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INDO-PACIFIC ECONOMIC FRAMEWORK (IPEF): PROSPECTS AND CHALLENGES FOR BANGLADESH

Abstract

The Indo-Pacific Economic Framework, a US-led initiative, aims to enhance economic engagement in the region. In order to sustain economic growth, Bangladesh must enhance its international engagement with both current and new markets, as it will encounter economic challenges following its graduation from the LDC category. Participating in such an international forum could be advantageous for Bangladesh, but it also gives rise to a geopolitical debate. Although the United States actively supports Bangladesh's inclusion, China has already voiced its reservations. In this backdrop, the objective of this research is to analyse the potential advantages and challenges that this framework may bring for Bangladesh. Adopting a qualitative methodology, this paper reveals that it is premature to evaluate the potential advantages and shortcomings. This study finds that IPEF does not promise any trade facilitation directly, through pillar two, it will help to foster trade, attract investment and promote exports of the member countries. Therefore, it would be beneficial for Bangladesh to join this initiative. Bangladesh should closely observe the development of IPEF and critically analyse each step. Whatever decision the government takes, it should be guided by a comprehensive understanding of the implications, both at a domestic and international levels.

Keywords: IPEF, Bangladesh, US-led initiative, Indo-Pacific, Economic Engagement.

1. Introduction

The idea of Indo-Pacific Economic Framework (IPEF) first came up with a White House statement in late 2021 and it was launched in May 2022.¹ The Biden administration has termed it as a medium of the US engagement in the Indo-Pacific

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¹ Aidan Arasasingham et al., "Domestic Perspectives on IPEF's Digital Economy Component," *Center for Strategic and International Studies*, updated January 23, 2023, <https://www.csis.org/analysis/domestic-perspectives-ipefs-digital-economy-component>.

region.² According to the administration, IPEF is yet to be a single undertaking, like a traditional trade agreement. Rather, it is being viewed as a platform for separate negotiations on topics of interest, conducted at varying speeds, with different characteristics of countries, and with an array of potential outcomes.³ IPEF consists of four broad pillars—connected, resilient, clean, and fair economy, and it is aimed at structural economic transformation.⁴ Fourteen countries—the US, Australia, Japan, New Zealand, Indonesia, India, Brunei, Republic of Korea, Singapore, Malaysia, the Philippines, Fiji, Vietnam, and Thailand have signed the is framework.⁵ The countries, especially the ASEAN member states including Bangladesh’s close neighbour India, have given their initial views on IPEF. Being a rising economy in the region, Bangladesh has stakes in IPEF.

Bangladesh is considered as a strategically important country in South Asia and the Indo-Pacific region due to its geographic location connecting South and Southeast Asia.⁶ Japan considers Bangladesh to be a vital country in geopolitical terms and it needs to utilise its geographical advantage to increase economic opportunities.⁷ Bangladesh’s official position in this regard is stated in the Indo-Pacific Outlook⁸ published in April 2023 where it is stated that,

“Being a littoral State of the Bay of Bengal, Bangladesh considers the stability and prosperity in the Indo-Pacific to be a crucial factor in realizing her ‘Vision 2041’... The Indo-Pacific area’s collective share in global GDP, preponderance in international trade, enhanced climate action and growing technological dynamism can be key determinants for ensuring Bangladesh’s long-term resilience and prosperity.”

² Matthew P. Goodman, and William Alan Reinsch, “Filling in the Indo-Pacific Economic Framework,” *Center for Strategic and International Studies*, updated January 26, 2022, <https://www.csis.org/analysis/filling-indo-pacific-economic-framework>

³ Aidan Arasasingham et al., “Unpacking the Indo-Pacific Economic Framework,” *Center for Strategic and International Studies*, updated May 23, 2022, <https://www.csis.org/analysis/unpacking-indo-pacific-economic-framework-launch>; U.S. Department of the Commerce, *Ministerial Statements for the Four IPEF Pillars: Trade; Supply Chains; Clean Economy; and Fair Economy*, U.S. Department of the Commerce, 2022. <https://id.usembassy.gov/ministerial-statements-for-the-four-ipef-pillars-trade-supply-chains-clean-economy-and-fair-economy/>; White House, *Fact Sheet*.

⁴ “*Fact Sheet: In Asia, President Biden and a Dozen Indo-Pacific Partners Launch the Indo-Pacific Economic Framework for Prosperity*,” White House, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/23/fact-sheet-in-asia-president-biden-and-a-dozen-indo-pacific-partners-launch-the-indo-pacific-economic-framework-for-prosperity/>

⁵ Aidan Arasasingham et al., “Unpacking the Indo-Pacific Economic Framework Launch.”

⁶ Md Shariful Islam, “The growing importance of Bangladesh in the Indo-Pacific,” *The Daily Star*, November 21, 2023, <https://www.thedailystar.net/opinion/views/news/the-growing-importance-bangladesh-the-indo-pacific-3474976>

⁷ Islam, “The growing importance.”

⁸ “Indo-Pacific Outlook of Bangladesh,” Ministry of Foreign Affairs Bangladesh, accessed February 22, 2023, https://mofa.gov.bd/site/press_release/d8d7189a-7695-4ff5-9e2b-903fe0070ec9

This official position of Bangladesh and views of different partner countries of Bangladesh clearly depicts that Bangladesh is one of the important countries in the Indo-Pacific region and collective development of this region will facilitate fulfilling its 'Vision 2041'.

One of the important development partners of Bangladesh, China, is still hesitant about IPEF. China is concerned about Bangladesh's engagement in the IPEF.⁹ China is one of the major trading partners of Bangladesh particularly for the raw materials of the readymade garments (RMG) industry.¹⁰ On the contrary, the US is a very important destination for the country's RMG exports and for other bilateral economic engagements.¹¹ Bangladesh hereby requires maintaining good relations with both countries to continue economic growth and development. Considering Bangladesh's forthcoming graduation from Least Developed Countries (LDCs) and its aftermath, engaging in platforms like IPEF that may have potential for serving national interest of the country might be pivotal. On that note, gauging economic benefit should be the main guiding principle to determine to what extent and in which context Bangladesh would be engaged with IPEF. Joining such an initiative is a political decision but there is a need for an economic gauge to explore the importance of any such arrangement. This paper thus limits its scope within gauging economic benefits by exploring both the opportunities and challenges that Bangladesh may be encountered with because of IPEF.

However, all these issues are still assumptions and to get concrete evidence, there is a need for academic interventions. This study will help examine the assumptions that will benefit the policymakers. In addition to that, given its 50 years' experience, growth, and development, Bangladesh is no longer an inconsequential country. For the country, joining any economic arrangement will no longer be easy. Maintaining the foreign policy of neutrality a non-alignment will be difficult. Any impromptu decision may bring serious consequences. Evidence-based policymaking is, therefore, instrumental for Bangladesh. This paper is an attempt to examine how far IPEF may serve Bangladesh's national economic. The objectives of the paper are twofold: first, to explore the opportunities Bangladesh may get from IPEF, and second, to identify

⁹ "China tells Bangladesh to 'reject Cold War mentality and bloc politics,'" *Hindustan Times*, June 02, 2022, <https://www.hindustantimes.com/world-news/china-tells-bangladesh-to-reject-cold-war-mentality-and-bloc-politics-101654185173874.html>

¹⁰ Li Jiming, "Ambassador Li Jiming Publishes an Article titled *China's high-standard opening up will benefit Bangladesh*," Embassy of China in Bangladesh, December 10, 2022,

http://bd.chinaembassy.gov.cn/eng/dshd/202212/t20221212_10989207.htm#:~:text=Among%20China's%20exports%20to%20Bangladesh,Bangladesh's%20productivity%20and%20RMG%20industries.

