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As Indo-Pacific Economic Framework Negotiations Begin, Is IPEF the Biden Administration's Foreign Policy, Trade Policy, Or What?

Most coverage of the Biden administration's trade policy has focused on the China trade debate or on trade disputes. Recent coverage of Biden foreign policy has centered on Russia's invasion of Ukraine and China's threats against Taiwan. But there's an important hidden policy debate happening over the nature of America's approach to Asia and also to trade, centered on something called the Indo-Pacific Economic Framework, or IPEF. Because of vague and still undefined goals, and a closed-door policymaking process, there hasn't been much public debate or news coverage. But the stakes are high. With this document, we hope to answer basic questions about what the IPEF is, why it matters, and the state of the policy debate.

What Is this Indo-Pacific Economic Framework that Could Set Rules for 40% of the World Economy?

Since the start of the Biden administration, some in the National Security Council have sought U.S. negotiations with Asian nations, arguing that a political and economic deal can counter China's growing economic and political dominance among its neighbors. It's not entirely clear what the specific goals of IPEF are, but it is described as a proposed international trade and economic integration agreement that can propagate U.S. rules and values in contrast to the current Chinese government's paradigm. The IPEF is organized in what have been dubbed [four "pillars."](#) The pillars are (i) trade; (ii) supply chains; (iii) clean energy, decarbonization, and infrastructure; and (iv) tax and anti-corruption. Negotiations to establish an IPEF were [launched](#) in May 2022 during President Biden's Japan trip. As of fall 2022, [13 countries](#) had joined this U.S.-led process: Australia, Brunei, Fiji, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Vietnam. It remains unclear if all countries will participate in all pillars. The administration says that IPEF will not be another U.S. free trade agreement, like NAFTA or the Trans-Pacific Partnership (TPP). Studies have shown these kinds of agreements have pushed down wages, outsourced jobs, wiped out millions of small businesses and independent farms and made the U.S. overly reliant on floods of unsafe imported goods. Public anger at corporate control of globalization has made the past model of trade agreements politically toxic. The COVID-revealed supply chain crisis fueled even broader demand for a new approach that reverses the concentration of production of goods and services on which we all rely in too few firms in too few countries. The Biden administration says the IPEF process can create a more resilient and "worker-centered" trade model that delivers broad benefits to people in the involved countries. But given some of the countries involved in IPEF have terrible labor and human rights records, and are controlled by autocratic governments, many in Congress and civil society organizations are wary about these talks, even as they strongly support the worker-centered trade concept.

Why is the IPEF Process Seen as Both Controversial and Confusing?

First, it's not clear if the Biden administration thinks that Congress must approve the IPEF agreement, even though the administration says that the IPEF will set binding policies and be fully enforceable. In November 2021, Commerce Secretary Gina Raimondo announced that the agreement was not envisioned to require Congress' involvement. Given Congress has constitutional authority over trade, this caused a stir and the Commerce Department [walked back the statement](#). However, Congress' role remains unclear almost a year later. Second, three of four "pillars" of these ostensible trade negotiations are being led by the Commerce Department, not the Office of the U.S. Trade Representative (USTR), which is the agency with the congressional mandate to conduct trade talks. USTR is leading talks on the IPEF trade pillar, which is to include rules on the digital economy as a central aspect, plus labor, environment and climate, agriculture, regulatory practices, competition policy, and trade facilitation. The Commerce Department has announced it also seeks a role in the "digital trade" elements of IPEF, which has raised concerns given

that some key Commerce [staff previously worked in Big Tech firms](#). The Commerce Department is directing the other three IPEF pillars. This has pleased business interests given Commerce Secretary Raimondo is considered [“corporate America’s best friend”](#) in the White House and is especially close to Big Tech interests. Oddly, Commerce is leading talks on international tax and anti-corruption issues despite the Treasury Department, not Commerce, typically having jurisdiction over those issues. Other agencies involved are the State Department, National Security Council, and National Economic Council.

Why Am I Not Hearing More About the IPEF Negotiations?

The IPEF process has been secretive and closed. Both USTR and the Commerce Department requested [public comments](#) on the [IPEF concept](#) in the spring. However, since then, as the Biden administration develops its positions and opening texts for the talks, discussions with Congress and with consumer, small business, labor, environmental, family farm, and other groups with a direct interest have been superficial or have not happened at all. This lack of transparency makes it hard to know how advanced the IPEF process is. In mid-July, hundreds IPEF countries’ officials met in Singapore to start the process, a session that only became known to the public and reporters after it occurred. A virtual ministerial-level meeting followed at the end of July. Foreign press reported that the U.S. government was hosting an in-person meeting of the 14 countries’ Trade Ministers September 8-9 in Los Angeles, which the U.S. government later confirmed. That IPEF Ministerial meeting has no process for public input or participation. A [draft ministerial text](#) for the trade pillar dated July 2022 leaked. But beyond that leak, there has been scant public information and no written proposals or even an outline made publicly available of what precisely talks will cover. The lack of transparency, no process for the public to provide ongoing input, and limited consultation with Congress is creating a backlash. Members of Congress and civil society groups have expressed frustration about being kept in the dark about these important negotiations.

What are the Aspects of IPEF That Have to do With Big Tech Firms?

