

India to wait for outcome of trade pillar of IPEF before taking a final call

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India will wait for the final outcome of the trade pillar of the US-led Indo Pacific Economic Framework (IPEF) negotiations and decide on joining it only if there are "cogent" benefits it gets as there won't be any market access gains, sources have said.

"Talks on the trade pillar of the IPEF are not expected to progress before the US elections are over and the results may also influence the outcome. India will continue to stay out of the negotiations for now and remain an observer. It will take a decision only when the final outcome is in sight by weigh-

ing all pros and cons," a source tracking the matter told *businessline*.

Last month, Commerce and Industry Minister Piyush Goyal, along with 13 other IPEF Ministers, virtually attended the third Ministerial meeting focused on the other three pillars of the negotiations that are endorsed by all.

They welcomed the upcoming entry into force of the Clean Economy Agreement, Fair Economy Agreement, and the Overarching Agreement on IPEF and delved on the opportunities to further deepen economic cooperation and deliver concrete benefits under the IPEF agreements.

Of the 14 IPEF members, which include Australia,

Brunei, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, the US and Vietnam. India is the only one which has not participated in the trade pillar and is an observer.

WAIT & WATCH MODE

"India is waiting and watching the situation as tariff reduction, which could have resulted in market access gains for it, is not covered under the ambit of the trade pillar. The benefits are not clear," the source said.

On the other hand, participating countries may need to take on commitments to change their domestic regulatory regime in areas like digital trade, labour and other

sectors. India has to carefully weigh the pros and cons and decide on joining only if it is absolutely sure that the gains outweigh the losses, the source added.

"We are not close to the idea neither we have committed to the idea...We will wait, we are observing it closely. As it progresses and as countries come together and start finalising the deal, maybe we will take a call at that point of time whether it is good or bad for us," the source said.

US President Joe Biden launched the IPEF in Tokyo in May 2022. The move has been viewed by many political observers as an attempt by Washington to check China's growing influence in the Indo-Pacific.