

IPEF 'substantially' wraps up supply chain deal: US

'Members to undertake necessary steps to prepare final text of agreement'

ASIT RANJAN MISHRA
New Delhi, 28 May

The 14 members of the Indo-Pacific Economic Framework (IPEF), including India, have "substantially concluded" negotiations for the supply-chain pillar of the deal in a ministerial meeting in Detroit, the US commerce department said in a statement.

The supply-chain agreement is aimed at improving crisis coordination and response to supply-chain disruptions and working together to support the timely delivery of affected goods to member countries during a crisis.

"The IPEF partners will undertake the necessary steps, including further domestic consultations and a legal review, to prepare a final text of the proposed IPEF Supply Chain Agreement. Once finalised, the proposed agreement will be subject to IPEF partners' domestic processes for signature, followed by ratification, acceptance, or approval," the US commerce department said in a statement.

However, the statement makes no mention of a proposal made earlier by the US seeking advance notices on tariff changes and export restrictions from IPEF partner countries, before firming up their positions.

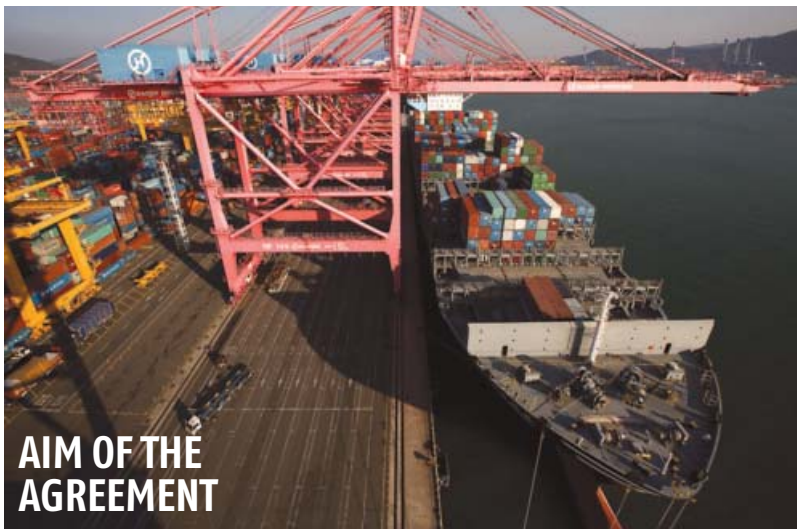
Business Standard reported on May 8 that India had raised concerns over the demand as it would reduce policy elbow-room for the government.

Trade minister Piyush Goyal participated virtually in the IPEF deliberations.

"At this ministerial meeting, negotiations under the Supply Chains (Pillar-II) were substantially concluded; while good progress was reported under the other IPEF pillars. During his intervention under this pillar, Goyal commended the negotiating teams, in delivering an expeditiously-negotiated, and mutually-beneficial agreement, could propel deeper integration of economies and supply/value chains within IPEF. He called for the expeditious implementation of all action-oriented cooperative and collaborative elements identified as part of this agreement," an Indian commerce ministry statement said.

During his intervention under the clean-economy pillar, Goyal highlighted that India would like the focus to be centred around action-oriented elements, such as mobilisation of low-cost, long-tenure climate finance and enhanced access to clean-energy technologies.

In his intervention on the fair-economy pillar discussions, Goyal highlighted "the strong steps taken under the dynamic leadership of Prime Minister Narendra



Improve crisis coordination, response to supply chain disruptions, work together to support timely delivery of affected goods to member countries

What's left out

No mention of proposal seeking advance notices on tariff changes and export restrictions from partner countries

INDIA'S INTERVENTIONS

On supply chain

Urged for expeditious implementation of all action-oriented cooperative and collaborative elements

On clean economy

Highlighted that India would like the focus to be centered on action-oriented elements, such as mobilisation of low-cost long-tenure climate finance and enhanced access to clean energy technologies

Modi to improve India's legislative and administrative frameworks to provide a corruption-free administration and reaffirmed India's commitment to implement (UNCAC) United Nations Convention Against Corruption and the FATF (Financial Action Task Force) standards."

The IPEF is designed to strengthen economic cooperation among Indo-Pacific nations and is perceived to be a strategic counter to China's growing clout in the region.

Apart from India and the US, it has 12 other members: Australia, Brunei, Fiji, Indonesia, Japan, South Korea, Malaysia, New Zealand, The Philippines, Singapore, Thailand, and Vietnam.

The IPEF has four pillars — trade, supply chain, clean economy, and fair economy. India is participating only as an observer in the trade pillar while taking part in negotiations for the other three pillars. The United States trade representative is leading the discussions on the trade pillar, while the US secretary of commerce spearheads the discussions on the other three.

The supply-chain pillar aims at capac-

ity building to increase investment in critical sectors and ensure the availability of a sufficient number of skilled workers in critical sectors and key goods, including by upskilling and reskilling workers.

Towards this, three new IPEF supply-chain bodies are being set up to facilitate cooperation among the partners on supply-chain issues. They are IPEF Supply Chain Council, IPEF Supply Chain Crisis Response Network and IPEF Labor Rights Advisory Board.

The IPEF Labor Rights Advisory Board would establish an innovative tripartite system to help identify areas where labour rights concerns pose risks to the resilience and competitiveness of the partners' supply chains. "The proposed agreement would also create a mechanism to cooperate with partners to address facility-specific allegations of labour rights inconsistencies," the US commerce department said in its statement.

India had earlier raised concerns that this may lead to duplication of efforts as the International Labour Organization (ILO) already has such a tripartite mechanism for all its member nations.