

# India Sign IPEF Supply Chain Resilience Pact

## Why In News

- India, the US and 12 other members of the IPEF grouping have signed a **supply chain resilience agreement** that would help mitigate risks of economic disruptions from supply chain shocks and improve crisis coordination. The agreement was signed in **San Francisco**, where Commerce and Industry Minister Piyush Goyal is attending the ministerial meeting of the IPEF.
- The pact will also seek to **improve crisis coordination and response** to supply chain disruptions and work together to support the timely delivery of affected goods during a crisis.

**INDIA, JAPAN AND AUSTRALIA  
TO LAUNCH "SUPPLY CHAIN  
RESILIENCE INITIATIVE" TO  
COUNTER CHINA**

## Indo Pacific Economic Framework

- Indo Pacific Economic Framework for Prosperity was **launched jointly by the US and other partner countries of the Indo-Pacific region on May 23 2022 in Tokyo.**



- The framework is structured around **four pillars relating** to trade, supply chains, clean economy, and fair economy issues like tax and anti-corruption.
- Each member has the **option to not be part of** any of the four tracks of negotiations.
- **India has opted to stay out** of negotiations on trade but has an observer status in trade talks.
- The members are expected to announce the conclusion of talks for the clean economy and fair economy pillars during this week. Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, the US, and Vietnam are members of the bloc.
- Together these countries account for 40% of the world's economic output and 28% of trade.



## Aim Of Agreement

- “India joins US and 12 other Indo-Pacific Economic Framework For Prosperity (IPEF) partners to ink the #IPEF Supply Chain Resilience Agreement, a **first-of-its-kind international agreement** that will fortify and strengthen global supply chains, foster adaptability, stability and sustainability,”.
- Supply chain resilience agreement that aims **to cut dependence on China and help shift manufacturing of crucial goods** to member nations.
- The Agreement is expected to make IPEF supply chains more resilient, robust, and well-integrated, and contribute towards economic development and

progress of the region as a whole,” commerce and industry ministry said in a release.



## Benefits Of The Agreement

- The agreement offers **several benefits to India**, including supply chain diversification, mobilization of investments, deeper integration into global value chains, support for MSMEs, and the creation of a seamless regional trade ecosystem that would facilitate the flow of Indian products.

**STRENGTHENING SUPPLY CHAINS**  
WITH  
**INDO-PACIFIC ECONOMIC FRAMEWORK**  
**SUPPLY CHAIN AGREEMENT**  
Benefits to India

-  Mobilisation of investments in goods production, logistics services & infrastructure
-  More support to MSMEs
-  Seamless regional trade ecosystem creation facilitating flow of Indian products
-  Mitigation of risks of economic disruptions to India from supply chain shocks

  

## Implementation and Monitoring

- The agreement would come into **force after the implementation of the agreement by any of the five member countries.**
- The commerce ministry is expected to hold an **outreach program pan India** for domestic industry, explaining the benefits of the agreement and how to utilize it.
- The pact will also establish three **new IPEF Supply Chain bodies** to facilitate cooperation among the partners: the Supply Chain Council, the Supply Chain Crisis Response Network, and the IPEF Labor Rights Advisory Board.
- The **IPEF Supply Chain Council** will be set up to implement and monitor the agreement. The council will **meet every year**, and all the members will have to report on the progress of the implementation of the agreement.



## India & US - MoU

- In a bilateral meeting between Piyush Goyal and the US Secretary of Commerce Gina Raimondo, aspects of the growing India-US commercial cooperation & business engagement were discussed.
- A Memorandum of Understanding (MoU) was signed on **“Enhancing Innovation Ecosystems through an Innovation Handshake”**, with an aim to connect startup ecosystems, particularly in Critical and Emerging Technologies.
- The MoU aims to **connect both the startup ecosystems**, address specific regulatory hurdles to cooperation, share information and best practices for startup fundraising and promote innovation and job growth, particularly in critical and emerging technologies as identified under the India-US initiative for Critical and Emerging Technology.





## Conclusion

- The signing of the **supply chain resilience agreement** between India, the US, and 12 other IPEF members marks a significant step towards building a more **resilient and crisis-proof global supply chain**.
- The agreement offers numerous benefits to India, including supply chain diversification, **enhanced collaboration**, and deeper integration into the global economy.
- By working together, the **IPEF member countries can foster a more stable and sustainable trade** and economic environment in the Indo-Pacific region.

