

PRIMER ON THE INDO-PACIFIC ECONOMIC FRAMEWORK FOR PROSPERITY

Photo by: Savannah Kuang, No To APEC Coalition



Primer on the Indo-Pacific Economic Framework for Prosperity

IBON International | Workers International Struggles Initiatives (WORKINS)

October 2023

Copyright © IBON International Foundation Inc. 2023

IBON International holds the rights to this publication. The publication may be cited in parts as long as IBON International is properly acknowledged as the source and IBON International is furnished with copies of the final work where the quotation or citation appears.

IBON International is a service institution with an international character and scope of work. It engages in capacity development for human rights and democracy around the world. It strengthens links between local campaigns and advocacies to international initiatives and brings development issues from the international arena in a way that people's organisations and social movements can engage with at.

IBON International initiates and implements international programs, develops and hosts international networks, initiates and participates in international advocacy campaigns and establishes regional and country offices where necessary and appropriate.

Published by:



IBON International Foundation Inc.
3rd Floor, IBON Center
114 Timog Avenue, Quezon City
1103 Philippines
Telefax: +632 9276981
Telephone: +632 9277060 to 61 local 203 and 207
Email: international@iboninternational.org
Website: www.iboninternational.org



Workers International Struggle Initiatives (WORKINS)
is a platform for workers' campaign network.
Email: workers.initiatives@gmail.com
Blog: <https://workins.wordpress.com/>



**Swedish Society
for Nature Conservation**

This publication has been produced with the financial contribution of the Swedish Society for Nature Conservation. The views herein shall not necessarily be taken to reflect the official opinion of the Swedish Society for Nature Conservation.

INTRODUCTION

In May 2022, the United States (US) and 13 other countries¹ launched the Indo-Pacific Economic Framework for Prosperity (IPEF). Against the backdrop of intensifying great power competition for hegemony in Asia, IPEF serves as the economic component of the US' Indo-Pacific² strategy and is currently poised to be larger than the earlier Regional Comprehensive Economic Partnership (RCEP), encompassing 2.5 billion people and 40% of the global gross domestic product (GDP).³

As the centrepiece of US trade policy under the Biden administration, IPEF claims to offer a new vision for trade, one that builds on the lessons of the recent global crises that saw supply chain disruptions, rising costs of living, heightened great power rivalry, and climate change-related disasters. In a speech, the US Trade Representative (USTR) Katherine Tai stressed the need for resilience in global supply chains, eschewing short-term efficiency, lowering costs, and “a narrow focus on benefits for consumers.” Trade, she insisted, should be a tool for “[creating] a race to the top.”⁴ As such, IPEF does not provide for increased market access by reducing tariffs or removing policies such as state subsidies, customs procedures, import licensing, quotas, and other non-tariff measures (see Box 1). Instead, it aims at setting standards around four negotiating pillars, namely:

1. Connected Economy (Trade, including chapters on labour, the environment, the digital economy, agriculture, good regulatory practices, competition policy, trade facilitation, inclusivity, technical assistance and economic cooperation)
2. Resilient Economy (Supply Chains)
3. Clean Economy (green energy, decarbonisation, infrastructure)
4. Fair Economy (tax, anti-corruption)

¹ Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam.

² The term itself came to supplant “Asia-Pacific” in geopolitical discourses on the region in the last decade mostly due to growing US insecurity about a rising China. By expanding the scope of the Pacific “Rim”, the US intends to highlight the emerging Indian Ocean powers in the attempt to counterbalance or contain China. 2017 saw the revival of the Quadrilateral Security Dialogue (the QUAD) between Australia, India, Japan, and the US, which enhanced military cooperation and sought to promote their vision of a “Free and Open Indo-Pacific”. In 2018, the US Pacific Command was renamed the “Indo-Pacific Command”, reflecting US geopolitical priorities.

³ FACT SHEET: In Asia, President Biden and a Dozen Indo-Pacific Partners Launch the Indo-Pacific Economic Framework for Prosperity. (2022, May 23). Whitehouse.Gov. <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/>

⁴ Ambassador Katherine Tai's Remarks at the National Press Club on Supply Chain Resilience. (2023, June 15). Office of the United States Trade Representative. <https://ustr.gov/about-us/policy-offices/press-office/speeches-and-remarks/2023/june/ambassador-katherine-tais-remarks-national-press-club-supply-chain-resilience>

“ IPEF does not provide for increased market access by reducing tariffs or removing policies such as state subsidies, customs procedures, import licensing, quotas, and other non-tariff measures. ”

Despite the lofty rhetoric of a “worker-centric” trade policy and the acknowledgement that trade rules for the most part have worked against the rights of labour, women, and Indigenous Peoples, much of the IPEF agenda stems largely from US security and corporate interests. On one hand, concerns over dependence on China drives US efforts at securing supply chains in sectors critical to military technologies, national security, and the US’ technological leadership, including:

- Semiconductor manufacturing
- Large-capacity batteries for electric vehicles (EVs) and grid storage
- Critical minerals and materials (rare earths metals, lithium, graphite, nickel, cobalt, etc.)
- Pharmaceuticals and active pharmaceutical ingredients (APIs)

Most controversially, IPEF’s digital economy chapter has garnered much policy debate in its promotion of “trusted and secure cross-border data flows.” Data, after all, has been described as the “new oil”,⁵ the lifeblood of machine learning and artificial intelligence (AI) technologies. In previous centuries, colonial empires battled over control of ports, infrastructure, and resources. In today’s digital age, Big Tech corporations—the largest to ever exist—scramble after tangible assets (data centres, undersea cables)⁶ and parasitically feed on people’s data and on publicly-funded or open-source research knowledge to turn them into privately-held intangible assets (training data, patents, trade secrets, etc.). These tangible and intangible assets are then used to exact profits in the form of intellectual monopoly rents from the rest of society.⁷

US Big Tech companies therefore use the language of “digital trade” to make sure binding trade rules serve to support their intellectual monopolies. By applying pre-existing trade liberalisation concepts to the global digital economy,⁸ Big Tech wants to lock in their current tax-free privileges,⁹ stymie effective regulation of the industry, and maintain the extractivist model through which they collect data from farms,¹⁰ transportation systems,¹¹ and individuals, preventing societies from making the most out of the full economic value of their data.¹²