¹¹ Refayet Ullah Mirgha, "Garment exports to US double in five years," *The Daily Star*, January 22, 2024, <https://www.thedailystar.net/business/news/garment-exports-us-double-five-years-3525571>

the challenges that Bangladesh may face once it decides to join IPEF. To meet these objectives, two research questions are set. First, what are the opportunities for Bangladesh in IPEF? And, how IPEF may affect Bangladesh if it decides to join?

The research follows an interpretive approach, a method of qualitative data analysis, to analyse the opportunities and challenges Bangladesh may enjoy and face if it decides to join IPEF. Data was collected both from primary and secondary sources through (a) Key Informant Interviews (KII) with practitioners, academia and analysts, and (b) literature review. Documentary information helped accumulate explicit data and was collected from a variety of sources including government and non-government documents, academic journals, online opinion pieces, speeches, reports, and newspaper articles and clippings sourced from both available online resources and print media. For KII, the paper followed a semi-structured interview method comprising four phases—developing the semi-structured KII checklist, selecting respondents, arranging interviews, and setting up of interpretive outlines to address the research questions. The KII respondents were selected purposively based on their expertise. This paper has seven sections. Following introduction, section two provides a review of literature while section three discusses the four pillars of IPEF. Section four analyses the potentials of IPEF for Bangladesh and section five examines the critical aspects of IPEF for Bangladesh. Section suggests way forward and section seven concludes the paper.

2. Literature Review

At present, there is not much literature available on IPEF. Among those, some¹² discussed the fate of this arrangement, i.e., whether or how far it will succeed and what will be the consequences if Biden leaves the office since it has no congressional support. This study does not consider those literature since the aim is not to see whether IPEF will succeed or not. This study will focus on the prospects and challenges that IPEF may bring for Bangladesh.

To understand the rationale of the US behind launching such an economic framework, notable reports and official documents were consulted. According to the

¹² Chad P. Bown and Barbara Weisel, “What Is the Indo-Pacific Economic Framework and Will It Work?” The Peterson Institute for International Economics, Published December 12, 2022.

<https://www.piie.com/blogs/realtime-economics/what-indo-pacific-economic-framework-and-will-it-work#:~:text=It's%20an%20economic%20agreement%2C%20and,that%20could%20overlap%20with%20TPP> .; Aidan Arasasingham et al., “Unpacking the Indo-Pacific Economic Framework Launch.”; “What is the point of the Indo-Pacific Economic Framework?” *The Economist*, June 09, 2022,

https://www.economist.com/asia/2022/06/09/what-is-the-point-of-the-indo-pacific-economic-framework?gclid=Cj0KCCQjwtsCgBhDEARIsAE7RYh01ILmwZ16gcq9HeaEXG1JD29fthMkY2azpcb00U7z5nOlxK5yRtQQaAq-yEALw_wcB&glsrsrc=aw.ds&utm_source=pocket_saves.

US Department of Commerce, IPEF is a 21st century economic arrangement designed to tackle 21st century economic challenges.¹³ Another report from Japan’s Ministry of Economy, Trade and Industry (METI) revealed that the IPEF is the second attempt of the US and its allies to be economically involved in the Indo-Pacific region after ‘Comprehensive and Progressive Agreement for Trans-Pacific Partnership’ (CPTPP).¹⁴ In the same report of Japan’s METI, it is stated that although not addressing market access, the IPEF represents a novel approach to regional collaboration in which the diverse countries of the Indo-Pacific region work together to craft a framework that maintains a delicate balance between rules and cooperation and handles 21st century challenges.¹⁵ Since the US is determined to move forward with this new economic initiative, it started the negotiation rounds in which all the member countries have attended. According to the report on IPEF special negotiating round¹⁶, prepared by the US Department of Commerce, it is seen that in the previous concluded rounds of negotiation, IPEF partners reaffirmed their commitments to continue collaboration to conclude agreements that include high-standard outcomes and deliver concrete benefits to enhance a shared vision for economic competitiveness and prosperity in their respective economies.¹⁷

Several other notable works have been found which showed the perceptions of the member countries of the IPEF. Different countries have different interests and each of them is negotiating to extract benefits from this arrangement. Based on their very own national interest, every country has its own understanding of this arrangement. For example, one of the biggest competitors of the Bangladeshi RMG sector, Vietnam, considers IPEF’s potential for the development of its supply chain management, infrastructure development, renewable energy and foreign investment.¹⁸ India complied with three pillars (other than the trade pillar) and focused on energy,

¹³ “Indo-Pacific Economic Framework,” U.S. Department of Commerce, Published March 22, 2023, <https://www.commerce.gov/ipef>; “Basic Economic Knowledge: The Indo-Pacific Economic Framework (IPEF), a New Framework for Economic Collaboration,” Ministry of Economy, Trade and Industry (METI), Published November 07, 2022, <https://www.meti.go.jp/english/mobile/2022/20221107001en.html>.

¹⁴ Ministry of Economy, Trade and Industry (METI), “Basic Economic Knowledge.”

¹⁵ U.S. Department of Commerce, “Indo-Pacific Economic Framework,” Accessed March 22, 2023. <https://www.commerce.gov/ipef>.

¹⁶ U.S. Department of Commerce, “Indo-Pacific Economic Framework.”

¹⁷ Ministry of Foreign Affairs and Trade, *Indo-Pacific Economic Framework for Prosperity (IPEF) Negotiations*, New Zealand: Ministry of Foreign Affairs and Trade, n.d. <chromeextension://efaidnbmninnibpcjpcglclefindmkaj/https://www.mfat.govt.nz/assets/Tradeagreements/IPEF/IPEF-Report-on-Round-one-Brisbane-10-15-December-2022.pdf>.

¹⁸ Thuy Hang Nguyen and Boris Hall, “Vietnam: Indo-Pacific Economic Framework for Prosperity,” *Global Compliance News* (Blog), Baker McKenzie, February 1, 2023.

capacity building, technical assistance, and investments.¹⁹ Likewise, Fiji thinks IPEF will forge ‘new grounds’ in Fiji’s trade and economic relations,²⁰ Indonesia recognises the importance of maximising the potentials of the Indo-Pacific region, and considers the feasibility of generating mutually beneficial partnerships within the region,²¹ Philippines sees the IPEF as a framework providing incentives to the stakeholders mostly through supply chain resiliency and green energy transition.²² Malaysia considers that IPEF could play a role in helping to forge close ties between developed and developing countries and the country lauds the digital economy component most.²³ Hsien Loong, prime minister of Singapore, considers IPEF to show promise of growth through cooperation in the digital economy and the green economy.²⁴ Thailand looks like to engage in four areas under the IPEF²⁵ and Government Spokesperson Anucha Burapachaisri said that cooperation under the IPEF is in line with Thailand’s economic development guidelines.²⁶

IPEF thus, is assumed to produce a wide-range of outcomes depending on the interests of each member country. Adam Pitman²⁷ exclusively discussed the issue of

¹⁹ Ministry of Commerce and Industry of India, *India Hosts the Special Negotiation Round for Pillars II-IV of Indo-Pacific Economic Framework (IPEF) from 8-11 February 2023 in New Delhi*, New Delhi: Press Information Bureau, February 13, 2023.

