

## Nesting the Indo-Pacific Economic Framework (IPEF) in Pacific-region Trade Agreements

[Karen Thome](#), Office of Economics

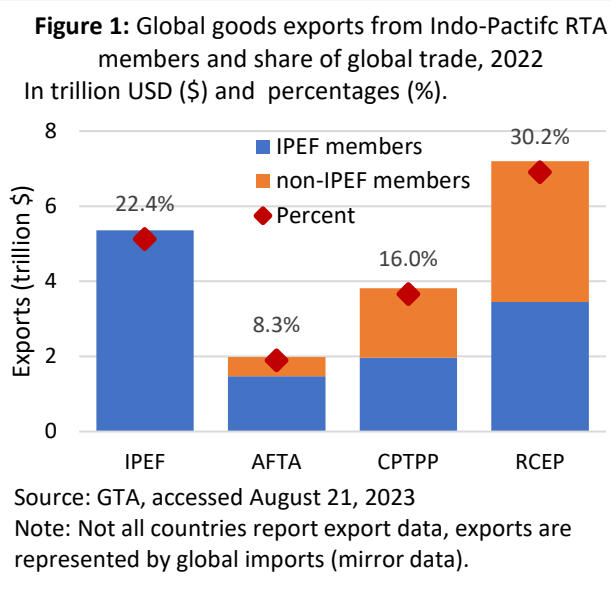
*The Indo-Pacific Economic Framework (IPEF) is an initiative for engagement in the Indo-Pacific region that covers several trade policy areas, but excludes tariffs. Many of the fourteen IPEF members participate in reciprocal trade agreements (RTAs<sup>1</sup>) that include tariffs as well as other provisions including in areas similar to those being negotiated in IPEF. This EBOT summarizes the participation of IPEF members in other RTAs in the Indo-Pacific region, such as the ASEAN Free Trade Area (AFTA), the Regional Comprehensive Economic Partnership (RCEP), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). It also compares the broad provision areas included in these RTAs to those under negotiation in the IPEF trade pillar.*

### What is the Indo-Pacific Economic Framework (IPEF)?

As of August 2023, the IPEF had fourteen participants: Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Thailand, the United States, and Vietnam. These countries collectively supply 22 percent of global goods trade (figure 1). Since May 2022, participants have discussed potential commitments under four pillars: trade; supply chains; clean economy; and fair economy.<sup>2</sup> The trade pillar comprises several policy areas that are often addressed in traditional RTAs: labor, digital economy, trade facilitation, environment, agriculture, transparency and good regulatory practices, competition policy, and technical assistance and cooperation. There is an additional focus on inclusivity. However, the IPEF does not include a tariff component like traditional RTAs.<sup>3</sup>

### The United States has few RTAs with IPEF participants, but has other types of agreements

The United States has traditional RTAs with three IPEF participants: Australia, South Korea, and Singapore (table 1).<sup>4</sup> There is overlap in the broad provision areas comprising the IPEF trade pillar and these RTAs. In addition to covering some of the broad provision areas addressed in the RTAs, the IPEF negotiating countries have identified inclusivity and technical assistance and cooperation as two areas they intend to pursue as part of the trade pillar. The inclusivity area reflects the Biden administration's focus on underserved groups and includes an explicit focus on the participation of underserved groups. The negotiation mandate additionally highlights the



<sup>1</sup> RTAs comprise both regional and bilateral trade agreements. U.S. agreements often use free trade agreement (FTA), not RTA, in the title.

<sup>2</sup> India abstained from the trade pillar negotiations. USTR, [2023 Trade Policy Agenda and 2022 Annual Report](#), 2023, 12; White House, [Statement on Indo-Pacific Economic Framework for Prosperity](#), May 23, 2022.

<sup>3</sup> Negotiations on all pillars began in November 2022. USTR, [Ministerial Text for the Trade Pillar of the IPEF](#), 2022.

<sup>4</sup> See [United States-Singapore FTA](#), 2004; [United States-Australia FTA](#), 2005; [Korea-United States FTA](#), 2012.