5 The world’s most valuable resource is no longer oil, but data. (2017, May 6). *The Economist*. <https://www.economist.com/leaders/2017/05/06/the-worlds-most-valuable-resource-is-no-longer-oil-but-data>

6 Big Tech colonizes seabed to assert control of the internet. (2023, January 2). *Le Monde*. https://www.lemonde.fr/en/international/article/2023/01/02/big-tech-colonizes-seabed-to-assert-control-of-the-internet_6010073_4.html

7 Rikap, C. (2021). *Capitalism, Power and Innovation: Intellectual Monopoly Capitalism Uncovered*. Routledge.

8 Li, W. Y. (2023). Regulatory capture’s third face of power. *Socio-Economic Review*, 21(2), 1217–1245. <https://doi.org/10.1093/ser/mwad002>

9 World’s largest economies losing up to \$32 billion in annual tax revenue from Silicon Valley’s top five tech companies. (2021, May 20). *ActionAid International*. <https://actionaid.org/news/2021/worlds-largest-economies-losing-32-billion-annual-tax-revenue-silicon-valleys-top-five>

10 Chowdhry, K., & ETC Group Collective. (2022). *Cashing in on the Climate Crisis through Agricultural Digitalisation: Emerging Cases in Indonesia, Malaysia and the Philippines*. ETC Group. <https://etcgroup.org/content/cashing-climate-crisis-through-agricultural-digitalisation>

11 Dabush, G. (2020, April 23). Uber’s Real Advantage is Data. *Marker*. <https://marker.medium.com/ubers-real-advantage-is-data-e54984ff524c>

12 Singh, P. J., & Vipra, J. (2019). Economic Rights Over Data: A Framework for Community Data Ownership. *Development*, 62(1–4), 53–57. <https://doi.org/10.1057/s41301-019-00212-5>

All these are being negotiated behind closed doors, as IPEF country negotiators were made to sign confidentiality pledges to keep negotiating documents secret until five years after the talks conclude.¹³ With little public access to the negotiating texts, trade justice movements criticised the lack of transparency in the IPEF talks and the lopsided representation of these corporations in trade advisory groups.¹⁴

Negotiations on IPEF are moving at a quick pace, with US trade officials setting their sights on the annual summits of both the Asia-Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN). As of July 2023, there have been four regular negotiating rounds that have been held (Brisbane, Bali, Singapore, Busan), as well as one special negotiating round (New Delhi). The remaining negotiations will be happening in Thailand in September, Malaysia in October, and finally in San Francisco, US in time for the APEC Summit in November. In between these ministerial rounds, there have also been several virtual meetings held among IPEF parties. As most IPEF countries are also part of the Asia-Pacific Economic Cooperation (APEC), the US presidency of APEC this year provides IPEF trade ministers opportunities to meet at the sidelines of the APEC senior officials' meetings being held in the US. The substantial conclusion of Pillar II negotiations on supply chains was announced at one such IPEF special session at the Detroit APEC meeting in May 2023.

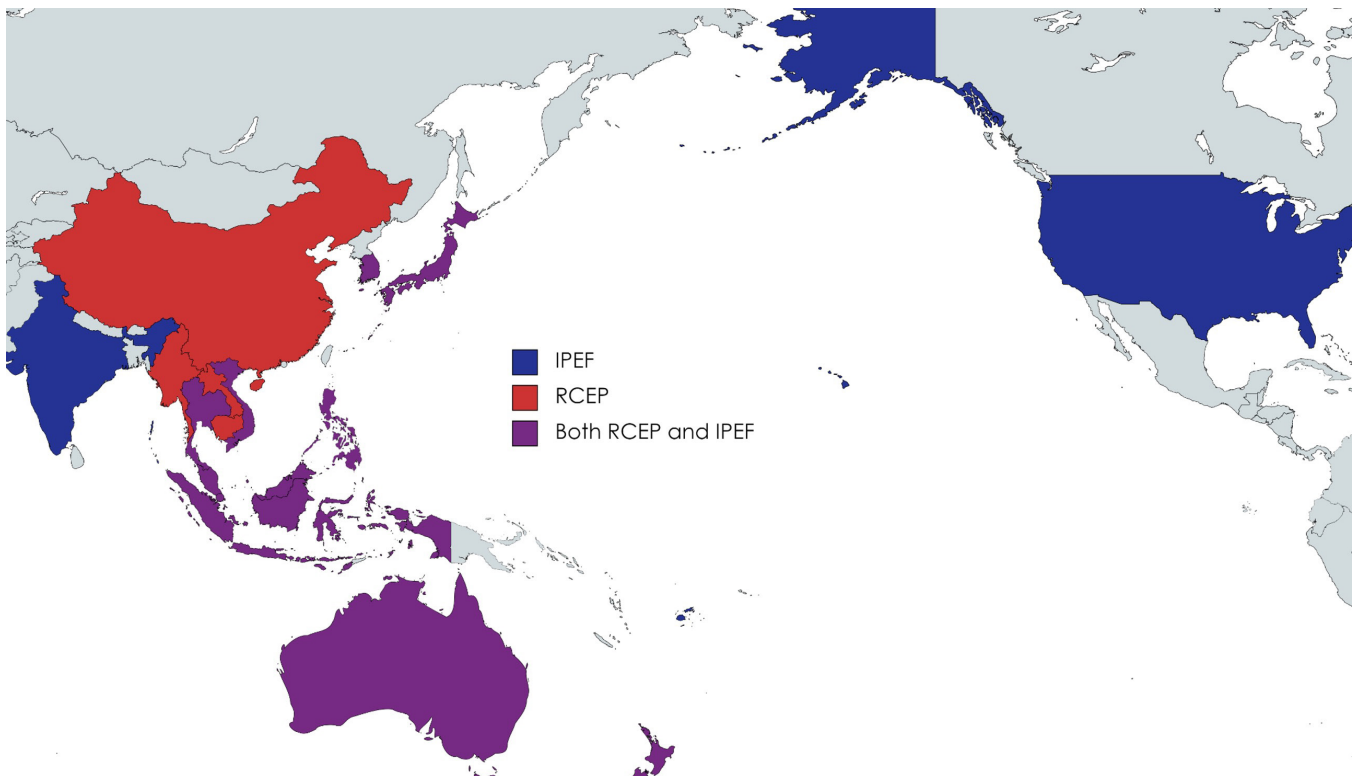


Figure 1. Sino-American rivalry over Asia-Pacific markets

¹³ Overly, S. (2022, October 3). IPEF confidentiality rules revealed. POLITICO. <https://www.politico.com/newsletters/weekly-trade/2022/10/03/ipef-confidentiality-rules-revealed-00059967>

¹⁴ Dayen, D. (2023, March 30). Corporations Dominate Trade Advisory Panels. The American Prospect. <https://prospect.org/trade/2023-03-30-corporations-dominate-trade-advisory-panels/>

HOW IS IPEF DIFFERENT FROM TRADITIONAL FREE TRADE AGREEMENTS (FTAS)?