[https://pib.gov.in/PressReleasePage.aspx?PRID=1898768#:~:text=India%20hosted%20the%20special%20negotiating,and%20IV%20\(Fair%20Economy\);DrPrabirDe,DecipheringtheIndo-PacificEconomicFramework\(IPEF\)\(NewDelhi:NationalMaritimeFoundation,2022\),](https://pib.gov.in/PressReleasePage.aspx?PRID=1898768#:~:text=India%20hosted%20the%20special%20negotiating,and%20IV%20(Fair%20Economy);DrPrabirDe,DecipheringtheIndo-PacificEconomicFramework(IPEF)(NewDelhi:NationalMaritimeFoundation,2022),)

<https://maritimeindia.org/wp-content/uploads/2022/03/Prabir-De-IPEF-Edited-.pdf>.

²⁰ “Fiji Participates in Special Rounds of The Indo-Pacific Economic Framework Negotiations in India,” Ministry of Trade, Co-operatives, SMEs and Communication, Published February 11, 2023,

<https://mcttt.gov.fj/fiji-participates-in-special-rounds-of-the-indo-pacific-economic-framework-negotiations-in-india/>.

²¹ Widya Parsaoran Gultom, “IPEF: Understanding Indonesia's Standpoint,” *Antara News*, March 28, 2023, <https://en.antaranews.com/news/233885/ipef-understanding-indonesias-standpoint>.

²² Department of Trade and Industry, “PH reaffirms its support for the IPEF vision on enhancing trade and investment flows,” *Republic of the Philippines*, June 16, 2022.

²³ Staff Writers, “Malaysia Hails US-Led IPEF as Good Platform to End Export Bans,” *Malaysia Now*, September 9, 2022,

<https://www.malaysianow.com/news/2022/09/09/malaysia-hails-us-led-ipef-as-good-platform-to-end-export-bans>.

²⁴ Premsha Saha, “The Indo-Pacific Economic Framework (IPEF): An ASEAN Perspective,” *Hindustan Times*, June 25, 2022, <https://www.hindustantimes.com/ht-insight/international-affairs/the-indo-pacific-economic-framework-ipef-an-asean-perspective-101656134816075.html>

²⁵ Ministry of Foreign Affairs - Kingdom of Thailand, *MFA Discusses Thailand's Way Forward for the Indo-Pacific Economic Framework (IPEF) with Relevant Thai Agencies and Stakeholders*,” Thailand: Ministry of Foreign Affairs, January 26, 2023,

<https://www.mfa.go.th/en/content/ipef-23-january-2023-2?cate=5d5bcb4e15e39c306000683e>.

²⁶ Natthaphon Sangpolsit, “Thailand Endorses IPEF to Promote BCG Economy,” *National News Bureau of Thailand*, February 26, 2023, <https://thainews.prd.go.th/en/news/detail/TCATG230226172205790>.

²⁷ Adam Pitman, “How Will the IPEF Affect Bangladesh?” *Dhaka Tribune*, July 16, 2022,

<https://www.dhakatribune.com/longform/2022/07/17/how-will-the-ipef-affect-bangladesh>.

diversities among the IPEF economies and said that despite the significant amount of diversity in IPEF participants' legislation, the ability and willingness to enforce standards, and harmonising these standards is not beyond the IPEF's capacity. Many countries already have, for example, tax agreements or shared accounting standards.

Regarding Bangladesh's joining IPEF, Adam Pitaman²⁸ identified few challenges that the country may face if it does not join the Framework. For him, Bangladesh needs to comply with the standards set by the IPEF member countries if it wants to continue business with IPEF countries, even if it does not join the framework. Less, IPEF countries may hesitate to contract, trade with, or invest in Bangladesh. While Bangladesh is trying for several preferential, and free trade agreements, larger economies are already concerned about the ability of Bangladesh to enact the reforms needed for such trade and economic agreements. Meanwhile, smaller economies may not have the capacity, or willingness to negotiate Bangladesh's specific concerns when they are deepening their involvement with the IPEF and it remains out of it. As such, he suggested the government of Bangladesh to re-study and negotiate about the arrangements with IPEF member countries.²⁹

Bangladeshi scholars have also expressed their opinions on whether or how far IPEF will be beneficial for Bangladesh. In one of the earliest pieces, S. M. Chowdhury mentions that IPEF provides a 'carte blanche' to the member countries and is an incremental step towards a regional economic framework. It identifies four aspects potential to serve Bangladesh's national interest, i.e., stability of supply chains, non-restrictive market access for its exports, multimodal and seamless connectivity, investments leading to job creation, and providing guarantee for manpower exports under legal frameworks. It suggests that Bangladesh should join the negotiation rounds if it wants to reap these benefits.³⁰

On a different note, M. S. Siddiqui³¹ argued that Bangladesh needs to be concerned about the fact that some of its competing countries like Vietnam already joined the IPEF and this is their third economic engagement along with CPTPP and RCEP. He considers that IPEF gives an opportunity to join an economic arrangement from the very beginning of it. For him, IPEF will be fruitful for Bangladesh in terms of encountering post-LDC graduation challenges of Bangladesh by ensuring bilateral

²⁸ Pitman, "How Will the IPEF Affect."

²⁹ Pitman, "How Will the IPEF Affect."

³⁰ S. M. Chowdhury, "IPEF Has Something in It for Bangladesh," *The Daily Star*, June 9, 2022, <https://www.thedailystar.net/views/opinion/news/ipef-has-something-it-bangladesh-3042671>

³¹ M. S. Siddiqui, "IPEF, Bangladesh and Multilateral FTA," *The Business Post*, June 1, 2022, <https://businesspostbd.com/editorial/2022-06-01/ipef-bangladesh-and-multilateral-fta>.

FTA with member countries, raising product standards up to the global level, and ensuring a fair economy.³²

The IPEF will open new opportunities for financing and regional integration.³³ For Bangladesh, he thinks IPEF will be particularly beneficial through (a) investment in developing green-growth infrastructure and production facility, (b) fast-track match towards digital economy and (c) tapping into global supply chain. He argues that the IPEF is not a typical trading bloc and thus, there will be no reason for losing trade with the anti-IPEF countries like China.³⁴ Hossain also considers IPEF to be potential for Bangladesh since many Southeast Asian nations are already in it.³⁵

Conversely, Delwar Hossain³⁶ opined that given the concurrent economic condition of Bangladesh, and the absence of prior membership experience in any such grand economic alliance, it is highly unlikely that Bangladesh can afford to absorb the tedious 'too American' economic regulatory standards. They argue that IPEF hardly offers any tangible economic benefit for the member countries and rather wants to contain China's increasing dominance in the Asian supply chain. They both are sceptical about the efficacy of engaging in this arrangement since for them, it is nothing but another geopolitical war between China and the US. Instead, they both argued that Bangladesh's miraculous growth is the result of its balancing between the US and China. According to them, being labelled in any geopolitical power struggle, with sudden divergence from its decade-long diplomatic maneuver could risk its economic and geopolitical status-quo.

