

India along with 14 other countries agree on US-led supply chain pact

written by iasexam.com | 30/05/2023



Context- India and 14 other nations have reached positive outcomes in the negotiations for the Supply Chain Agreement within the US-led **Indo-Pacific Economic Framework for Prosperity (IPEF)**.

Key highlights:

- The development is a step forward in signing an eventual agreement and marks a significant achievement for consumers, workers and businesses across all 14 countries.
- India's decision to align with the IPEF is an alternative to the China-led Regional Comprehensive Economic Partnership (RCEP) involving 15 countries in the Asia-Pacific.
- India was under pressure to join the trade bloc in order to contribute to its success and avoid potential isolation.

About the IPEF:

- The Indo-Pacific Economic Framework (IPEF) is an US-led initiative with an aim to strengthen economic partnership enhancing resilience, inclusiveness, sustainability, fairness, economic growth and competitiveness in the Indo-Pacific region.
- It was launched in 2021 to represent members who contribute 40% of the world GDP.
- It is not an FTA-Free Trade Agreement and the members can negotiate and it's not obligatory for members. India along with countries of the Pacific region i.e. Australia, Fiji, Brunei, Japan, Indonesia, South Korea, New Zealand, Malaysia, Brunei, Singapore, Philippines, United States, Thailand and Vietnam are

currently members of the initiative.

- The IPEF is structured around four pillars

Pillar I- Trade

PillarII- Supply Chain resilience

Pillar III- Clean Economy,decarbonisation

Pillar IV- Fair economy, taxation and anti corruption

- India has Joined Pillars II to IV while maintaining observer status in the Pillar I.