

Govt to brief industry on IPEF supply chain pillar

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The commerce department will soon begin an outreach programme to apprise the industry about the United States-led economic initiative Indo-Pacific Economic Framework's (IPEF)'s supply chain pillar, which is nearing completion.

"The idea is to let the industry know about how they need to gear up and prepare themselves for the implementation of IPEF (supply chain pillar)," a senior government official told *Business Standard*.

The previous ministerial in Detroit late last week saw "substantial conclusion" of the negotiations of the IPEF's supply chain pillar.

Government officials said there will be more rounds of stakeholder and legal consultations will take place before the text is finalised.

The supply-chain agreement is aimed at making these more robust, well-integrated. These will help improve crisis coordination, response to disruptions, and work together to support timely delivery of affected goods to member countries during a crisis. It also aims at capacity building to increase investment in critical sectors. Launched jointly a year ago, IPEF is seen as an economic initiative to counter China's influence in the South and Southeast Asian nations.

There are four pillars — trade, supply chain resilience, clean economy, and fair economy (tax and anti-corruption) under the economic initiative. Barring India and Malaysia, all other countries have joined all four pillars. While India for the time being has opted out of the trade pillar, and has an "observer" status at the moment, it is learnt that Malaysia has decided not to join the fair economy pillar as it has concerns on taxation-related matters. The final text



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on all the four pillars, however, will be made public only in November. After the supply chain pillar, the fair economy and clean economy pillar are likely to be finalised soon.

Separately, the US will also handhold other nations for upskilling and reskilling of workers in "critical sectors" that will be identified at a later stage, government officials said. The US will take the lead to assist the rest of the 13 IPEF partner nations, towards upskilling and reskilling of workers, which will help build resilient supply chains among the countries.

Officials said the availability of skilled workers will be crucial, especially in the "critical sectors" that will be identified at a later stage. The "critical sectors" are likely to focus on the hi-tech space, since the US plans to take on China by building supply chains in these sectors, trade experts said. Economists, however, pointed out that it is still not clear what India will exactly gain from this economic initiative. "If India has not been able to take advantage of the existing (regional/South Asian) supply chains, and get benefits from them, what is the additional benefit that IPEF will to give us, which will catapult us in into the new supply chain," Biswajit Dhar, former Jawaharlal Nehru University professor, said.