However, opposing such a stance, M. S. Siddiqui argues that IPEF is 'purely economic'³⁷ and China may not have any reservations if Bangladesh joins for its national economic interest and maintains a balance between the superpowers. He rather suggested that Bangladesh should join both RCEP and IPEF.³⁸ The IPEF will not cause any tension with anti-IPEF countries like China.³⁹

³² M. S. Siddiqui, "IPEF, Bangladesh and Multilateral FTA."

³³ Jasim Uddin Haroon, "How Bangladesh Can Benefit from IPEF," *The Financial Express*, May 25, 2022, <https://thefinancialexpress.com.bd/economy/bangladesh/how-bangladesh-can-benefit-from-ipef-1653446958>.

³⁴ Haroon, "How Bangladesh Can Benefit from IPEF."

³⁵ Haroon, "How Bangladesh Can Benefit from IPEF."

³⁶ Hossain Delwar, "Should Bangladesh Join the US-Led IPEF?" *The Business Standard*, June 17, 2022, <https://www.tbsnews.net/thoughts/should-bangladesh-join-us-led-ipef-441354>.

³⁷ M S Siddiqui, "IPEF, Bangladesh and Multilateral FTA."

³⁸ M S Siddiqui, "IPEF, Bangladesh and Multilateral FTA."

³⁹ Haroon, "How Bangladesh Can Benefit from IPEF."

Against this backdrop, any literature is yet to provide a substantial outlook on whether or how far joining IPEF would have significant economic gain for Bangladesh or not joining or maintaining statusesque would-be politico-diplomatically beneficial. Whatever so far is available in literature is assumptions and personal opinions. On top of that, these literatures have only discussed the direct benefit that Bangladesh may get from this arrangement but have hardly discussed the development of bilateral relations of Bangladesh with the other member countries. For example, as of now, Bangladesh has no FTA with any country and after graduation in 2026, all the regional arrangements will be ineffective. Thus, Bangladesh is required to go for bilateral FTA with important destination countries and joining IPEF opens the door. Though existing literature emphasise that IPEF does not commit to any preferential treatment, they fail to acknowledge that it will improve the relation within the member states. Capitalising such heightened relationship, any member state including Bangladesh can have a fruitful economic arrangement between themselves. Bangladesh, for instance, may extend the discussion on regaining GSP facility in the US market for our RMG products. Likewise, there are certain issues exclusive to our national economic interest that need to be seriously examined to understand whether IPEF will be beneficial for us and at what cost. This study will give a complete outlook on what Bangladesh may expect from IPEF and how far joining this arrangement will be beneficial.

3. Four Pillars of IPEF

Before delving into the discussion of Bangladesh's prospects and challenges if it joins this economic framework, there is a need to understand what IPEF is offering through its proposed four pillars. The Biden administration views the IPEF not as a single undertaking, like a traditional trade agreement, rather as a platform for separate negotiations on topics of interest, conducted at varying speeds, with different configurations of countries, and with an array of potential outcomes through the four pillars as stated. The four key pillars are aimed at establishing high-standard commitments that will deepen the economic engagement in the region.

Connected Economy: The Trade Pillar

Through IPEF, the US aims for comprehensive engagement with all the partners on a wide range of issues, exclusively on trade. It has a keen concern for the digital economy and aims to pursue high-standard rules in this regard. With the help of this framework, the US will work with its partners to not only grab the opportunities but also address the concerns in the digital economy. To ensure the benefit of the small and medium enterprises (SME) from the region's rapidly growing e-commerce sector, IPEF also aims to address issues like online privacy, and discriminatory and unethical

use of Artificial Intelligence. In addition, it will also set standards for cross-border data flows and data localization, labor and environment and corporate accountability.⁴⁰ On 9 September 2022, United States Trade Representative (USTR) and 12 IPEF partners issued a ministerial statement outlining the scope of future negotiations for the Trade Pillar. The Trade Pillar includes Australia, Brunei Darussalam, Fiji, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Viet Nam.⁴¹

Resilient Economy

IPEF wants to make the economy of this region resilient by strengthening the supply chain. Strong supply chain will help to guard the price hikes. IPEF also advocates for establishing an early warning system, mapping critical mineral supply chains, improving traceability in key sectors, and coordinating on diversification efforts.⁴² In this spirit, the IPEF Supply Chain Agreement has already been finalised.⁴³ It equips IPEF members to analyse supply chains for weakness and coordinate responses to threats to public health, safety, and the economy that could affect individuals, businesses, and the country. The Supply Chain Agreement sets an environment for more coordinated efforts by creating three supply chain entities, each focusing on strengthening the supply chain. To proactively construct supply chains that are robust, competitive, and diversified, IPEF partners will use the Supply Chain Council to focus on important items and sectors, harmonise policy, and launch projects. The Crisis Response Network, a vital communication channel for sharing information and requesting help, will also serve as a platform to arrange stress testing, tabletop exercises, and other simulations to find vulnerabilities, allowing for better response times if disruptions occur.

Clean Economy

Considering the sustainability of the environment, IPEF commits to clean energy, decarbonisation, and infrastructure that promote good jobs. Additionally, IPEF would accelerate efforts to tackle the climate crisis through working in the areas such as renewable energy, carbon removal, energy efficiency standards, and new measures to

⁴⁰ White House, *FACT SHEET*.

⁴¹ "IPEF," Trade Pillar, Office of the United States Trade Representative, last accessed on 09 October 2023, <https://ustr.gov/ipef>

⁴² White House, *FACT SHEET*.