IPEF will differ significantly from traditional FTAs since there will be no market access provisions (see Box 1: Market access). Instead, IPEF seeks to deepen US economic engagement in the region by setting standards around identified trade-related issues.

Also because IPEF is not a traditional FTA, the US Biden administration deems it and other “new-type” trade deals¹⁵ as executive agreements that do not need the involvement and approval of the US Congress to be binding.¹⁶

BOX 1. MARKET ACCESS

Market access provisions in FTAs refer to the “conditions, tariff and non-tariff measures, agreed by members for the entry of specific goods into their markets.” These include:

- Lowering or elimination of tariffs on imported goods and services
- Conversion of non-tariff measures such as import quotas into equivalent tariffs (tariffication)
- Simplification of import licensing systems
- Restrictions on “unjustified” measures to ensure food safety/plant and animal health in general (sanitary and phytosanitary standards)

These constraints on state regulation of cross-border movement of covered goods and services are usually enforced by a dispute resolution framework. In many countries, these trade liberalisation measures have weakened domestic industries in favour of multinational corporations and adversely impacted small producers, workers, and other basic sectors.

Source:

World Trade Organization. (n.d.). Market access for goods. https://www.wto.org/english/tratop_e/markacc_e/markacc_e.htm;

IBON Primer on 21st Century Free Trade Agreements: Trading Away Our Future for Corporate Plunder and Profit. (2015). IBON International. <https://iboninternational.org/download/ibon-primer-on-21st-century-free-trade-agreements/>

IPEF follows a menu-based approach, with each of the identified negotiating pillars constituting a stand-alone agreement. IPEF parties can choose not to join in one or more pillars. As of August 2023, all IPEF countries except for India participate in all four negotiating pillars, with India opting out of Pillar I over its potential implications for India’s digital industrialisation strategy.

¹⁵ US-Taiwan Initiative on 21st-Century Trade (USTI) and the Americas Partnership for Economic Prosperity (APEP).

¹⁶ This has not gone without a challenge. Concurrent with the IPEF negotiations, the first agreement under the US-Taiwan trade initiative was concluded on 1 June 2023. Pushback from the US Congress was swift. Only a little more than a week later (9 June), the introduction of “The United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act” was announced with strong bipartisan support. Seeking to reiterate Congressional mandate over international trade, the bill was passed by the House viva voce on 21 June and by the Senate by unanimous consent on 18 July. Finally, it was signed into law by President Biden on 7 August. The Act sets conditions for the USTI agreements’ entry into force, including a “certification” by the US President of Taiwan’s compliance, among others. Highly relevant to the ongoing IPEF talks, the bill also indicates that the USTI agreements do not constitute an FTA for the purposes of EV manufacturing tax credits under the Inflation Reduction Act.

WHAT DO WE KNOW ABOUT EACH NEGOTIATING PILLAR?

Due to the highly secretive conduct of the IPEF talks, not much is known publicly outside ministerial statements and press releases. From these documents and other recent US-led trade initiatives,¹⁷ we can however glean a picture of the general direction of US priorities and economic engagement. Importantly, the 2021 White House report on supply chain resilience¹⁸ informs much of the US' approach to Indo-Pacific trade, identifying critical supply chains in sectors crucial to maintaining its military, economic, and technological dominance.

Pillar I: Trade

The only negotiating pillar led by the USTR (the other three are led by the US Department of Commerce), the trade pillar contains chapters on:

- labour
- the environment
- the digital economy
- agriculture
- transparency and good regulatory practices
- competition policy
- trade facilitation
- inclusivity (jointly tabled by Australia and New Zealand)
- technical assistance and economic cooperation.

Digital economy. As mentioned earlier, Pillar I's digital economy chapter has been the subject of heated debate. Corporate lobbyists issue their wishlist of strong digital trade rules in IPEF, most notably, pushing for outright bans on data localisation measures, on source code disclosure, on customs duties on electronic transmissions, and on digital services taxes supposedly discriminatory to US tech giants.¹⁹ Critics in turn have pointed to a revolving door between Big Tech and the US Department of Commerce, with key officials identified to have previously worked for companies such as Google, Amazon, and Facebook. Progressive US lawmakers also grilled Commerce and USTR officials over emails acquired through freedom of information (FOI) requests showing special access by Big Tech to insider information every step of the way in the IPEF talks.²⁰ In September 2022, an "upskilling initiative" for women and girls in IPEF countries was launched by the US Commerce Department and the USTR in partnership with 14 US Big Tech companies. This led to women and trade activists calling them out for pinkwashing the corporate capture of the IPEF agenda.²¹

¹⁷ For example, the US-Mexico-Canada Agreement (USMCA), which replaced NAFTA in July 2020, and the aforementioned USTI.

¹⁸ The White House. (2021). *Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-Based Growth*. <https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf>

¹⁹ Computer & Communications Industry Association. (2022, December 12). *Joint Industry Letter on IPEF Negotiations*. <https://ccianet.org/library/918419/>

²⁰ *Big Tech's Big Con: Rigging Digital Trade Rules to Block Antitrust Regulation*. (2023). Office of Senator Elizabeth Warren. <https://www.warren.senate.gov/imo/media/doc/USTR%20REPORT.pdf>

²¹ Asia-Pacific Forum on Women, Law and Development. (2022, December 15). "We reject the Indo-Pacific Economic Framework!" [bilaterals.org. https://www.bilaterals.org/?we-reject-the-indo-pacific](https://www.bilaterals.org/?we-reject-the-indo-pacific)

