

The United States' Indo-Pacific Economic Framework: Characteristics, Content, Strategic Significance, and Implications for China¹

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Abstract

The Indo-Pacific Economic Framework for Prosperity (IPEF), announced by President Joe Biden in May 2022, is a strategic initiative by the United States to reinforce its economic leadership in the Indo-Pacific region. IPEF focuses on four key pillars: trade, supply chains, clean energy, and the digital economy, with the goal of fostering cooperation and sustainable development among participating nations. Through this initiative, the United States seeks not only to reduce its dependence on China but also to reshape the global economic architecture by establishing a new model of economic cooperation, where the U.S. plays a leading role in setting trade standards and promoting sustainable development. This study will analyze the characteristics, content, and strategic significance of IPEF. Additionally, it will assess the framework's impact on China and provide forecasts on potential changes to IPEF should President Trump officially return to the White House for his second term.

Keywords: IPEF, United States, China, Indo-Pacific region, International relation.

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Introduction

On October 27, 2021, President Joe Biden first introduced the “White House Declaration on the Indo-Pacific Economic Framework” (IPEF), emphasising that the details of this framework would be further elaborated in the future. Subsequently, on February 11, 2022, the United States (the U.S.) unveiled its first strategy, the “Free and Open Indo-Pacific”, building upon earlier policies such as President Obama’s “Pivot to Asia” strategy and President Trump’s “Indo-Pacific Strategy”. This strategy took a more focussed stance on viewing China as a strategic competitor, highlighting its use of economic, diplomatic, military, and technological means to expand its influence in the region and pursue global dominance. Earlier, in July 2021, the expiration of the “Bipartisan Congressional Trade Priorities and Accountability Act of 2014” (TPA) impacted the U.S. President’s ability to negotiate trade and tariff agreements. On February 28, 2022, the enactment of the “Protecting American Trade System Act” extended trade negotiation authority for the President until July 1, 2027, paving the way for new trade initiatives. Under this act, Washington adjusted its approach to international trade, shifting away from the traditional “most-favoured-nation” principle to foster cooperation with “like-minded nations” for the establishment of exclusive trade agreements. This shift reflects the U.S. strategy of pursuing selective and effective collaborations, thereby promoting trade rules and reshaping the traditional “most-favoured-nation” principles to align with its strategic interests and priorities [Events in Focus, n.d.].

Building on this foundation, President Biden announced the launch of the U.S.-led IPEF during his visit to Japan in May 2022. Japanese media reported that “the framework aims to curtail China’s growing economic influence in the region through economic cooperation among democratic nations” [Wang, 2022]. Of the 14 members in the IPEF (excluding the U.S.), 13 participating countries include key regional partners in the Indo-Pacific. Japan and South Korea, two longstanding U.S. allies in East Asia, play pivotal roles in maintaining the U.S.’s “sphere of influence” in the region. India, an emerging power in South Asia with aspirations of becoming a global leader, is a strategic partner actively courted by the U.S. and a crucial pillar of the IPEF contributing to regional stability and development. Australia and New Zealand, traditional allies in the South Pacific, also hold strategic importance within the framework. Particularly significant is the participation and engagement level of seven ASEAN countries (excluding Cambodia, Laos, and Myanmar), as ASEAN remains a critical partner in all U.S. strategies for the region. Finally, Fiji, representing the South Pacific Island nations, joined the IPEF and received renewed commitment from the U.S., including the reopening of a USAID office there [Tuan, 2023].

Scope of the Study

This study focuses on analysing the formation process of the IPEF from 2022, when President Biden officially announced its launch, until the present. Based on this, the research aims to clarify the characteristics, content, and strategic significance of IPEF while also assessing its impact on China.

Additionally, while the study discusses potential changes to the IPEF following President Trump’s official return to the White House on January 20, 2025, it does not explore in detail the specific policies that may be implemented during his second term. This is because the research scope is limited to the current period.

Nevertheless, the authors see this as an important direction for future research, especially considering the potential impact of U.S. foreign policy on IPEF’s structure and role in the region.

