

Indo Pacific Economic Framework

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Introduction

To deepen ties with Asia, President Biden announced in October 2021 that the United States would pursue an "Indo-Pacific Economic Framework" (IPEF). Although, substantive discussions on the IPEF have not begun, and it is unclear as to how those discussions will proceed or which countries will be involved. In any case, enough information has been released to allow businesses in the region to begin preparing for the process.²

Indeed, the Asian financial crisis of 1997-98 and the global financial crisis of 2008 marked a turning point in the region's history.³ This shift has not been fully embraced by the United States, and as a result, the USA is in danger of losing its way. When it comes to the components of American leadership in Asia, she has been focusing almost exclusively on a security challenge and not enough on an economic challenge.

The United States was a leader in Asia for decades following World War II because it was the primary provider of public goods and other benefits related to security and the economy.⁴ The United States remains the major security balance for Asian countries because of their fear of Chinese strength, projection, and coercion. Asian economies increasingly operate as a source of demand, products, capital, and trade for one another to maintain this balance.

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² Steptoe. (2022, March 14). *The Indo-Pacific Economic Framework: How the United States Intends to Re-Engage with Asia on Trade*. Global Trade Policy Blog.

³ Feigenbaum, E. A. (2022). *An Indo-Pacific Economic Framework*. Carnegie Endowment for International Peace.

<https://carnegieendowment.org/2022/03/01/indo-pacific-economic-framework-pub-86564>

⁴ Ibid

Strategizing the Initiative

The administration of Joe Biden and Kamala Harris has marked the beginning of a new era of American leadership in the Indo-Pacific region. In the past year, in order to address significant challenges, such as competition with China, climate change, and pandemics, the United States of America has modernized its long-standing alliances, strengthened its emerging connections, and developed innovative links between them. The United States is increasing its engagement in the Indo-Pacific region at the same time and its allies and partners in other parts of the world are doing the same, and at the same time, that broad bipartisan consensus is emerging in Congress.⁵ The Indo-Pacific is the most dynamic region on the planet, and its development will have repercussions for people all around the world. This unavoidable truth is driven home by the fact that people from different countries and political parties are increasingly dedicating themselves to the region.

This is the foundation upon which the United States government built its Indo-Pacific Strategy. President Biden's strategy demonstrates how the United States plans to bolster the Indo-Pacific region while simultaneously securing its place in the world. The major objective is to cultivate long-term collaborations that are mutually beneficial with organizations located both inside and outside of the region.⁶

Measure to Countering China?

The Belt and Road Initiative (BRI), often known as the New Silk Road, is a massive infrastructure development project being undertaken by China. It is widely considered to be one of the most ambitious projects ever devised.⁷ The massive collection of development and

⁵ *FACT SHEET: Indo-Pacific Strategy of the United States*. (2022, February 11). The White House.

<https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/02/11/fact-sheet-indo-pacific-strategy-of-the-united-states/>

⁶ Ibid

⁷ Chatzky, A., & McBride, J. (2020, January 28). *China's Massive Belt and Road Initiative*. Council on Foreign

Relations; Council on Foreign Relations. <https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative>

investment programs would run from East Asia to Europe, considerably expanding China's economic and political clout. It was initiated in 2013 by President Xi Jinping, and it would span the globe from East Asia to Europe.⁸

Since the costs of many of the projects have ballooned, criticism has grown in certain nations, and some analysts view the idea as a worrying extension of China's rising might. In the meantime, the United States is concerned, along with some other countries in Asia, that the Belt and Road Initiative (BRI) may be a cover for China's plan to lead the regional economic and military expansion. Washington has sounded the alarm regarding oversteps taken by Beijing under the leadership of President Donald J. Trump, but the nation has had difficulty offering governments in the region a more alluring economic agenda.⁹ Because of the enormous demand for new infrastructure in the Indo-Pacific region—estimated to be as high as \$26 trillion between 2016 and 2030 by the Asian Development Bank—and the difficulties presented by China's Belt and Road Initiative (BRI), the administration of President Joe Biden is doing the right thing by including this aspect in the Indo-Pacific Economic Forum (IPEF).¹⁰ In fact, the government has already been making improvements to the world's infrastructure a top priority, and they were successful in gaining backing from the leaders of the Group of Seven (G7) in June for their "Build Back Better World" (B3W) project. It would be prudent to make an effort to put B3W into action in the Indo-Pacific region.¹¹

Underlying Opportunities

US goals of IPEF mainly focus on strategic and security aspects. It aims to build connectivity by:

1. Strengthening five regional treaty ties with Australia, Japan, the Philippines, and Thailand.
2. Empowering and unifying ASEAN.

⁸ Ibid

⁹ Ibid

¹⁰ Goodman, M. P., & Reinsch, W. A. (2022, January 26). *Filling In the Indo-Pacific Economic Framework*.

