IPEF:

- India has joined the declaration and agreed to three out of four pillars of trade relating to supply chains: tax, anti-corruption, and clean energy.
- **India has not joined the fourth pillar** that deals primarily with trade as IPEF's digital governance framework came in direct conflict with India's digital framework and laws.

- India is planning a comprehensive legal framework to regulate the overall Internet ecosystem, such as data privacy, data localization, cybersecurity, etc. The U.S. is apprehensive that the Indian side may demand data localization even in the case of data of US-based companies.

Importance of IPEF for India:

- IPEF will help India to strengthen its presence in the Indo-Pacific region.
- India can act in the Indo-Pacific region, without being part of regional groupings like the China-led Regional Comprehensive Economic Partnership or Comprehensive and Progressive Agreement for Trans-Pacific Partnership.
- IPEF will help India to get disengaged from supply chains that are dependent on China and will further help it to build resilient supply chains through the network of the global supply chain.
- IPEF will help India to reduce its reliance on China for raw materials as the IPEF partners will act as new sources of raw materials and other essential products.

Short Summary:

- The U.S. tries to regain its position in Asia precisely in Indo-Pacific through Indo-Pacific Economic Framework for Prosperity(IPEF) that it lost to China. Despite strong reasons for the inception of IPEF, it came up with its challenges. IPEF is different from the traditional framework without reciprocal market access allowing members to negotiate the parts they want to. India has agreed to three out of four pillars of the IPEF declaration i.e. supply chains, clean economy, tax& anti-corruption. But, there is a deadlock on the fourth pillar related to trade due to the digital governance framework. India is also successful in balancing between the U.S.-led Indo-Pacific Economic Framework for Prosperity and Russia-led Eastern Economic Forum(EEF).

Articles:

1. Indian Express Explained: India accepts three out of four pillars of US-led IPEF, so why has it stopped short of a total agreement?
2. Livemint: What-does-the-indo-pacific-economic-framework-mean-for-india-and-the-world?
3. The Hindu Explained: What is the Indo-Pacific Economic Framework for Prosperity?

Sharad

Importance of Department-Related Parliamentary Standing Committees (DRSCs)

Source: The Hindu

News: In the recently concluded monsoon session of Parliament (July-August), the government sent two bills i.e. Competition (Amendment) Bill, 2022, and the Electricity (Amendment) Bill, 2022 to the Standing Committee of Parliament for detailed examination.

About Department-Related Parliamentary Standing Committees (DRSCs):

- Parliament has 24 Department-Related Parliamentary Standing Committees (DRSC) jointly constituted by the Speaker of the Lok Sabha and the Chairman of the Rajya Sabha.

- Department-Related Parliamentary Standing Committees (DRSCs) comprise members from Lok Sabha and the Rajya Sabha in a ratio of 2:1.
- **Mandate of DRSCs:** To examine various legislations referred to it, the budget proposals of different Ministries, and also to do policy thinking on the vision, mission, and future direction of the concerned Ministries.
- During the tenures of the 14th (2004-2009), 15th (2009-2014) and 16th Lok Sabhas (2014-2019) percentage of Bills that have been referred to the DRSCs are 60%, 71%, and 27%, respectively.

Importance of Department-Related Parliamentary Standing Committees (DRSCs) in law-making:

- **It will improve the productivity of Parliament:** In this monsoon session, Parliament was able to pass only five pieces of legislation in its limited legislative time. The productivity of the Lok Sabha and the Rajya Sabha is 47% and 42% respectively.
- **For Proper examination of Bills:** Parliamentary committees help properly examine bills, especially from the perspective of consumers and stakeholders.
- **Prevent Bills from later/abrupt withdrawal by the government:** Before bills were sent to standing committees they just remained a bureaucratically conceived piece of legislation. Many bills that were passed without being referred to the DRSC were withdrawn at a later stage. **Example:** Passage of three Farm Bills.
- **Bonhomie and cordial deliberations in these committee meetings** aid members in adding value to the legislation's content and reaching a consensus.
- **Help in fostering the trust of parliamentarians,** both from the ruling party and the Opposition parties leading to a good ambience of the discussions in the parliament.
- Examination of pieces of legislation in the committees brings some sort of ownership to the members of the committee, both from the ruling side and the Opposition.
- **Utilization of skills and experience of members of the committee:** The skills of the chairman and committee members also got tested through the examination of these bills.

Steps to ensure proper utilization of Department-Related Parliamentary Standing Committees (DRSCs):

- **Provision for compulsory/automatic process of reference of Bills to standing committees.** Exemptions must be made by stating specific approval of the Speaker/Chairman after detailed reasons for the same.
- **Speaker and Chairman of the Lok Sabha and Rajya Sabha must have powers to refer Bills to a DRSC of Parliament with some exemptions.**
- **Frank and free discussions in the Parliamentary Standing Committee** by ensuring that no whip of the party would apply to them in committee meetings. Members should have the liberty to vote in favour or against the Bill in Parliament.

- **Fixed timeline for recommendations and presentation of committee report:** These timelines should be decided by the Speaker/Chairman. If the committee fails to give its recommendation within the stipulated time, the Bill may be put up before the House concerned directly.
- **Invitation of experts like subject matter experts/young researchers** having necessary domain knowledge for a short period to ensure quality work in the committees, these experts will introduce the latest developments and trends in that field from worldwide.
- **Collaboration of Ministry of Parliamentary Affairs and committee chairmen** to organize parliamentary works during the inter-sessional period. In most cases, the government and the committee chairmen are lax in organizing committee meetings between two sessions of the parliament.
- Committees should offer suggestions for the Ministry to take up new initiatives and people-friendly measures, especially in case of budget proposals of the Ministries.

Short Summary:

- After realizing the importance of Department-Related Parliamentary Standing Committees (DRSCs), the government started referring bills to the committees. But, there is still more to ensure proper utilization of Department-Related Parliamentary Standing Committees (DRSCs).

Article: An essential pit stop in parliamentary business (Author: Desh Deepak Verma).

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