1. Characteristics and Core Contents of the IPEF

1.1. Characteristics of the IPEF

First, the IPEF is not a traditional Free Trade Agreement (FTA)

The IPEF is not considered a traditional FTA but rather an “administrative arrangement” characterised by its flexibility and implementation through “administrative mechanisms”. It is designed to broaden its scope, focusing on modern and transformative areas such as the digital economy, supply chains, clean energy, and equitable economies [U.S. Department of Commerce, 2022]. This framework aims to establish modern economic rules suited to the 21st-century context while promoting high standards and innovative policies to build an inclusive and sustainable economy [Guoji Hezuo Zhongxin 2024]. A distinctive feature of this framework is its exclusion of “market access” commitments and the absence of mandatory provisions requiring U.S. Congressional approval, as is typical in traditional trade agreements [Qiu, 2024, p. 278].

Second, the IPEF is an “open platform”

Unlike traditional trade agreements that emphasise tariff reductions and expanded market access, the IPEF focuses on regulatory harmonisation and multilateral cooperation among member states. Instead of pursuing binding commitments like those in the Regional Comprehensive Economic Partnership (RCEP) or other FTAs, the IPEF seeks to establish an open platform that enhances the U.S. role in the regional economic architecture [Bhardwaj, 2022].

One of the IPEF’s notable features is its flexible structure, organised around four main pillars: trade, supply chains, clean energy, and tax & anti-corruption. This modular approach allows member states to participate in one or more pillars according to their national priorities rather than requiring comprehensive commitments. This flexibility not only broadens the scope for cooperation but also attracts a diverse range of countries with varying levels of interest and capacity. Furthermore, the IPEF emphasises creating tangible opportunities and benefits through policy coordination and the establishment of common standards rather than solely focusing on reducing trade barriers. It supports the development of clean energy infrastructure in participating countries by enhancing technical and financial assistance and promoting collaboration in renewable energy, carbon reduction, energy efficiency, and innovative measures to address methane emissions and climate crises. This approach aims to build a transparent, sustainable, and inclusive economic ecosystem that meets the diverse developmental needs of its members in a rapidly evolving regional context [The White House, 2022a]. The open and flexible nature of the IPEF underpins its appeal and reflects a strategic adaptation to modern economic challenges [Smith et al., 2022].

Third, the IPEF emphasises flexibility and innovation

Dubbed a “21st-century economic agreement”, U.S. Commerce Secretary Gina Raimondo described the IPEF as “an innovative and flexible approach” designed with a global scope, intentionally diverging from traditional FTAs [U.S. Mission China, 2022]. Unlike previous FTAs or security frameworks such as the Quad (Australia, the U.S., Japan, and India), which are often criticised as outdated and ill-suited to the evolving global landscape, the IPEF adopts a decentralised economic strategy. This allows participating nations greater flexibility and proactivity in regional cooperation.

A key highlight of the IPEF is its neutrality, as it does not force countries to “choose sides” between the U.S. and China. Instead, it establishes a neutral space for collaboration, encouraging

diverse and broad participation from member states. In the supply chain pillar, the Biden administration is working to establish what it calls a resilient supply chain system. This includes setting up early warning systems, mapping supply chains for critical minerals, improving traceability, and diversifying coordination across key departments to mitigate supply chain disruptions [The White House, 2022a].

Although the IPEF encompasses four pillars, its cooperation model is notably flexible, designed as a “menu” approach that allows nations to freely choose which pillars align with their interests and priorities. However, for the “trade” pillar, participants must commit comprehensively to all related aspects. This approach not only facilitates diverse participation but also fosters cohesion and deeper collaboration among nations, effectively addressing the varied needs and interests within the region [Guoji Hezuo Zhongxin, 2024]. Furthermore, the IPEF is viewed as a platform to promote sustainable growth in the context of post-COVID-19 recovery, climate change, and geopolitical tensions. It supports member nations in enhancing supply chain resilience, advancing clean energy, and improving administrative transparency. By doing so, the framework not only mitigates risks from global economic shocks but also builds an efficient and sustainable economic cooperation ecosystem [Vietnam Briefing, 2022].

1.2. Contents of the IPEF

Since its official launch in May 2022, the IPEF has undergone extensive consultations among member nations to shape its structure, core contents, and strategic objectives. By September 2022, a ministerial statement issued in Los Angeles provided the most comprehensive overview of the framework. The IPEF is organised around four main pillars: (1) a connected economy (trade), (2) a resilient economy (supply chains), (3) a clean economy (clean energy, decarbonisation, and infrastructure), and (4) a fair economy (taxation and anti-corruption) [The White House, 2022b]. These strategic areas are designed to harness innovation and address global challenges such as insecure supply chains, corruption, and climate change.