Www.csis.org. <https://www.csis.org/analysis/filling-indo-pacific-economic-framework>

¹¹ Ibid

3. Building the Quad and keeping its promises.
4. Continuing to support India's regional leadership.
5. Building Pacific Island Resilience.
6. Together Creating Indo-Pacific-Euro-Atlantic links.
7. US diplomatic presence in the Indo-Pacific region, especially Southeast Asia and Pacific Islands.
8. Keeping the Taiwan Strait peaceful and stable
9. Increasing collaboration with allies and partners
10. Adapting to rapidly changing risk environments in space, cyberspace, and essential and emerging technologies.
11. Stimulating extended deterrence and coordination with the Republic of Korea and Japanese partners and pushing Korean Peninsula denuclearization.¹²

Plausible Regional Challenges

Regional challenges can come from several regional powers of Asia. But China is likely to be the first one to challenge. There are a large number of countries, both regional and non-regional, that are involved in the Indo-Pacific, which is a highly diverse and extensive geopolitical body. It is important to keep a constant eye on the United States of America, China, and India in order to track the development of their respective strategic ties. The question of whether or not India, China, and the United States can be categorized as a "strategic triangle" is hotly debated among academics all over the world; it is important to keep in mind that these differing opinions exist.¹³ Any shift in the dynamic that exists between any two of the world's three superpowers has the

¹² *FACT SHEET: Indo-Pacific Strategy of the United States*. (2022, February 11). The White House.

<https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/02/11/fact-sheet-indo-pacific-strategy-of-the-united-states/>

¹³ Singh, A. G. (2016). India, China and the US: strategic convergence in the Indo-Pacific. *Journal of the Indian Ocean Region*, 12(2), 161–176. <https://doi.org/10.1080/19480881.2016.1226752>

potential to have an effect on the interests of the remaining power. This configuration is referred to as a "strategic triangle." When there is a significant amount of influence, whether it is actual or imagined, the triangular relationship takes on an even greater amount of significance.

The geopolitical rivalry between the United States and China, which could spill over into India's backyard in the Indian Ocean region, is now mostly linked to the traditional security risks that exist in the Indo-Pacific region. They think that India is the ideal counterweight to China and the United States in this great game because of its growing economic heft and its geographical placement in the Indian Ocean.¹⁴

Implications for Bangladesh

For China to exercise more influence in Malacca Strait and the Indian Ocean, the 'string of pearls' idea includes Bangladesh as an important part of the thread. The theory relies heavily on information about Bangladesh.¹⁵ Chinese oil pipelines from the Burmese port of kyaukpyu to Kunming are already operational, in an effort to reduce dependency on the Strait of Malacca. It's also worth noting that China wants to build a parallel pipeline from Chittagong to Kyakpiu and then to Kunming. A blockade of the Malacca chokepoint by India, supported by the United States, might have serious ramifications for China's manufacturing base. Because of this, China should increase its sway in the Indian Ocean region by funding infrastructure projects in the countries along the coast.¹⁶

India's interest in Bangladesh is geopolitical and economic. Decades of efforts have been made by New Delhi to protect Indian interests in Bangladesh. India's initiatives recently weakened China's influence in South Asia.¹⁷ Moreover, remittances from Indians working in Bangladesh

¹⁴ Ibid

¹⁵ Nahreen, A. (2017, April 21). *The growing strategic importance of Bangladesh to China*. The Daily Star.

<https://www.thedailystar.net/op-ed/the-growing-strategic-importance-bangladesh-china-1393957>

¹⁶ Ibid

¹⁷ Anwar, A., Macdonald, G., Markey, D., & Siddiqui, J. (2022, April 1). *Bangladesh's Balancing Act Amid the*

U.S. Indo-Pacific Strategy. United States Institute of Peace.

are the country's fifth-largest source of income.¹⁸ New Delhi's priorities are east-west road connection, commodity and service trade from West Bengal and Northeast India, and a link to the Bay of Bengal. During peacetime, this interconnection has a huge economic influence on India. In a battle, stronger roads will help mobilize troops near the disputed Indo-Chinese border.

In return, China is looking to build ports and an overland commercial corridor to connect the Bangladeshi coast and the Bay of Bengal to China's landlocked provinces. Beyond reducing Indian dominance in South Asia, investing in Bangladeshi assets benefits Chinese objectives. Bangladesh is the second largest importer of arms from China after Pakistan.¹⁹ Bangladesh will remain a key market for Chinese investors and exporters.

To accomplish economic devolution based on infrastructure, Bangladesh requires both technical and financial help for large-scale infrastructure projects. In terms of trade, only China can compete on two fronts. China has high strategic ambition in the Indian Ocean region. Thus, it wanted to build a deep seaport in Sonadia, Bangladesh, to extend the BRI project. But the project did not see the light of success.²⁰ Dhaka may have had to weigh environmental concerns, but geopolitics is more likely to have decided the fate of the project. Plans for a deep-sea port at Sonadia appear to have been shelved due to competition for influence in Bangladesh between India and China.²¹ Biden's new policy in Indo Pacific region is a concerning issue for Bangladesh. Bangladesh needs to strike a balance in their relationship with India-China-USA in order to protect themselves from any kind of political or economic loss, as India is an ally of the United States, and China and India share geopolitical conflict.

¹⁸ Ibid

¹⁹ LAL, N. (2022, March 11). *India wary of China setting up Bangladesh missile maintenance hub*. Nikkei Asia; Nikkei Asia.

²⁰ Ramachandran, S. (2020, October 12). *Bangladesh Buries the Sonadia Deep-Sea Port Project*. Thediplomat.com.

²¹ Ibid

Conclusion

Economic engagement in the Indo-Pacific area is urgently needed by the United States. As a first start, the Biden administration's Indo-Pacific Economic Framework is a solid one. However, the framework's potential audience will need to regard it as trustworthy and long-lasting before a number of substantive and organizational problems can be answered. Their discussions with regional partners have shown that they are engaged and invested in a successful IPEF with the United States government. IPEF has a good possibility of gaining support from the area and advancing US economic and strategic goals in the world's most vital economic region if US policymakers can answer regional questions and criticism about inclusivity, form, function, benefits, and durability.