*The views expressed solely represent the opinions and professional research of the authors. The content of the EBOT is not meant to represent the views of the U.S. International Trade Commission, any of its individual Commissioners, or the United States government.*

participation of small and medium-sized enterprises (SME).<sup>5</sup> The IPEF includes both developed and developing countries (including Generalized System of Preferences (GSP) beneficiaries Fiji, Indonesia, the Philippines, and Thailand).<sup>6</sup> U.S. RTAs with developing countries (e.g., CAFTA-DR) have included technical assistance and cooperation chapters. Prior to the IPEF, the United States also established Trade and Investment Framework Agreements (TIFAs) with eight IPEF members.<sup>7</sup>

### IPEF participants are members of RTAs where the United States is not a member

Most IPEF participants are members of Indo-Pacific RTAs that include market access commitments for goods and services. Seven of ten AFTA members participate in the IPEF (table 1).<sup>8</sup> The 1992 AFTA provides preferential tariff access to members but addresses few additional policy areas.<sup>9</sup>

The 2018 CPTPP comprises eleven members, including seven IPEF participants, that collectively supply 16 percent of global goods trade (table 1, figure 1).<sup>10</sup> CPTPP contains similar chapters as recent U.S. RTAs, including enforceable environment and labor chapters.<sup>11</sup> CPTPP also contains chapters on development, SMEs, and cooperation and capacity building, all of which are broad provision areas being addressed in the IPEF.<sup>12</sup>

The most recent RTA in the Indo-Pacific region is RCEP, which includes eleven IPEF participants along with China and all members of ASEAN. RCEP is the largest trading block in the world, comprising 30 percent of global goods trade in 2022 (figure 1). Unlike comprehensive RTAs such as CPTPP and recent U.S. RTAs, RCEP has a limited set of non-tariff provisions. For example, RCEP has no chapters on labor, environment, or state-owned enterprises.<sup>13</sup>

**Table 1: IPEF participants: RTA membership**

Country	U.S. RTA	Indo-Pacific RTA participation
Australia	2005	CPTPP, RCEP
Brunei		AFTA, CPTPP, RCEP
Fiji		
India		
Indonesia		AFTA, RCEP
Japan		CPTPP, RCEP
Malaysia		AFTA, CPTPP, RCEP
New Zealand		CPTPP, RCEP
Philippines		AFTA, RCEP
Singapore	2004	AFTA, CPTPP, RCEP
South Korea	2012	RCEP
Thailand		AFTA, RCEP
Vietnam		AFTA, CPTPP, RCEP

Source: Compiled by author.

<sup>5</sup> USTR, [Ministerial Text for the Trade Pillar of the IPEF](#), 2022.

<sup>6</sup> GSP provides beneficiaries with unilateral tariff preferences. Australia, Japan, and New Zealand also grant GSP preferences. USTR, [Countries Eligible for GSP](#), December 2020; UNCTAD, [Generalized System of Preferences](#), accessed August 24, 2023.

<sup>7</sup> TIFAs are forums for discussion and collaboration on trade and investment issues. The United States has TIFAs with Brunei, Fiji, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, and Vietnam. USTR, [Trade and Investment Framework Agreements](#), accessed August 23, 2023.

<sup>8</sup> ASEAN includes non-IPEF members Cambodia, Laos, and Myanmar. ASEAN, [About Us](#), accessed August 24, 2023.

<sup>9</sup> ASEAN, [AFTA](#), 1992; Mattoo et al., [The Evolution of Deep Trade Agreements](#), 2020, 13.

<sup>10</sup> CPTPP includes non-IPEF members Canada, Chile, Mexico, and Peru; Canada has requested to join IPEF. Australian Government, [CPTPP](#), accessed August 24, 2023.

<sup>11</sup> Around 20 percent of RTAs have labor and environmental commitments. Mattoo et al., [The Evolution of Deep Trade Agreements](#), 2020, 6.

<sup>12</sup> With the exception of Vietnam, all CPTPP members are classified as high or upper-middle income by the [World Bank](#). AFTA has several lower-middle income members. Mattoo et al., [The Evolution of Deep Trade Agreements](#), 2020, 15; Australian Government, [CPTPP, Cooperation and Capacity Building](#), November 14, 2016.

<sup>13</sup> RCEP entered into force in January 2022. [RCEP](#), November 15, 2020.

*The views expressed solely represent the opinions and professional research of the authors. The content of the EBOT is not meant to represent the views of the U.S. International Trade Commission, any of its individual Commissioners, or the United States government.*