⁴³ "Indo-Pacific Economic Framework for Prosperity Agreement relating to Supply Chain Resilience," Pillar II – Supply Chains, US Department of Commerce, accessed February 25, 2024, [chrome-extension://efaidnbmnnnibpcajpcglefindmkaj/https://www.commerce.gov/sites/default/files/2023-09/2023-09-07-IPEF-Pillar-II-Final-Text-Public-Release.pdf](https://www.commerce.gov/sites/default/files/2023-09/2023-09-07-IPEF-Pillar-II-Final-Text-Public-Release.pdf)

combat methane emissions. Countries that comply with this pillar are The United States, Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Viet Nam.⁴⁴ In line with the September 2022 Ministerial Statement that defined the parameters of the negotiations, the IPEF members are investigating potential avenues for achieving their individual climate objectives. They will promote collaboration on clean energy and climate-friendly technology R&D, commercialization, availability, accessibility, and implementation, and they will make it easier for investors to fund climate-related initiatives in the area.⁴⁵ With this goal in mind, concerned IPEF members have launched a regional hydrogen project to promote the extensive use of renewable, low-carbon hydrogen and its byproducts across the area. The IPEF members are committed to work together, sharing knowledge and resources as they each plot their courses to zero-emissions economies. This will increase investment, industrialisation, and employment opportunities while also boosting innovation and productivity.⁴⁶

Fair Economy

IPEF also commits to enact and enforce effective tax, anti-money laundering, and anti-bribery regimes that are in line with their existing multilateral obligations to promote a fair economy. These will include provisions on the exchange of tax information, criminalization of bribery in accordance with the UN standards, and effective implementation of beneficial ownership recommendations to strengthen efforts to crack down on corruption. It seeks to promote a fair economy by preventing and combating corruption and related financial crimes, improving tax administration, and increasing cooperation, information sharing, and capacity building on these issues. In particular, it aims to promote inclusiveness, transparency, the rule of law, and accountability, all of which are essential to leveling the playing field for workers and enterprises in the Indo-Pacific region and to ensuring that the benefits of economic growth and investment are broadly shared. It also recognises the importance of preventing and combating corruption in the context of labor law implementation and enforcement.⁴⁷ Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, the

⁴⁴ "Pillar III (Clean Economy)," Press Statement for the Trade Pillar, Clean Economy Pillar, and Fair Economy Pillar, US Department of Commerce, May 27, 2023, <https://www.commerce.gov/news/press-releases/2023/05/press-statement-trade-pillar-clean-economy-pillar-and-fair-economy>

⁴⁵ "Pillar III (Clean Economy)."

⁴⁶ "Pillar III (Clean Economy)."

⁴⁷ "Pillar IV – Fair Economy," US Department of Commerce, accessed February 25, 2024,

<chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.commerce.gov/sites/default/files/2023-03/IPEF-Pillar-IV-Fair-Economy-Public-Summary.pdf>

United States and Vietnam have discussed the status of the negotiations. The IPEF partners have made good progress toward development of the text of an agreement that will strengthen implementation of effective anti-corruption and tax measures to boost commerce, trade, and investment among IPEF economies.⁴⁸

As of May 2023, five negotiation rounds have taken place on IPEF.⁴⁹ The first negotiating round was held in Brisbane, Australia, from December 10-12, 2022, followed by a special negotiating round on Pillars II-IV in New Delhi, India, from 8-11 February, 2023. In Bali, Indonesia, the second negotiating round was held from March 13-19, 2023. The third negotiating round took place in Singapore from 8-15 May 2023. Soon after the third round, the IPEF partners met in Detroit, Michigan for a ministerial meeting on 27 May 2023 where the progress made in Pillars I (Trade), III (Clean Economy) and IV (Fair Economy) were acknowledged by the IPEF partners. In that ministerial meeting, substantial conclusion of negotiations on a landmark IPEF Supply Chain Agreement under Pillar II was announced. The fourth round was held in Busan, South Korea, from 9-15 July 2023. The latest negotiation round was held in Bangkok, Thailand from 10-16 September 2023. Upcoming sixth negotiation round will be from 15 to 24 October 2023 in Kuala Lumpur, Malaysia where IPEF partners will continue the negotiations towards high-standard outcomes under Pillars I (Trade), III (Clean Economy), and IV (Fair Economy).⁵⁰

4. IPEF and Its Potentials for Bangladesh

Gaining Negotiation Experience

IPEF is an important issue for Bangladesh especially for the opportunity it provides to be integrated with the economic superpowers in a single platform.⁵¹ Whether the country joins or not, Bangladesh should be in the process of negotiation. Being in the process will not only provide Bangladesh an opportunity to influence the platform but also will help the country to remain connected in this forum. In this process, Bangladesh will only be benefited and will not lose a thing. By attending the negotiations of parties and by engaging in the process, Bangladesh will benefit

⁴⁸ "Pillar IV (Fair Economy)," Press Statement for the Trade Pillar, Clean Economy Pillar, and Fair Economy Pillar, US Department of Commerce, May 27, 2023,

<https://www.commerce.gov/news/press-releases/2023/05/press-statement-trade-pillar-clean-economy-pillar-and-fair-economy>

⁴⁹ "United States to Participate in Sixth Indo-Pacific Economic Framework for Prosperity (IPEF) Negotiating Round in Kuala Lumpur," Press Release, Office of the United States Trade Representative, last accessed on 09 October 2023, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2023/october/united-states-participate-sixth-indo-pacific-economic-framework-prosperity-ipef-negotiating-round>

⁵⁰ Office of the United States Trade Representative, "United States to Participate."

⁵¹ Interview with a former Ambassador of Bangladesh and former Chairman of BISS.

especially in terms of gathering firsthand experience in such a forum. So far, Bangladesh does not have any experience of negotiation for FTA or other trade agreements both bilaterally and multilaterally. Since Bangladesh will be graduating soon and all the LDC specific international support measures (ISMs) will be lost, negotiating with export destination countries for trade support measures is unavoidable.⁵² As such, no matter what the decision will be, Bangladesh will not lose anything by participating in the negotiation rounds, said another respondent who once represented Bangladesh in the World Trade Organization (WTO).⁵³

Compliance with International Standards

Bangladesh is not yet ready to comply with the standards that are expected to be set by the US or other major economies of the IPEF.⁵⁴ On the other hand, to achieve the target and aspiration of Bangladesh to be a developed country in the future, Bangladesh needs to compete with an even greater market for which standardisation, digitisation, and compliance with environmental and labor standards are necessary.⁵⁵ At this juncture, Bangladesh needs to look at the standards set by the IPEF. These standards are already set and internationally agreed upon, and Bangladesh cannot avoid them if it wants to be a developed nation. Compliance with these standards is completely about mindset. Such compliance rarely takes place without an external binding or pressure. By joining this framework, Bangladesh will be to some extent compelled to meet the standards that eventually will prepare it for the situation when all the preferential treatments will be eroded. This preparedness will increase Bangladesh's competitiveness in the global market and eventually help negotiate FTA and other ISMs with major trading partners.

Supply Chain Resilience

'Supply Chain Pillar' of IPEF is considered to be the most important pillar for Bangladesh. A total of fourteen respondents⁵⁶ categorically mentioned that

⁵² Interview with Ambassador Farook Sobhan, former Ambassador of Bangladesh to the USA

⁵³ Interview with Ambassador Abdul Hannan, former Bangladesh Ambassador and PR to the UN in Geneva and Vienna.

⁵⁴ Interview with a businessman, legal economist and Advisor of Bangladesh Competition Commission.

⁵⁵ Interview with Ambassador Abdul Hannan, former Bangladesh Ambassador and PR to the UN in Geneva and Vienna and Ambassador Farook Sobhan, former Ambassador of Bangladesh to the USA

⁵⁶ Interview with Prof Sreeratha Dutta, Dr Selim Raihan, Prabir De, Professor Sujit Dutta, Chairman BERC, Amb Shamser Mobin Chowdhury, one official from MoFA- Multilateral Economic Affairs Wing, one official from MoFA- North America Wing, one official from MoFA- Secretary (West) Wing, Professor Dr Delwar Hossain, former Ambassador of India to Bangladesh, former Ambassador of Bangladesh and former Chairman of BISS, Ambassador Abdul Hannan, former Bangladesh Ambassador and PR to the UN in Geneva and Vienna, Ambassador Farook Sobhan, former Ambassador of Bangladesh to the USA.