Agriculture. Under the guise of “science-based decision-making” and “climate-smart sustainable production”, IPEF’s trade pillar is poised to make it easier for multinational agribusiness companies to export their genetically modified (GM) seeds and food to IPEF countries. Moreover, like earlier proposals in the failed US-led Trans-Pacific Partnership (TPP)²² and in RCEP,²³ IPEF threatens to enact more stringent intellectual property rules over seeds at the expense of farmers’ freedom to save seeds or exchange them with other farmers just as they have traditionally done. Not only will this undermine traditional agricultural practices, it will also exacerbate the already diminishing biodiversity of crop varieties, especially rice, in favour of “high-yielding” varieties being forced on farmers by biotech corporations and government officials.²⁴



Transparency, good regulatory practices, and services. Included in the trade pillar are worrisome chapters on transparency, good regulatory practices, and services. While it sounds benign, the section on “good regulatory practices” appears to serve the deepening of the neoliberal agenda of deregulation promoted by rich countries.²⁵ Building on the controversial Joint Statement Initiative (JSI) on services domestic regulation at the World Trade Organization (WTO),²⁶ these chapters seek to interfere with regulations pertaining to government operations, structure, and the supply of services deep within IPEF countries’ borders. These include:

- institutional redesign
- regulatory impact assessments
- formalising foreign corporations’ influence in policymaking (opportunity to comment before entry into force, expert advisory groups)
- restrictions on governments’ power to define and enforce standards over supply of services

Compliance with these will be especially costly for low-income countries in IPEF, as even rich countries like the US, Australia and New Zealand are still struggling to implement these for years.²⁷

22 Press, A. (2016, June 10). *The Trans-Pacific Partnership Will Hurt Farmers and Make Seed Companies Richer*. <https://www.thenation.com/article/archive/the-trans-pacific-partnership-will-hurt-farmers-and-make-seed-companies-richer/>

23 *New mega-treaty in the pipeline: what does RCEP mean for farmers’ seeds in Asia?* (2016). GRAIN. <https://grain.org/article/entries/5405-new-mega-treaty-in-the-pipeline-what-does-rcep-mean-for-farmers-seeds-in-asia>

24 *Are farmers really just passive recipients of corporate-led science and technologies?* (2023, July 5). MASIPAG. <https://masipag.org/2023/07/are-farmers-really-just-passive-recipients-of-corporate-led-science-and-technologies/>

25 *Modules on the Crisis of Neoliberal Globalization and the Way Out*. (2019). IBON International. <https://iboninternational.org/download/modules-on-the-crisis-of-neoliberal-globalization-and-the-way-out/>

26 See IBON International’s campaign briefer on JSIs: *WTO ‘Reform’ in an Anti-Development Direction: Entrenching Corporate Control of the Global Economy*. (2022). IBON International. <https://iboninternational.org/download/wto-reform-anti-development-briefer-on-jsis/>

27 Kelsey, J. (2023). *Preliminary analysis of the IPEF chapter on good regulatory practice*. Third World Network. https://www.twn.my/title2/briefing_papers/twn/IPEF%20GRP%20TWNBP%20Jan%202023%20Kelsey.pdf

Pillar II: Supply Chains

The only pillar so far where negotiations have been substantially concluded, IPEF's Supply Chain Agreement (SCA) presents itself as the first multilateral agreement of its kind. This agreement ostensibly aims at enhancing supply chain resilience in IPEF countries, improving their response to crises, and promoting labour rights.

While the idea of promoting resilience in supply chains is nothing new, the resilience agenda has gained new traction since the disruptions of the COVID-19 pandemic. Resilience here refers to the ability to “anticipate and prepare for severe disruptions in a way that maximises capacity to absorb shocks, adapt to new realities, and reestablish optimised operations in the shortest possible time.”²⁸ Eschewing “just-in-time” (JIT) replenishment and lean inventories, supply chain resilience prescribes building up safety stock, supply chain mapping to identify vulnerabilities, diversification to lessen dependence on risky sources, relocating production, and development of new products and process innovations (including cutting out the human factor through automation).²⁹

“ Much of the IPEF agenda is driven mainly by US security interests in the region. Supply chains are key to the US bid for reasserting its hegemony in the region. ”

According to the press statement released by the US Department of Commerce, the IPEF SCA will provide a framework for managing risks in identified sectors critical to “national security, public health and safety, or the prevention of significant or widespread economic disruptions”³⁰ and establish three bodies to this end:

- IPEF Supply Chain Council, a mechanism for developing plans to enhance resilience in critical sectors and key goods
- IPEF Supply Chain Crisis Response Network, which would be an emergency communications channel for support and information-sharing during disruptions or crises
- IPEF Labor Rights Advisory Board, a tripartite body to support promotion of labour rights in supply chains

As mentioned earlier, much of the IPEF agenda is driven mainly by US security interests in the region. Supply chains are key to the US bid for reasserting its hegemony in the region. While the resulting IPEF SCA will impact multiple business sectors it is not difficult to surmise which sectors the US is particularly interested in “de-risking”. China controls much of the world’s processing of minerals critical to high-storage batteries for military assets and the energy transition, refining 60% and 70% of the world’s lithium and cobalt, respectively. In addition, China is expected to dominate rare earths (used in wind turbines, EVs, and energy-efficient applications) during

²⁸ Asian Development Bank. (2021). *Global Value Chain Development Report 2021: Beyond Production*. Asian Development Bank. <https://www.adb.org/publications/global-value-chain-development-report-2021>

²⁹ Shih, W. C. (2020, September 1). *Global Supply Chains in a Post-Pandemic World*. Harvard Business Review. <https://hbr.org/2020/09/global-supply-chains-in-a-post-pandemic-world>

³⁰ Press Statement on the Substantial Conclusion of IPEF Supply Chain Agreement Negotiations. (2023, May 27). U.S. Department of Commerce. <https://www.commerce.gov/news/press-releases/2023/05/press-statement-substantial-conclusion-ipef-supply-chain-agreement>

this decade, mining 55% of the global output in 2020 and producing 85% of the rare earths refined products.³¹ Lastly, China is responsible for processing 100% of the refined supply of natural graphite and almost 60% for manganese, both of which are rare earth minerals used for the production of electric vehicle batteries.³² As the world strives to shift to renewable energy, demand for these minerals are only expected to soar several fold in the coming years.