The First Pillar: A Connected Economy

The IPEF aims to promote international trade cooperation among member nations by establishing high-standard, free, and fair-trade commitments. This pillar focuses on innovative trade policies and technologies, sustainable and transparent growth, and facilitating trade processes [Office of the United States Trade Representative, 2023]. Under the leadership of the Office of the U.S. Trade Representative, it seeks to strengthen the U.S.’s economic relations and influence in the Indo-Pacific, particularly in digital technology and artificial intelligence domains [Li, 2024].

The Second Pillar: A Resilient Economy

The IPEF emphasises improving the transparency, security, and sustainability of supply chains to mitigate risks and enhance diversity in regional trade relations. Member states aim to cooperate on crisis management, improve logistics, promote investments, and support small and medium-sized enterprises (SMEs). Additionally, commitments include workforce development, labour rights protection based on International Labour Organisation (ILO) standards, and enhanced collaboration with the private sector, local communities, women, and indigenous peoples. These efforts must align with market principles, safeguard business confidentiality, and adhere to World Trade Organisation (WTO) regulations [Office of the United States Trade Representative, 2023].

The Third Pillar: A Clean Economy

This pillar focuses on advancing clean energy, reducing carbon emissions, and encouraging investment in renewable energy infrastructure. The transition from fossil fuels to renewable energy is a critical area of cooperation, particularly amid the global energy crisis exacerbated by the Russia-Ukraine conflict. The U.S. regards China as its main competitor in clean energy, with China accounting for 46% of global renewable energy growth in 2021. Consequently, clean energy has been established as a distinct pillar within the IPEF to bolster U.S. competitiveness, expand its presence in the Indo-Pacific energy market, invest in clean energy infrastructure, and develop globally scalable standards [Li, 2024].

The Fourth Pillar: A Fair Economy

This pillar centres on tax cooperation among member states in the Indo-Pacific, guided by United Nations (UN) standards, to narrow tax rate disparities and build robust tax systems to combat money laundering and corruption. Member nations commit to creating a fair, transparent, and accountable economy, ensuring labour rights in line with ILO standards, and fostering equal opportunities for businesses and workers. The role of communities, women, and indigenous peoples is emphasised in achieving shared prosperity, with measures implemented in accordance with national laws and international standards [Office of the United States Trade Representative, 2023]. At the 2021 G20 summit, nations endorsed the Organisation for Economic Cooperation and Development (OECD) agreement on a global minimum corporate tax rate of 15%. Building on this, the IPEF seeks to extend tax reforms to combat tax evasion, encourage capital reallocation to the U.S., and maintain American influence through expanded jurisdiction [Li, 2024].

2. Strategic significance of the IPEF

First, establishing U.S. Economic primacy in the Indo-Pacific region

The IPEF plays a pivotal role in enabling the U.S. to re-engage and solidify its economic position in the Indo-Pacific. It serves as a strategic pillar of U.S. regional policy. Since the Obama administration's "Pivot to Asia", followed by the Trump administration's Quad initiatives, and now the Biden administration's Indo-Pacific strategy, the U.S. has consistently prioritised this region. However, while these strategies have often emphasised military and diplomatic aspects, the economic dimension lacked a robust mechanism to compete effectively with rivals, particularly China. The withdrawal from the Trans-Pacific Partnership (TPP) under the Trump administration significantly diminished U.S. economic presence in the region. To address this void, the IPEF is positioned as a critical strategic tool to restore U.S. economic influence in the Indo-Pacific and create opportunities for sustainable economic development and cooperation. U.S. Trade Representative Katherine Tai affirmed that the IPEF represents a strong commitment by the U.S. to its regional partners, aiming to foster competition in key areas while offering alternatives to collaboration with China. Indian scholars argue that by establishing new mechanisms in areas where the U.S. has a competitive advantage such as the digital economy, supply chains, and green infrastructure the IPEF seeks to reassert U.S. economic leadership in the region [Singh, 2022]. In conjunction with security initiatives like the Quad, AUKUS (Australia, UK, and U.S.), and the Chip Quad alliance, the IPEF contributes to a comprehensive strategic framework designed to safeguard U.S. interests and promote regional prosperity [LYW, 2024].