Bangladesh will be benefitted most from the second pillar of IPEF. As a part of a framework like the IPEF, Bangladesh could strengthen its ties with diverse economies. This would help Bangladesh diversify its supply chains, making it more resilient to disruptions, whether due to political factors or other issues such as the COVID-19 pandemic. The latest document on supply chain resiliency—‘Indo-Pacific Economic Framework for Prosperity Agreement relating to Supply Chain Resilience’⁵⁷ chalks out all the benefits participant countries can avail. Analysing that document, it is found that there are a number of avenues which Bangladesh can utilise for its future growth and development. In the Articles 2.4, 2.8 and 2.10, it is stated that IPEF member countries intend to foster logistics services, logistics infrastructure and development of multimodal transport corridors including upgrading and digitalisation of ports, roads, and freight railways. Better and cost-effective connectivity for transitional economies like Bangladesh is always preferred. Upon joining, Bangladesh will be able to develop and digitise the existing logistics arrangements it has. IPEF also encourages the member countries to produce key logistics inputs (including warehouse equipment, long-haul ships, commercial aircraft, shipping containers, etc.) to enhance the resilience and competitiveness of the member countries. Such logistics arrangements will be highly beneficial for Bangladesh. Moreover, digitalisation of ports will help reduce the time required in the port. On the other hand, by utilising better multimodal connectivity arrangements, Bangladesh will be able to export goods efficiently to the existing markets. Because of better connectivity, Bangladesh may also be able to look for new markets.

In addition, Article 2.5 says that member countries will align guidance, policies and procedures related to trade facilitation along with sharing the best practices to help the enterprises. More so, Article 3.1 says that IPEF countries are committed to reducing some restrictions and impediments creating trade barriers and affecting the resilience and effectiveness of the IPEF supply chain. As an emerging country, Bangladesh will be benefitted by knowing the best practices of different sectors, specially the sectors in which Bangladesh has high potential of export. Applying the best practices will help Bangladesh comply with international standards and by making the sectors more efficient (e.g., reducing production cost, increasing the amount of production in a given period etc.). Better logistics arrangement and better connectivity jointly will help search for new destinations for Bangladesh’s existing and potential export items comprising both goods and services. Also, reduction of supply chain barriers will facilitate trade for the member countries. Bangladesh may also enjoy this benefit if it decides to join.

⁵⁷ “Indo-Pacific Economic Framework for Prosperity Agreement relating to Supply Chain Resilience.”

Attracting FDI

According to the Article 2.2 of the agreement, IPEF member countries will explore new ways and enhance existing efforts to improve the attractiveness of investment opportunities in IPEF supply chains. Upon being a member, Bangladesh will also be able to explore new ways for strengthening the existing supply chains by attracting FDIs. Given the fact of ISM erosions after LDC graduation, FDIs will be much needed for continuing the current pace of growth of Bangladesh. This opportunity will be very important for serving the national interest of Bangladesh.

More so, Article 2.3 says that the member countries will encourage investment in key goods and in the development of physical and digital infrastructure. It will also help identify potential partners in the economies of parties and share expertise among them. In fact, IPEF member states will establish appropriate mechanisms to facilitate FDI into the market of the member states, as stated in Article 3.2. Given the forthcoming ISM erosion, Bangladesh highly requires developing its existing infrastructures for which investment is a prerequisite. In addition, receiving expertise from the developed countries will help Bangladesh's RMG sector (one of the critical sectors of Bangladesh) to be more productive and efficient. IPEF member countries are also going to invest in making cold-chain warehouses in easily accessible ports of entry (stated in Article 3.4). This will help Bangladesh in two ways – firstly, Bangladesh will be able to use the nearest cold-chain warehouses of the destination market. Secondly, Bangladesh may attract investment for establishing cold-chain warehouses in the ports.

Gaining Logistical Support for the Micro, Small and Medium Enterprises (MSMEs)

Articles 2.14 and 3.6 of the agreement on pillar two say that IPEF member countries will help the member states' MSMEs by using tools for risk and readiness assessment, economic development programmes, providing technical assessment, and capacity building for attaining international standards. Bangladesh's MSMEs entrepreneurs will also be benefited from this to a great extent.

Development of the Workforce and Ensuring Labor Rights

IPEF member countries will enjoy authorised transportation of workers through land, air, and seaport of entry and related facilities in the member states with proper documentation (stated in Article 3.5). This will ensure seamless export of services from populated countries like Bangladesh. In this regard, skilled labor force is needed which is a challenge for Bangladesh. As per Article 5.1, the member countries will collaborate to help each other in terms of upskilling the existing workforce through

enhanced accessibility to quality education, training, and capacity building programmes. It also opts for business-academia collaboration in this regard. Furthermore, according to Article 5.6, the labourers of each member country will be trained for the critical sectors of each member state. Hence, there will be no need for sectoral shifts for any member states. This will be very significant for Bangladesh's economic growth and development in the coming days. Bangladesh will be immensely benefited from such initiatives specially in a few key sectors like RMG, pharmaceuticals, agriculture, and labor force export.

IPEF equally emphasises on indigenous work force. Article 5.2 says that collaborations mentioned in Article 5.1 will be applicable equally to indigenous people, women, persons with disabilities, rural and remote populations, minorities, and local communities. This will give Bangladesh a new avenue by upskilling these populations as per international standards and engage in some income generation activities. Along with economic benefits, this will upscale the existing magnitude of social development in Bangladesh more sustainably and inclusively.

Article 5.3 of IPEF emphasises implementing labor rights in the member countries. Though it looks like a challenge, it can rather be an opportunity in the sense that upon graduation, Bangladesh will be losing existing and then, to continue business even with the existing market, compliance with the international standard will be a prerequisite. It will be difficult for Bangladesh to maintain an international standard in terms of labor rights if the labourers remain skilled at the present level. Because, at the current level of skills, the possibility of higher profit generation will not be possible for Bangladesh. IPEF offers a complete package in which maintaining an international standard for the labourers is not a standalone initiative, rather coupled with a number of activities that will help upskilling the labors and upgrading the infrastructures. As such, this will help Bangladesh to face the challenges upon graduation.

Moreover, the facility mentioned above will ease the process of sending workers abroad and ensure earning of more foreign remittance. On the other hand, it will also attract more investment in Bangladesh.

Effective Management of Supply Chain Crisis and Disruption

Article 7 says that a supply chain crisis response network will be established among the member states comprising the senior officials of the central government. This network aims to use table-tops, stress tests and other similar types of simulation exercises for a range of possible supply chain disruptions to provide the member countries an opportunity to prepare and test strategies for responding to supply chain

disruptions. Article 11 says that IPEF member countries will employ an evidence-based and data-informed approach to consider its supply chain vulnerabilities and to monitor import dependencies, price, and trade volumes of the identified key goods. Member countries will also work to explore technical assistance (including providing cybersecurity support through CERT).