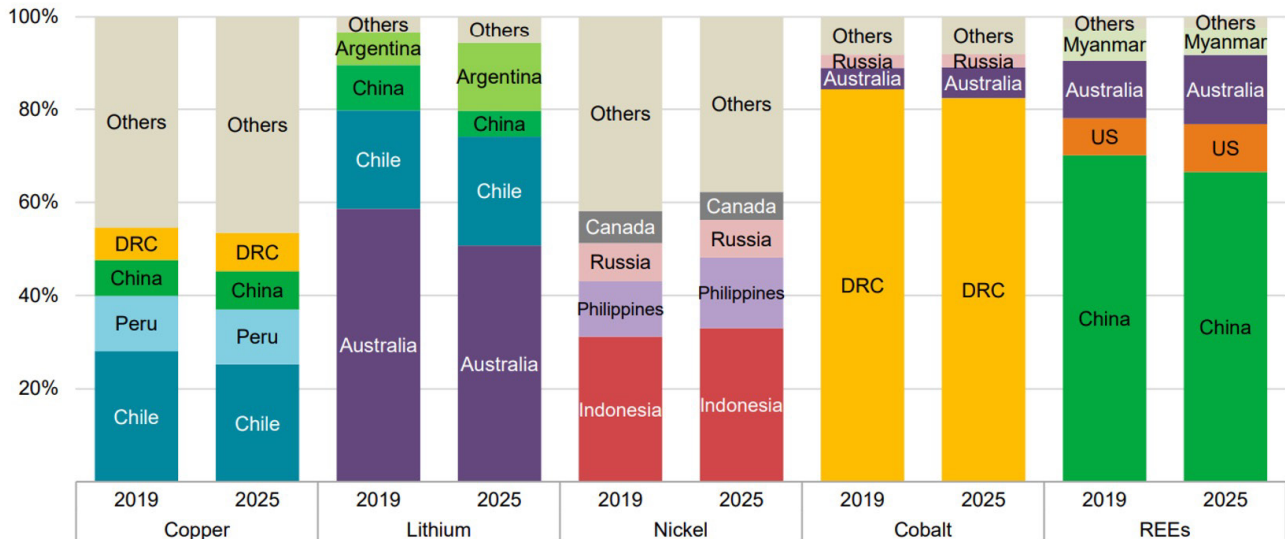


Figure 2. Major producing countries of selected minerals, 2019 and 2025

Source: IEA. (2021). *The Role of Critical Minerals in Clean Energy Transitions [World Energy Outlook Special Report]*. International Energy Agency.

These supply chain vulnerabilities have led to the renewed emphasis of the US on industrial policy. In the name of bringing manufacturing and innovation back, 2022 saw sweeping industrial policy measures in the US, with hundreds of billions of dollars' worth of subsidies in the form of tax credits to domestic producers provided for in the Inflation Reduction Act (IRA) and the CHIPS ("Creating Helpful Incentives to Produce Semiconductors") and Science Act. Both laws seek to encourage development of green technologies and semiconductor production, respectively. Particularly for the IRA, critical minerals for EV battery production can avail of the tax credits provided that a certain percentage was extracted from the US, or in a country that has an existing FTA with the US.

To support their industrial strategy, the US seeks to reorient and secure its regional supply chains to form security-driven trade alliances, especially around critical minerals. In March 2023, the US signed a critical minerals agreement (CMA) with Japan, with the deal counting as an FTA for the purposes of the IRA tax credits.³³ Similar CMAs are currently being negotiated by the US with the United Kingdom (UK) and the European Union (EU). Indonesia, Malaysia, and the Philippines have also signalled their interest in securing the same privileges through IPEF.³⁴

³¹ Williams, C. A. (2021, February 26). China continues dominance of rare earths markets to 2030, says Roskill. Mining.Com. <https://www.mining.com/china-continues-dominance-of-rare-earths-markets-to-2030-says-roskill/>

³² IRENA. (2023). *Geopolitics of the energy transition: Critical materials*. International Renewable Energy Agency, Abu Dhabi.

³³ Agreement between the Government of the United States of America and the Government of Japan on Strengthening Critical Minerals Supply Chains. 28 Mar. 2023. <https://ustr.gov/sites/default/files/2023-03/US%20Japan%20Critical%20Minerals%20Agreement%202023%2003%2028.pdf>.

³⁴ Overly, Steven. "More Countries Line up for U.S.'s EV Tax Credits." POLITICO, 2 June 2023, <https://www.politico.com/news/2023/06/02/southeast-asian-trade-partners-push-for-ev-tax-perks-00099800>.

Pillar III: Clean Economy

In the IPEF ministerial statement for Pillar III,³⁵ parties to the framework identified a number of areas to cover in the negotiations:

- Energy security and transition
- Greenhouse gas emissions reductions in priority sectors
- Sustainable land, water, and ocean solutions
- Innovative technologies for greenhouse gas removal
- Incentives to enable the clean energy transition

Among these agenda items under Pillar III, the most damning is the mention of a number of known false climate solutions. One is the promotion of “carbon capture, utilisation, transport, and storage across the region” (CCUS). CCUS is a false solution most favoured by big polluters, as it lets them rely on the promise of a technology that does not yet exist as intended while letting them continue emitting greenhouse gases.³⁶



Moreover, the ministerial statement mentions the recognition of “nature-based solutions in pursuit of [IPEF countries’] respective pathways to net zero.” So-called nature-based solutions (NBS), however, have only opened opportunities for “carbon colonialism and greenwashing by fossil fuel, agro-chemical, and plantation companies.” It propagates “the illusion that the carbon-sequestering capacity of nature can offset the continued burning of fossil fuels.”³⁷ Instead of taking meaningful steps in reducing emissions, polluters are content to pass on the responsibility

elsewhere, especially in the global South, an outright violation of the principle of Common but Differentiated Responsibilities (CBDR) established by international climate law. To maintain the appearance of “balanced” carbon ledgers, Indigenous Peoples and rural communities are threatened by displacement from their lands and the depletion of freshwater resources.

Thirdly, IPEF provisions on mobilising resources, “including private and institutional capital through public-private partnerships and international blended finance instruments,” align with developed countries’ interest in shirking from their climate finance commitments under the 2015 Paris Agreement (USD 100 billion).³⁸

³⁵ Ministerial Statement for Pillar III of the Indo-Pacific Economic Framework for Prosperity. (2022). <https://www.commerce.gov/sites/default/files/2022-09/Pillar-III-Ministerial-Statement.pdf>

³⁶ Browne, Bill. Sunk Costs: Carbon Capture and Storage Will Miss Every Target Set for It. The Australia Institute, 19 Nov. 2018, <https://australiainstitute.org.au/report/sunk-costs-carbon-capture-and-storage-will-miss-every-target-set-for-it/>.