The IPEF's objectives go beyond filling economic gaps; they aim to counter increasing

competition from China, particularly Beijing's Belt and Road Initiative (BRI). Kurt Campbell, the U.S. National Security Council Coordinator for Indo-Pacific Affairs, noted, "Historically, the U.S. held a strong position in Asia, but this has diminished, exposing us to significant risks and necessitating increased U.S. investment in the region" [Asia Society Policy Institute, 2021]. By building closer economic ties with regional allies, the IPEF aspires to create a supply chain mechanism independent of Chinese influence. It also seeks to establish U.S.-led trade rules to uphold the "rules-based international order" [Uddin, Lau 2023]. Moreover, the framework reflects the U.S.'s long-term goal of maintaining and defending its hegemony in a world increasingly polarised by economic and technological rivalries [Chen, Li, 2024].

Some American scholars have observed that trade between Asian countries now surpasses trade between these countries and the U.S. Economic integration has made the Asia-Pacific region less "Pacific" [Feigenbaum, 2022], presenting challenges to U.S. influence. Through the IPEF, the U.S. promotes high standards and asserts its leadership, signaling a transformation in its external economic and trade model [Du, 2022]. By fostering strategic partnerships with member countries, the U.S. aims to enhance supply chain development and regional connectivity across both physical and digital domains [Khalid, 2023]. This motivation underpins the Biden administration's emphasis on incorporating clean energy, decarbonisation, and infrastructure into the IPEF framework [Chen, 2024].

Second, limiting China's economic growth

The IPEF embodies a critical geo-economic strategy for the U.S. to reclaim its influence in the Indo-Pacific region while countering China's expanding economic footprint. This is particularly relevant as China deepens its participation in regional economic mechanisms like RCEP. While the IPEF shares overlapping memberships with RCEP, it deliberately excludes China - a key regional player. This exclusion underscores IPEF's dual role as both an economic initiative and a strategic tool to curtail China's influence, effectively creating an "economic circle" independent of Beijing. IPEF functions as a geo-economic instrument through which the U.S. leverages the strength of allies and partners to weaken China's established economic position in the Asia-Pacific [Zhu, Ni, 2022]. The Biden administration identifies China as a primary source of supply chain risks "threatening" U.S. security [Li, 2022]. To this end, the U.S. has sought to attract ASEAN countries and India to join IPEF by lowering entry criteria, adjusting partnership terms, and emphasising flexible collaboration. Despite being marketed as an economic initiative, the IPEF clearly forms part of a broader geopolitical strategy. Its goals include rallying regional allies, fostering competition with China, and particularly restraining the spread of Beijing's BRI [Lange, 2022].

Furthermore, the IPEF is designed to stifle China's economic growth by excluding it from global supply chains. The "Indo-Pacific Supply Chain Agreement", effective February 24, 2023, is a key component of IPEF aimed at limiting China's economic development. This agreement, supported by 12 nations, was formalised during the 2022 Asia-Pacific Economic Cooperation (APEC) summit and reflects a collective effort to isolate China through new regulatory frameworks. While supply chain diversification typically involves broadening sourcing options, the IPEF intentionally excludes China from discussions, making it evident that this is a central aim. For instance, during U.S. Commerce Department discussions on creating frameworks to prevent and mitigate supply chain disruptions like those experienced during the COVID-19 pandemic, these efforts seemed to implicitly demand that IPEF members reduce trade with China. The pressure exerted by the U.S. on the IPEF members mirrors its approach to Japanese and South Korean semiconductor manufacturers, compelling them to halt supplying chip-making equipment to China. This policy contains two key elements: (1) restricting China's access to technology: by limiting access to critical equipment, semiconductors, and goods essential for technological development - a focus of the U.S. CHIPS Act -

the U.S. aims to slow China's technological advancements. At the same time, the IPEF members are threatened with trade sanctions for non-compliance; (2) promoting alternatives to Chinese exports: the U.S. funds the development of alternative products to replace certain Chinese exports, particularly rare earth materials. However, these efforts are undermined by subsidies, tariffs, political pressure, and sanctions, which exclude firms linked to China from investment incentives. Additionally, the U.S. urges the IPEF members to support its policies to economically contain China rather than fostering more sustainable supply chain alternatives. The rare earth control policy further entrenches U.S. dominance, disrupts global supply chains, and distorts markets to serve its interests, while simultaneously limiting China's economic resilience and export capacity [Guppy, 2024].

Third, promoting strong domestic economic growth in the U.S.