Big Tech firms and their trade associations have submitted comments to the U.S. government seeking IPEF rules that would constrain government regulation of the firms and their practices. They want IPEF to bar countries from enacting or maintaining policies that:

- restrict use, flow, and storage of personal data for privacy or other legitimate policy goals;
- require anti-discrimination policies for things like online ads for loans, employment, or housing;
- end misclassification of workers as “gig workers” rather than employees of major transportation, food service, retail, and other online firms;
- limit tracking and targeting us and our children with advertising; or
- rules against dominant firms using their market power to privilege their own products ahead of those of rivals.

They also seek extraordinary secrecy protections for software source code and algorithms, which would make key information inaccessible to regulators, undermining basic labor law enforcement and civil rights enforcement related to discriminatory artificial intelligence applications and stopping the holding of dominant platforms accountable for anti-competitive behavior they facilitate using their services. Large dominant firms, such as Amazon, Google, Apple, and Facebook have spent large sums of money on lobbying to influence trade negotiations. Closed door, private trade negotiations are their preferred venue for negotiating over policy, since public scrutiny tends to reduce their bargaining leverage. Agreements like IPEF offer an opportunity to [tie the hands of Congress and government regulators before policies are created](#). This is because trade pact rules cannot be altered unless every signatory country agrees. Such rules, once enacted, are mostly set in stone. Big Tech firms have labeled this agenda as “digital trade” rules, but such framing misrepresents that IPEF is mostly about barring domestic regulations to address market power, and not trade.

Why Are There Diverse Views in the Administration about What IPEF Should Be?

Within the Biden administration, there are differing views about what the IPEF should be. Some Biden officials seek to harness IPEF to create a new “worker-centered” U.S. trade model that benefits more

Americans. The president agreed with these officials that IPEF should not further cut U.S. tariffs, but rather should focus on setting new rules, including strong and enforceable labor standards, that benefit workers in all of the involved countries and also rules to combat the climate crisis, while helping to rebuild U.S. manufacturing and strengthen supply chains. Given the terrible working conditions and labor rights records of many of the countries involved in IPEF, it remains to be seen how this goal can be met. Other Biden officials and outside lobbyists involved in the Obama administration's Trans-Pacific Partnership deal have led the effort to start the IPEF process, and see IPEF as a mechanism to bring back the traditional free trade agreement model in general and perhaps pull the United States back into the TPP in specific. Other officials see IPEF as a foreign policy initiative to counter China's rising influence by creating a U.S.-led process that brings together Asia-Pacific countries. They see IPEF as a way to promote a U.S. vision for commerce and promote other U.S. values as a contrast to China's authoritarian approach. Many people coming from this "foreign policy" perspective are more focused on the concept of an agreement than the details of the rules, and also favored the TPP even though some of that pact's specific terms that had been pushed by corporate interests would have greatly benefitted the Chinese government and firms.

Don't Some IPEF Nations Have Track Records of Labor and Human Rights Abuse?

U.S. government agencies have documented severe labor rights and human rights abuses in many of the prospective IPEF countries, including in the [annual State Department country reports](#).

- For several years, [Malaysia has been listed in the worst category](#) by the U.S. State Department for human trafficking, which means the government is taking no action against the practice. In 2015, [mass graves were found](#) in the Malaysian jungle of murdered forced-labor trafficked workers.
- Vietnam, an authoritarian state that is a major manufacturing center, forbids workers for electing their own union officials, prohibits strikes in key sectors and has significant child labor problems.
- The International Trade Union Confederation [reported](#) at least 50 assassinations of Filipino labor leaders since 2016 with others arrested, beaten, or threatened.
- Thailand's military dictatorship [commits serious workers' and basic human rights violations](#).
- Brunei enacted laws [punishing people involved in gay sex by stoning or whipping them to death](#).

Members of Congress and organizations focused on developing a new, worker-centered trade model insist that U.S. trade deals should only include partners committed to upholding core labor and human rights standards. Some Biden officials who are mainly focused on foreign policy matters argue that the United States must include any country that is interested so as to build a bloc of U.S. allies against China.

How Does IPEF Relate to the Trans-Pacific Partnership?

In 2016, Congress refused to approve U.S. membership in TPP. The pact would have facilitated the upward transfer of wealth and power, establishing new powers and privileges for pharmaceutical, Big Tech, oil and gas, and other corporate monopolies while facilitating the offshoring of jobs for perceived geopolitical benefits. Some of the controversial policies in the TPP included provisions that (a) expanded intellectual property monopolies for pharmaceutical firms, which would have increased medicine prices (b) established corporate investor-state tribunals empowering multinational corporations and investors to challenge U.S. laws and win unlimited taxpayer compensation over domestic laws, regulations or even court rulings that contravened vague and corporate friendly rules and (c) tied governments' hands from enacting consumer, anti-monopoly and privacy laws to counter abuses by Big Tech firms. A small but persistent pro-TPP team within the Biden administration includes some officials in the National Security Council. At a minimum, they hope to revive some of the TPP's terms in the IPEF. This includes "digital trade" rules that large technology firms support and "good regulatory practices" terms that limit food and product safety and inspection standards and other consumer protections, as well as environmental and worker safety standards.

For more information, please visit <https://rethinktrade.org/toolkit/ipef-apep/>