As per Article 12, during the time of supply chain disruption, the IPEF supply chain crisis response team will meet within 15 days and try to resolve the issue. In the meantime, other member countries are committed to supporting the affected country to the extent possible. This is like insurance for the critical periods for every country and it seems to bring no harm but good for every member country.

These, if Bangladesh can avail, will be the first of its kind type experience where the nationally adopted strategies will be tested at an international level. This will help Bangladesh develop practical and case sensitive strategies in terms of ensuring supply chain resiliency. If Bangladesh joins this arrangement, Bangladesh will also enjoy this facility which will help conducting efficient trading for the identified critical sectors. Because of this facility, sole dependence on any singular country or region for any key good will be reduced and this eventually will contribute to its economy.

Apart from these, there are some other sectors in which Bangladesh can flourish by joining this framework. Among those, a few pivotal are- (a) *Blue Economy* - The IPEF's focus on environmental concerns would naturally extend to the sustainable use of marine resources or the "Blue Economy". This could provide Bangladesh with opportunities for technical cooperation, knowledge exchange, and possibly funding for sustainable fisheries, marine biotechnology, coastal tourism, and other marine-related industries.⁵⁸ (b) *Resource Mobilization* - Membership of IPEF could give Bangladesh an advocacy platform for development assistance, especially for climate change adaptation and mitigation. Collaborative projects initiated within IPEF could also lead to direct resource mobilisation.⁵⁹ (c) *Attracting FDI for Green Growth Infrastructure*—Membership of IPEF could enhance Bangladesh's image as a country committed to sustainable development. This could make it an attractive destination for green foreign direct investment (FDI), especially for projects related to renewable energy, waste management, and other environmentally friendly infrastructure.⁶⁰ (d) *Facilitating RMG Market of Bangladesh*—Bangladesh would face serious competition with Vietnam in the US market regarding apparel and ready-made

⁵⁸ Interview with a businessman, legal economist and Advisor of Bangladesh Competition Commission, Dr Selim Raihan, Prabir De.

⁵⁹ Interview with Dr. Selim Raihan, Prabir De, and one official from MoFA-Multilateral Economic Affairs Wing.

⁶⁰ Interview with Dr. Selim Raihan and One official from MoFA-Multilateral Economic Affairs Wing.

garments (RMG).⁶¹ Therefore, exploring different groupings or platforms would be important for Bangladesh. Bangladesh already has close relationships with most of the IPEF member countries and joining that arrangement will supposedly bring positive outcomes.⁶² Bangladesh's RMG sector can benefit from the country's association with an organization that promotes peace and environmental sustainability.⁶³ It can leverage this image to attract buyers looking for ethically produced goods. Furthermore, IPEF can provide a platform to negotiate for better trade terms and access to new markets.⁶⁴ Finally, (e) *Trade Facilitation and Non-Restrictive Market Access*—Joining IPEF can help Bangladesh in building trust with trade partners and improve its trade relations. It can offer a platform to negotiate bilateral or multilateral trade agreements, making way for non-restrictive market access.⁶⁵

All the above analyses indicate that joining IPEF will be beneficial for Bangladesh if all the factors are actualised as promised. One factor to consider here is the Chinese reaction. Antagonising China will be harmful for Bangladesh. As such, the benefits of IPEF have to be seen from a geopolitical lens as well. But as far as economic benefits are concerned, IPEF seems to be beneficial for Bangladesh.

5. Critical Aspects of IPEF and Bangladesh

Since IPEF is a US-led initiative, being a part of it brings certain challenges along with all the opportunities discussed in the previous section. Firstly, if Bangladesh joins this US-led initiative, it could potentially strain relations with China. The risk of economic repercussions if relations with China deteriorate is a subject to concern. China is a critical partner for Bangladesh in terms of trade, investment, and infrastructure development. Bangladesh's decision to join IPEF against China's stance can potentially affect Chinese investments and aid.⁶⁶ In fact, it was also

⁶¹ Interview with former Ambassador of Bangladesh and former Chairman of BISS, Ambassador Abdul Hannan, former Bangladesh Ambassador and PR to the UN in Geneva and Vienna, businessman, legal economist and Advisor of Bangladesh Competition Commission, Ambassador Farook Sobhan, former Ambassador of Bangladesh to the USA, Prabir De, Professor Sujit Dutta, one official from MoFA-Multilateral Economic Affairs Wing, one official from MoFA- North America Wing, and one official from MoFA- Secretary (West) Wing.

⁶² Interview with Dr. Selim Raihan, Prabir De, Professor Sujit Dutta, one official from MoFA-Multilateral Economic Affairs Wing, one official from MoFA- North America Wing, and Former Ambassador of India to Bangladesh.

⁶³ Interview with Dr. Selim Raihan

⁶⁴ Interview with Dr. Selim Raihan, Prabir De, Professor Sujit Dutta, and one official from MoFA-Multilateral Economic Affairs Wing.

⁶⁵ Interview with Dr. Selim Raihan.

⁶⁶ Interview with one official from MoFA- Secretary (West) Wing, and one official from MoFA- West Europe and EU Wing.

argued⁶⁷ that Bangladesh will not get much benefit from this arrangement since the economy is mainly supply driven. More so, since Bangladesh imports majority of the raw materials from China, antagonising China will not bring any good result. There is another concern that whatever IPEF offers and may offer, Bangladesh can get those from bilateral arrangement.⁶⁸ Thus, joining this initiative will only result in making some countries sceptic about Bangladesh.

Secondly, in Article 2.9 of the agreement of supply chain resiliency, promotion of efficient and sustainable production, use, and recycling of resources is mentioned. For a transitional economy like Bangladesh, sustainable production of goods will require implementing some expensive treatment plans like Effluent Treatment Plan (ETP) which will increase the production cost of the goods. In addition, Bangladesh is yet to be prepared to start recycling its resources because of lack of technological and human capital. Given this constraints, how far sustainable production and recycling of resources will be economically feasible for Bangladesh is a subject to examine.

Thirdly, in Articles 4.2 and 4.3, it is said that member countries need to publish the laws and regulations related to IPEF supply chain among themselves and every member state should be given the opportunity to comment on proposed regulations. This explicitly means interference within a country's domestic policies. It might bring some good but how far a country will allow such interference and how the citizens of a country will react to such interference has to be seen.

Finally, about labour rights, Articles 9.2 and 9.3 suggest that labour rights inconsistency will not be accepted and there will be a reporting mechanism to receive allegations of labor rights inconsistencies at subject facilities located in the territory of any of the member countries. Though labour rights are important and standardisation as per international level is required for countries like Bangladesh, such strict binding may cause more harm than good. In the case of Bangladesh in particular, ensuring labour rights without upskilling them will not be economically feasible since without profit generation, upscaling labor rights in such transitional economies is nothing but a luxury.

6. Way Forward

China's reaction on Bangladesh's engagement in IPEF proves that Bangladesh is no longer an inconsequential country. At this juncture, the most pressing question is

⁶⁷ Interview with two government officials.

⁶⁸ Interview with a businessman, legal economist and Advisor of Bangladesh Competition Commission.