From an economic perspective, the Indo-Pacific region is crucial for the U.S. Trade with this region as it not only supports approximately 3 million jobs in the U.S. but also attracts substantial foreign direct investment (FDI). By 2020, FDI from the region had reached \$900 billion. Conversely, U.S. FDI into the Indo-Pacific also experienced remarkable growth, rising from \$207 billion in 2000 to \$957.47 billion in 2021, nearly five times higher. This investment accounted for a significant portion of the U.S.'s total global FDI, which stood at \$6.49 trillion in 2021. These figures underscore the strategic importance of the Indo-Pacific for U.S. economic development and global connectivity. The significance of the region is further highlighted by the rapid increase in U.S. agricultural exports to Indo-Pacific countries [Son, 2023]. According to 2022 data from the Institute for Agricultural and Trade Policy, exports of key products such as corn, soybeans, beef, pork, and wheat to countries including Indonesia, Japan, the Philippines, South Korea, Thailand, and Vietnam made these nations some of the top destinations for U.S. agricultural goods. The presence of these nations within the IPEF emphasises the Indo-Pacific's strategic role in maintaining and expanding U.S. agricultural export markets. At the end of August 2022, the U.S. Department of Agriculture (USDA) announced that the value of U.S. agricultural exports had reached an all-time high, marking a significant milestone for the sector. Forecasts for 2023 also projected robust growth, further reinforcing the trend [Suppan, 2022]. Moreover, 2023 statistics from the U.S. Department of Commerce highlight the Indo-Pacific region as a vital economic partner for the U.S. The 14 IPEF member countries collectively account for nearly 40% of global GDP, creating substantial opportunities for collaboration and economic growth [Menon, 2023].

3. The impact of the IPEF on China

Effects on the development of China's digital economy

The implementation of the trade and digital economy pillars under the IPEF may pose significant challenges to China's cooperation in the digital economy with other countries, particularly as the U.S. uses the IPEF to establish high standards on critical issues such as cross-border data flows and data localisation. This could result in higher barriers for China in collaborating with nations within this framework [Chen, 2024]. Furthermore, the IPEF has the potential to undermine existing trade agreements like the RCEP and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), while also influencing existing rules and technical standards in the region. For instance, the U.S. has consistently strengthened its anti-China alliances, as demonstrated by the United States-Mexico-Canada Agreement (USMCA), which includes provisions like the "non-market economy" clause that compel participating nations to withdraw from agreements if they fail to comply. Consequently, if the IPEF continues to evolve and take effect, it will provide more opportunities for

the U.S. to bolster its position and marginalise China's influence, especially in advanced industries and supply chains.

Additionally, the U.S. has employed tools such as Export Control Regulations and the Chip Quad Alliance to manage sensitive technologies, particularly in the semiconductor industry, while driving changes in supply chains. Based on this, the IPEF proposes enhanced cooperation in areas such as critical minerals and supply chains and promotes the dispersion of production facilities, which could help the U.S. establish alliances aimed at excluding China from high-tech supply chains. This will not only create significant opportunities for the U.S. but also assist member states in improving their standards for research, development, and export of advanced technologies. Simultaneously, it poses the risk of technological decoupling between China and other countries in the region, particularly in the chip industry [LYW, 2024].

Moreover, beyond technical and economic factors, the IPEF plays a crucial role in reshaping digital trade rules in the Indo-Pacific region. The U.S. aims to use the IPEF and partnerships with countries like Japan to establish international standards for unmanned technology "6G" and cross-border data transmission. This initiative will enhance U.S. influence in creating a new digital economic framework that excludes China and countries unwilling to participate in this system. As a result, the IPEF not only offers the U.S. substantial opportunities to solidify its economic and technological leadership but also poses significant challenges for China in maintaining its cooperation and influence in the region's digital economy [Li, 2024].