³⁷ IBON International. (2023, May 14). Submission for the First Global Consultation on ‘Nature-based Solutions’. IBON International. <https://iboninternational.org/2023/05/15/submission-for-the-first-global-consultation-on-nature-based-solutions/>

³⁸ Das, A. (2023). Decoding the IPEF (TWN Briefing Paper). Third World Network. https://www.twn.my/title2/briefing_papers/twn/IPEF%20TWNBP%20Jun%202023%20Das.pdf

Pillar IV: Tax and Anti-Corruption

Lastly, IPEF's Pillar IV "seeks to level the playing field for businesses and workers" in terms of anti-corruption measures, curbing tax evasion, and improving domestic resource mobilisation.³⁹ Potentially this can include commitments on measures related to tax policies, transparency standards, and combating bribery and other corruption offences.

Pillar IV's ministerial statement also mentions its support for the ongoing work by the Organisation for Economic Co-operation and Development (OECD) and the Group of 20 (G20) Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS). While there is acknowledgment that tax rules from one hundred years ago are inadequate to deal with the challenges of the digitalised global economy, the OECD/G20 IF has received numerous criticisms from civil society, economists,⁴⁰ and, most recently, the UN Secretariat,⁴¹ as analyses indicate that OECD proposals will not effectively address corporate tax abuse and profit shifting. As a small club of rich countries (including some of the tax havens themselves), the OECD undermines the current efforts at the United Nations (UN) Tax Committee towards a more democratic and transparent multilateral tax convention,⁴² with questionable benefits for developing countries (see Box 3).

BOX 2. BASE EROSION AND PROFIT SHIFTING

Base erosion and profit shifting (BEPS) refers to tax avoidance practices which exploit legal loopholes to shift multinational corporations' (MNCs) profits from higher-tax jurisdictions to lower- or zero-tax jurisdictions. Low tax rates, along with facilities to support financial services and stable government and currency, have given rise to international offshore financial centres. Located in territories such as the British Virgin Islands, Bermuda, the Cayman Islands, the Netherlands, Singapore, Ireland, Switzerland, and Luxembourg, these tax haven subsidiaries enable shifting corporate profits away from countries where they actually do business. Tax havens are set to bleed countries an estimated USD 4.8 trillion in foregone revenue over the next ten years. Tax havens, therefore, are key to rising global inequality, capital flight, and corruption, with crippling implications for Southern states' capacity to use taxation as a tool to promote development, equity, justice, and wealth redistribution.

Source:

Eiteman, D. K., Stonehill, A. I., & Moffett, M. H. (2010). *Multinational Business Finance* (12th ed., global ed). Pearson.

Inclusive Framework on Base Erosion and Profit Shifting. (n.d.). OECD. <https://www.oecd.org/tax/beps/>

The State of Tax Justice 2023. (2023). Tax Justice Network. <https://taxjustice.net/reports/the-state-of-tax-justice-2023/>

CORRECTION: Countries are losing 1.7% more to tax havens than we reported. (2023, August 23). Tax Justice Network. <https://taxjustice.net/press/correction-countries-are-losing-1-7-more-to-tax-havens-than-we-reported/>

Zucman, G. (2015). *The Hidden Wealth of Nations: The Scourge of Tax Havens* (T. L. Fagan, Trans.). The University of Chicago Press.

³⁹ Ministerial Statement for Pillar IV of the Indo-Pacific Economic Framework for Prosperity. (2022). <https://www.commerce.gov/sites/default/files/2022-09/Pillar-IV-Ministerial-Statement.pdf>

⁴⁰ ICRICT: the OECD has not delivered. The world needs an answer now, not further delays. (2020, October 11). ICRICT. <https://www.icrict.com/press-release/2020/10/11/52n5njz8ja42ukkw0z7vgppuuse4b>

⁴¹ UN Secretary-General. (2023). *Promotion of inclusive and effective international tax cooperation at the United Nations (A/78/XXX)*. UN General Assembly. https://financing.desa.un.org/sites/default/files/2023-08/A-78-235_advance%20unedited%20version_0.pdf

⁴² *Our Demands*. (2020, September 20). Civil Society Financing for Development (FfD) Mechanism. <https://csoforffd.org/economic-reconstruction-and-systemic-reforms-summit-at-the-un/>

BOX 3. AT A GLANCE: THE OECD/G20 INCLUSIVE FRAMEWORK ON BEPS

For six decades, the OECD has set the rules for international taxation. However, the rise of digital companies, because of their ability to scale even without physical presence in their country of operations and their dependence on data and intangible assets (intellectual property), has posed challenges to the outdated international tax system. Relying heavily on corporate taxes, Southern countries are most affected by global tax injustice, with critical consequences for development.

In 2013, in the wake of the 2008 global financial crisis, the OECD/G20 began its work on base erosion and profit shifting. Two years later, a 15-point action agenda, the BEPS package, was announced, and the Inclusive Framework was established the following year to get non-OECD and non-G20 countries on board with implementing these 15 Actions.

In 2019, the OECD/G20 IF came up with a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy:

Pillar One will reallocate taxing rights based on where the largest MNCs do their business and generate their profits

Pillar Two aims at setting a floor for tax competition through a global minimum corporate tax of 15%

According to one estimate, these two pillars could increase global corporate tax revenues by 1.9% to 3.2%, with most of it coming from Pillar Two. Such increases, however, are minimal compared to the complexity and costs of implementation. Moreover, the MNCs covered by Pillar 1 are limited in terms of sales (must be greater than EUR 20 billion), profitability (at least 10% profit margin), and sector (not including energy or financial services). In countries forced to give up the right to impose digital services taxes, the benefits from Pillar 1 will even be more questionable.

As for Pillar Two, it seeks to prevent a 'race to the bottom' in corporate tax rates by setting a floor of global minimum of 15%. This rate, however, is not reflective of Southern realities, where the corporate tax rate is usually higher at around 25 to 35%. Nor does it eliminate tax competition or profit shifting, but rather only sets limitations to it.