- how Bangladesh will maintain a balance among the superpowers without making any deviation from its core foreign policy principles of non-alignment and neutrality. There are two ways to deal with this situation – one, remaining in isolation and maintaining the current status and balance, or engaging in all the economic arrangements and creating a new balance.

If Bangladesh chooses to opt for the first option, there will be no geopolitical tension as such, and the economic scenario will be business as usual. In the post-graduation period, no specific assistance will be provided by any destination country other than the entitled ones. Remaining in isolation will cost the achievement Bangladesh acquired in the last fifty years. Bangladesh, if remains in isolation, is assumed to fall in the middle-income trap after 2026. As such, remaining in isolation is not an option for Bangladesh.

On the other hand, if the second option is chosen, Bangladesh will indeed be in an uncomfortable situation specially with respect to the US and China, but it will not last long. Bangladesh will join any economic arrangement that has the potential to serve the national interest. If this remains the yardstick, joining IPEF will not cause any significant tension between Bangladesh and China. The majority of the IPEF countries including the US have trading relations with China. As such, if Bangladesh joins this arrangement, there is no such threat to anticipate. More so, the majority amount of RMG raw materials are coming from China in Bangladesh and a rational country like China will not jeopardise such a big market. But if Bangladesh decides to join IPEF, China has to be duly informed, and the issue has to be handled with prudent economic diplomacy.

As long as maintaining the core foreign policy dictum is concerned, it is always better to make a higher balance than remaining in the current one. It is undeniable that maintaining a balance among the economic superpowers is always good but remaining in isolation only for the sake of maintaining a balance is not a solution. As such, Bangladesh needs to create a new balance by joining in all the initiatives that have the potential to serve its national interest.

Bangladesh has to pursue a balanced diplomacy to maintain the foreign policy directive which is going to be so much crucial for the future of Bangladesh. Navigating the complex landscape of international relations requires skilled diplomacy to foster trade and investment relationships that are mutually beneficial. Bangladesh needs to find a subtle way of balancing its relationships with the global powers. As an LDC graduate, Bangladesh will need to negotiate new trade agreements, minimize tariff and non-tariff barriers, and diversify its export portfolio.

Simultaneously, there should be continuous efforts to attract more Foreign Direct Investments (FDI) to bolster its economy and build resilience. Regional integration will serve as a buffer against any unprecedented global economic shock. Besides, it will be also challenging to secure funds for sustainable development goals as aid and development financing are becoming increasingly linked to geopolitical interests and diplomacy. In essence, the interplay between diplomacy and economy is going to be more complex than it might seem, and Bangladesh must be ready to navigate this landscape carefully. Based on the above discussions, the following recommendations can be suggested:

- Bangladesh needs to join the negotiations that will take place in the near future on pillars I, III and IV. By participating in these negotiation rounds, Bangladesh will be able to inform the member countries about its concerns and there is a possibility that through effective diplomacy, Bangladesh may avail some benefits. Since there is no restriction in participating in the negotiation rounds, remaining in isolation will not be wise.
- Bangladesh may decide to join pillar two, but a detailed examination of the final agreement paper on pillar two is necessary.
- If Bangladesh decides to join in any of the pillars, it is necessary to keep China adequately informed. About the concern of disruption of RMG raw material import, the authors do not think that a rational country like China will leave such a big market share only because of joining in an arrangement. As such, with effective economic diplomacy, Bangladesh will be able to keep China's confidence.
- Bangladesh may decide to join Global Development Initiative (GDI) for creating a balance between China and the US. Maintaining a balance by joining two arrangements is far better than maintaining a balance by being in isolation.
- Finally, Bangladesh may choose to closely monitor the development of IPEF in the future and carry out pillar specific research for understanding the potentials effectively.

7. Conclusion

All the discussions above indicate that IPEF has some good notions that it promises but this arrangement is not immune to debates when it comes to engaging countries like Bangladesh. Chinese concern regarding Bangladesh's joining in IPEF and membership of major development partners like Japan in IPEF has put Bangladesh in a complex context. Along with the potential benefits mentioned, it has

some challenges as well specially in the case of Bangladesh's joining. While these potential challenges are substantial, as a sovereign nation, Bangladesh has the rights to make decisions in its national interest. Therefore, if joining the IPEF aligns with its goals for peace, environmental sustainability, and export diversification, it might decide to navigate these challenges. Though IPEF does not promise any trade facilitation directly, through pillar two, it will help foster trade, attract investment and promote exports of the member countries. The authors thus think it will be highly beneficial for Bangladesh to join this initiative.

Bangladesh must critically analyse each step, looking at the advantages and potential pitfalls, to secure the future prosperity of its people while sticking to its guiding principle. Joining an international forum committed to peace and sustainability can enhance Bangladesh's international image but it may come with expectations and obligations. Bangladesh needs to ensure that it can fulfil these to maintain its credibility. However, the decision should be guided by a comprehensive understanding of the implications, both at a domestic level and in the international arena. If the benefits outweigh the potential challenges and necessary measures can be taken to mitigate risks, Bangladesh could consider joining the IPEF.

BOOK REVIEW

Soft Power and Great-Power Competition: Shifting Sands in the Balance of Power Between the United States and China by Joseph S Nye, published by Springer, USA, 2023, ISBN 978-981-99-0714-4 (eBook), viii+208 pages.

Joseph S Nye, a scholar quite distinguished in the field of international relations, is widely recognised for introducing the concept of “soft power” into the lexicon of international political discourse. His seminal works, such as *Bound to Lead: The Changing Nature of American Power* (published in 1990) and *Soft Power: The Means to Success in World Politics* (published in 2004), have helped to shape the current understanding of how nations exercise influence beyond conventional military power. In *Soft Power and Great-Power Competition: Shifting Sands in the Balance of Power Between the United States and China*, Professor Nye revisits and expands upon his earlier work, and he contextualises it within the evolving dynamics of Sino-American relations of recent times. Given the increasing tensions between the United States and China, this book is both timely and relevant, offering insights into how soft power strategies might shape the global order in the upcoming decades.

The book involves evolving discussions on the developing facets of soft power in global order and within the current context of great power rivalry. Across the main sections of theoretical foundations, the empirical analysis of Sino-American competition, and the implications for global order, Professor Nye elaborates on how soft power is increasingly shaping international relations over the years. It is evident from the 31 essays across three broad sections, that soft power is an ever changing and indirect form of authority that countries with such influence can exert over others. It is dependent on elements of social values, culture, and political ideologies. Professor Nye recognises that this power helps states to supplement the (now) costly military approaches to coercion. This not only results in states having more leeway in their options to expanding power and influence, but also has the added benefit to making other states more agreeable to such influence. This gives global powers new avenues to exert their desired influence. He argues that soft power support current interdependent interstate relationships, much in the favour of the United States. The narrative presented throughout the different essays reflect the actual changes that have taken place in the international arena over the past few decades. Economic interdependence has made it costly for stronger states to coerce weaker states with explicit force and has instead given power to states with weaker military capabilities to have a stronger collective influence upon larger powers. This is offset by the presence of the unique leverage that soft power presents, which allows the United States to influence other states for its own benefit by virtue of its global cultural