Increasing diplomatic resistance to China in surrounding regions and negative impacts on BRI development

In the context of the ongoing COVID-19 pandemic and the unstable situation stemming from the Russia-Ukraine conflict, the U.S. promotion of the IPEF and its call for regional countries to align against China have escalated efforts to criticise Beijing. This process not only deepens divisions between China and its neighbours but also heightens regional skepticism and concerns regarding security and stability. In the first half of 2022, the U.S. leveraged the Russia-Ukraine conflict to redirect attention toward East Asia and amplify the "China threat theory". This approach intensified neighbouring countries' suspicions about potential security risks, prompting increased caution toward China. Such strategies laid a psychological foundation for persuading other regional members to join IPEF. While IPEF currently lacks the strength to fully sever economic and trade ties between China and regional countries in the short term, continued IPEF negotiations are likely to reinforce the U.S.'s "diplomatic offensives" against China. Consequently, IPEF member states might alter their perception of China's benefits and become more sensitive to potential threats from Beijing. This could significantly affect bilateral relations between China and ASEAN nations, Japan, South Korea, India, Australia, and other regional members, depending on the country or area of cooperation. In particular, China's collaboration with BRI countries in key areas such as digital trade, energy infrastructure development, scientific and technological cooperation, and supply chain security might face hindrances. These developments could even diminish China's chances of joining CPTPP and create new barriers in negotiations for critical agreements like the "ASEAN Digital Economy Partnership Agreement" (DEPA). Such obstacles may slow China's economic integration into international trade frameworks and complicate its efforts to maintain influence in the region [Jiang, 2023].

Challenges to China's influence on the East Asian economy

Following the Cold War, economic interests became the primary driver of regional cooperation in East Asia and the Asia-Pacific, characterised by increased trade exchanges and interdependence

among major economies. However, since the 2008 global financial crisis, competition for leadership among major players like the U.S., Japan, ASEAN, and China has intensified. While regional economic cooperation has progressed positively, ASEAN's "large-cart-pulling-small" model has faced challenges, as most members prioritise their strategic interests over shared economic benefits. On November 15, 2020, after years of negotiation, 15 countries, including ASEAN members and major nations such as China, Japan, South Korea, Australia, and New Zealand, signed RCEP, marking significant progress in building a regional cooperation mechanism.

However, the launch of the IPEF may not only fail to advance regional economic cooperation but might also deepen divisions among RCEP members and foster confrontation between different economic cooperation frameworks. Although the IPEF remains in the negotiation phase and is not yet strong enough to compete with or replace RCEP's role in Asia-Pacific economic cooperation in the short term, its ongoing development might weaken the economic benefits of regional cooperation, causing some nations to waver between RCEP and IPEF. In the long term, the IPEF's implementation could lead to significant adjustments in the regional economic structure, undermine core cooperation mechanisms, erode trust among regional nations, and negatively affect the process of regional economic integration [Jiang, 2023].

Impacts on China's economic leadership and influence in the Pacific

Among the 14 IPEF members, apart from India and Fiji, all are APEC members, with many also participating in CPTPP and RCEP, two major trade agreements in the region. China remains the largest trading partner for many countries in the region, including Japan, Australia, New Zealand, South Korea, Singapore, and Indonesia. It is also Vietnam's second-largest export market after Thailand and Malaysia. Overall, the IPEF members, particularly APEC economies, have close trade ties with China, especially in intermediary goods trade. ASEAN has long been China's largest partner in intermediary goods trade, highlighting China's importance in global supply chains. According to a WTO report, in 2021, China and the U.S. ranked as the top global exporters and importers of intermediary goods, holding significant shares worldwide. While China expanded its market, the U.S. also achieved notable growth, underscoring the central roles both countries play in adjusting global supply chains. Though IPEF is unlikely to yield agreements on "trade" in the short term, the U.S.'s "Indo-Pacific Strategy" will still influence the regional economy. One of the U.S.'s objectives through IPEF is to "de-China-fy" and enhance the resilience of regional supply chains while fostering alliances and creating a new economic framework. Over time, IPEF's development could reshape regional geopolitical and economic landscapes, weaken current economic integration efforts, and reduce multilateral cooperation opportunities [Guoji Hezuo Zhongxin, 2024].

However, the core issue with the IPEF lies in its predominantly geopolitical motivations rather than purely economic ones, with a clear aim of counterbalancing China. Nonetheless, regional countries remain hesitant to "choose" between the U.S. and China, particularly as China is their largest trading partner. Since the Obama administration, the U.S. has sought to weaken economic ties between China and regional countries in the Indo-Pacific, which are considered a key pillar of China's "international influence". American strategists perceive the close economic-trade relationships between China and regional countries as a challenge to U.S. hegemony and accuse China of using economic measures to undermine cohesion within the U.S.-led alliance system. As a result, the U.S. has sought to leverage IPEF as a tool to pull regional economies out of China's economic orbit and exclude China from regional supply chains. However, these efforts are unlikely to achieve Washington's desired outcomes easily [New Age Opinion, 2023].