Source:

Barake, M., & Pouhaër, E. L. (2023). Tax Revenue from Pillar One Amount A: Country-by-Country Estimates. <https://shs.hal.science/halshs-04039288>

Tandon, S., & Rao, C. (2022). Evaluating the impact of Pillars One and Two (Research Paper No. 165; International Tax Cooperation). South Centre. https://www.southcentre.int/wp-content/uploads/2022/10/RP165_Evaluating-the-Impact-of-Pillars-One-and-Two_EN.pdf

As of June 2023, 143 countries and jurisdictions are members of the OECD/G20 IF. Seeking to upend the process towards a multilateral tax convention at the UN this year, the OECD is racing to finalise within the year the Amount A Multilateral Convention: a multilateral agreement that can potentially minimise the tax obligations of Big Tech companies like Google and Amazon, and significantly limit the taxing rights of Southern countries⁴³,) and get Southern countries to sign it.

Interestingly, the political climate in the US is not likely to provide support for signing on to the Amount A agreement. Republicans in the US Congress are staunchly opposed to the idea of US Big Tech corporations paying taxes, even when the amounts at stake barely meet corporations' fair share of obligations. So while the US itself is unlikely to align with OECD's deal on digital services tax, IPEF's Pillar IV will potentially make other IPEF countries support the OECD deal, even those who are not even members of the Inclusive Framework.

⁴³ Chowdhary, A. M. (2023, August 7). A historic global agreement on tax is under threat. Here's why. Kiliza (F. T. Bena, Interviewer) [Interview]. <https://kiliza.altervista.org/a-historic-global-agreement-on-tax-is-under-threat-heres-why/>

WHY IS THE US PURSUING IPEF? CONTEXT OF FOUR DECADES OF NEOLIBERAL GLOBALISATION

IPEF is the latest product of the neoliberal policy consensus that was consolidated by the US Reagan Administration and the UK Thatcher government in the early 1980s. Neoliberalism was their answer to the economic crisis of the 1970s and it buried the post-World War II Keynesian consensus around government economic intervention and social democratic concessions to the working classes.



This neoliberal framework was also called the Washington Consensus. Its key idea was that markets produce the best economic outcomes, and that governments distort markets and so should be as small as possible. This last point meant that regulations and taxes on the markets should be cut. What followed were finance and trade liberalisation, labour market deregulation, and privatisation of state assets, agencies and services. Given the economic dominance of US, European and Japanese corporations at the time, this neoliberal consensus privileged these MNCs who proceeded to restructure the global economy in their narrow interest.

“ Biden and the Democrats calculate that to win the 2024 Presidential elections they have to show initiative on trade but avoid Congress. So IPEF is vague and presented with progressive pro-worker, pro-women, and pro-environment rhetoric. ”



Photo by Gowtham AGM on Unsplash

These changes triggered financial crises in countries in Africa, Asia and Latin America. These financial crises were used by the International Monetary Fund and the World Bank to impose neoliberal policies – “structural adjustment” – on these countries.

When the Soviet Union collapsed in 1991, this global corporate system was already primed to declare triumph, and in the euphoria the North American Free Trade Agreement (NAFTA) was negotiated between the USA, Canada and Mexico, starting in 1994, and the multilateral World Trade Organisation (WTO) in 1995. The WTO agreements on Agriculture, Intellectual Property, Investment and Manufacturing sharply increased the impact of these neoliberal policies, with devastating social impacts in agricultural countries in particular.

By the time the WTO Ministerial assembled in Seattle at the end of 1999, a powerful alliance of farmers, workers and environmentalists was able to disrupt the meeting from the outside, and governments from the most affected countries were able to block the “new agenda” of greater neoliberal policies inside.

While the US, European and Japanese corporations continued to demand greater liberalisation in the WTO for the next 20 years, they have largely been blocked by the poorer countries. At the same time, the global corporations and their governments bypassed the WTO with a growing maze of bilateral and regional free trade agreements (FTAs), which contained “WTO-plus” provisions on tariff cuts, agricultural market access and intellectual property rights.

The most prominent of these regional FTAs are the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) of 11 countries,⁴⁴ and the Regional Comprehensive Economic Partnership (RCEP) of 15 countries.⁴⁵ The CPTPP came into force in December 2018, and the RCEP on January 1, 2022.

The alliance of farmers, workers and environmentalists campaigned against the neoliberal terms of all these agreements, and succeeded in forcing the US Trump administration to withdraw from what became the CPTPP,

⁴⁴ Trans-Pacific Partnership. (2023, July). AFTINET. <http://aftinet.org.au/cms/trans-pacific-partnership-agreement>

⁴⁵ Regional Comprehensive Economic Partnership (RCEP). (n.d.). AFTINET. Retrieved 2 August 2023, from <http://aftinet.org.au/cms/Regional-Comprehensive-Economic-Partnership-RCEP>

and India to withdraw from the RCEP, and minimising the provisions in these agreements for corporations to sue governments over an alleged change of law or policy that affects their expected profits.

By 2017, the neoliberal consensus had been dominant for 35 years, but capitalism was weaker in terms of average growth and productivity levels than in the post-war Keynesian period. It had suffered the massive shock of the 2008-09 Global Financial Crisis and the subsequent Great Recession. The capitalists in the old global powers were struggling to maintain their markets and profits, while coping with the rise of Chinese capital. In 2018, US President Trump struck out against the existing model of multilateral negotiations and agreements, and imposed punitive tariffs against countries with which the US had a trade deficit. Trump hit China the hardest but also struck at Japan, EU, Canada and Mexico.

The US then negotiated specific deals with each of these trading partners, and renegotiated NAFTA. But the tariffs on imports from China remain under Biden. Trump tore up the WTO rules to obtain greater benefits for US corporations, but largely failed to achieve this goal.

When the COVID-19 pandemic hit in March 2020, the world capitalist economy was teetering on the edge of recession. The massive public subsidies to businesses in the industrialised countries held the system together, but the aftermath has been the supply chain disruptions, inflation, interest rate rises and the renewed threat of recession in the US and in Europe.

President Biden's launch of IPEF in May 2022 excluded China, and was aimed at making the US economy and US geopolitical allies less dependent on trade with China.