4. Potential Changes to the IPEF Following President Trump's Official Election

Under President Biden, the IPEF was designed as a flexible cooperation mechanism centered on four pillars: trade, supply chains, clean economy, and fair economy. This approach was aimed to enhance U.S. economic engagement with the region without committing to tariff reductions or market liberalisation while maintaining Washington's leadership role amid competition with China. However, with President Trump's return to the White House, U.S. foreign policy is expected to shift significantly, prioritising national interests and reducing commitments to multilateral cooperation mechanisms. Evidence of this shift can be seen in Trump's first day in office during his previous term, when he signed a series of executive orders, including the U.S. withdrawal from the Paris Agreement on climate change—reflecting his administration's preference for minimising international constraints and focusing on domestic policy.

Regarding the Indo-Pacific region, the Trump administration is likely to adopt a more rigid stance on economic agreements, putting IPEF at risk of weakening or even being dismantled. U.S. commitment to the framework may become uncertain as the new administration prioritizes bilateral agreements over multilateral cooperation [Thu, 2025]. Moreover, based on his previous term, Trump has shown little interest in regional economic frameworks without clear legal obligations, raising questions about the U.S.'s long-term role in IPEF and Washington's willingness to uphold its commitments [Kuo, 2025]. In this context, regional countries—especially those relying on U.S. leadership—will face significant challenges. Should Washington scale down its involvement or withdraw from the IPEF, member countries would need to adjust their cooperation strategies to safeguard economic interests and ensure supply chain stability. Notably, a U.S. retreat could create a power vacuum that allows China to expand its influence through trade agreements favoring Beijing. To navigate these shifts in U.S. policy, regional nations must proactively strengthen intra-regional linkages or develop new cooperation models to ensure long-term sustainability.

According to Pitakdumrongkit [2024], the U.S. cannot immediately withdraw from the IPEF due to legal constraints. Specifically, Article 23.1 of the IPEF Supply Chain Agreement states that a country may only exit the agreement three years after its entry into force. This means the earliest possible U.S. withdrawal date would be February 25, 2027. Nevertheless, the Trump administration could still weaken U.S. participation in IPEF in various ways, such as limiting engagement in key commitments—particularly in the supply chain sector. Additionally, the administration could invoke Article 15 of the agreement to justify protectionist measures or prioritise national security, indirectly affecting the framework's stability. On the other hand, a complete U.S. withdrawal remains uncertain, as IPEF offers significant benefits to American private sector stakeholders. Many corporations and trade associations may pressure the administration to maintain U.S. commitments to protect supply chains and boost domestic manufacturing.

Based on this analysis, this study argues that although President Trump has not yet officially withdrawn the U.S. from the IPEF, his administration is likely to reshape foreign economic policy with a stronger emphasis on national interests. This could lead to reduced U.S. engagement in IPEF or a shift in commitments toward bilateral agreements rather than continuing to promote broad regional economic cooperation.

Conclusion

Overall, the IPEF represents a strategic initiative by the U.S. to reaffirm its leadership role within the economic architecture of the Indo-Pacific region. With a focus on four main pillars—trade, supply chains, clean energy, and anti-corruption, the IPEF not only embodies a novel U.S. approach to

addressing economic issues but also underscores its commitment to shared values and high-standard cooperation. The IPEF emphasises economic and trade relations with allied nations such as Japan, South Korea, India, and ASEAN countries. Unlike traditional agreements, it lacks binding commitments on tariff reductions or free market access. Instead, it focuses on establishing cooperative principles. This distinct approach differentiates the IPEF from frameworks like the CPTPP or RCEP and contributes to a “multipolar” economic ecosystem where member countries can mitigate risks associated with Beijing’s economic dominance. Moreover, the U.S. focus on promoting areas such as the digital economy, clean energy transition, and supply chain development has significantly challenged the progress of the BRI. Additionally, IPEF’s strong presence in East Asia has further eroded Beijing’s economic influence, posing substantial challenges to China’s regional economic position. However, if President Trump returns to the White House, IPEF will face a major challenge, as his administration is expected to prioritise bilateral agreements and protectionist trade policies. This shift could weaken U.S. engagement within the framework, forcing member states to explore alternative cooperation strategies to maintain regional economic stability.

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