Because of decades of farmer-worker-environmentalist opposition to the neoliberal trade agenda, FTAs face bipartisan opposition in the US Congress and in many other countries. Biden and the Democrats calculate that to win the 2024 Presidential elections they have to show initiative on trade but avoid Congress. So IPEF is vague and presented with progressive pro-worker, pro-women, and pro-environment rhetoric. It will rely on incentives to obtain agreement from the 13 negotiating partners. However, it remains firmly within the neoliberal framework, based on enhancing the power of giant US corporations.



WHAT DOES THE IPEF POTENTIALLY MEAN FOR THE PEOPLE AND THE PLANET?

On national development

Digital industrialisation. Early in the IPEF talks, Big Tech, already the world's most profitable companies, has set their sights on the framework's digital economy provisions to limit regulation of the industry and prevent societies from maintaining sovereignty over data crucial for public services and digital industrialisation strategies. Couched in the language of "digital trade," Big Tech's push for the free flow of cross-border data⁴⁶ will lock in their current tax-free privileges⁴⁷ and the extractivist model through which they collect data from farms,⁴⁸ transportation systems,⁴⁹ individuals, and communities across the global South. This, in turn, will prevent countries from fully enjoying the social and economic rights over the data from workers, producers, consumers, and others as they go about their activities. These include building their own digital industries and enacting a framework of community and democratic ownership over data.⁵⁰

Supply chain resilience. The experience of pursuing the resilience agenda in the last few years has seen growing capital concentration in a handful of corporations based in the North. Global supply chains, after all, "represent the integrative structure of contemporary global capitalism,"⁵¹ with top corporations exerting control over various aspects of production throughout the chain and garnering superprofits at the expense of supplier firms and workers. As they are mostly based in developed countries, integration into these production networks facilitate the transfer of value and resources from the global South to the global North.⁵²

In the first place, the capacity to pursue the IPEF resilience agenda largely rests with large corporations which are often the only ones who can bear the costs for crucial activities such as supply chain mapping.⁵³ Moreover, lead firms derive their power over suppliers from their monopoly over information⁵⁴ critical to supply chain management.

Critical minerals. Without effective intervention, the export orientation of extractive industries in developing countries may lead to being trapped in the bottom rung of mineral value chains as suppliers of raw ore. As the US sets its sights on reshoring key industries, it is doubtful that they would acquiesce should IPEF countries also want to pursue the same strategy of drawing in the middle (processing) and end stages of production

46 Singh & Vipra, 2019.

47 World's largest economies losing up to \$32 billion in annual tax revenue from Silicon Valley's top five tech companies. (2021, May 20). ActionAid International. <https://actionaid.org/news/2021/worlds-largest-economies-losing-32-billion-annual-tax-revenue-silicon-valleys-top-five>

48 Chowdhry, K., & ETC Group Collective. (2022). *Cashing in on the Climate Crisis through Agricultural Digitalisation: Emerging Cases in Indonesia, Malaysia and the Philippines*. ETC Group. https://etcgroup.org/sites/www.etcgroup.org/files/files/cashing_in_on_climate_crisis_through_agricultural_digitalization_online_version_0.pdf

49 Dabush, G. (2020, April 23). *Uber's Real Advantage Is Data*. Marker. <https://marker.medium.com/ubers-real-advantage-is-data-e54984ff524c>

50 Singh & Vipra, 2019.

51 Selwyn, B. (2023, March 1). *Limits to Supply Chain Resilience: A Monopoly Capital Critique*. Monthly Review. <https://monthlyreview.org/2023/03/01/limits-to-supply-chain-resilience-a-monopoly-capital-critique/>

52 Singh & Vipra, 2019.

53 Barrett, E. (2021, August 2). *How Toyota kept making cars when the chips were down*. Fortune. <https://fortune.com/2021/08/02/toyota-cars-chip-shortage-semiconductors/>

54 Rikap, 2021, p. 224.

(battery and EV manufacturing) at home. Instead, the US envisions IPEF to be a network of friendly client-states, secure sources of raw materials for their own industrial strategy.

Dependence on mineral and other commodity exports is also associated with chronic underdevelopment, negative terms and balance of trade, vulnerability to price shocks, political instability, corruption, and is inconsistent with the imperatives of ecological sustainability and social justice.^{55, 56} Without domestic national industries and mineral processing capabilities, tax cuts and other liberalising measures will only serve to facilitate illicit financial flows coming from corporate tax avoidance^{57, 58} and merely support the industrialisation of other countries.⁵⁹

On workers

Digital trade rules. For workers, digital trade rules can preclude effective regulation of digital technologies' increasing use in the world of work. Challenges range from embedded biases in algorithms being used in hiring⁶⁰ and in workplace management⁶¹ and surveillance,⁶² to the promotion of precarious labour arrangements in the gig economy.⁶³ While platform work has been promoted by some as a panacea to unemployment, there is growing literature on how such platforms "[enable] new forms of coercion and control over workers." Gig workers suffer information asymmetry (by design), diminished bargaining power over the terms and conditions of employment, inadequate insurance coverage and occupational safety, and even intrusion into their privacy.⁶⁴

Supply chain resilience. While the pandemic increased the market power of top corporations, workers disproportionately bore the brunt of pursuing the resilience agenda in supply chains. So while MNCs diversified their suppliers at the expense of efficiency, to remain competitive many are more likely to cut back on production costs by lowering wages.⁶⁵ As a result, working conditions deteriorated⁶⁶ and labour's income share declined

55 Nkurunziza, J. (2021). *The Commodity Dependence Trap* [Background document to the Commodities and Development Report 2021]. UNCTAD. https://unctad.org/system/files/non-official-document/DITC_COM_2021_D_BN01_en.pdf

56 UNCTAD. (2023). *State of Commodity Dependence 2023*. United Nations. https://unctad.org/system/files/official-document/ditcom2023d3_en.pdf

57 Le Billon, P. (2011). *Extractive sectors and illicit financial flows: What role for revenue governance initiatives?* (Issue No. 13). U4 Anti-Corruption Resource Centre, Chr. Michelsen Institute. <https://www.cmi.no/publications/file/4248-extractive-sectors-and-illicit-financial-flows.pdf>

58 Lemaître, S. (2019). *Illicit financial flows within the extractive industries sector: a glance at how legal requirements can be manipulated and diverted*. *Crime, Law and Social Change*, 71(1), 107–128. <https://doi.org/10.1007/s10611-018-9791-x>

59 IBON Foundation. (2015, September 17). *Local mining contributes to foreign industries but leaves PH with little benefit*. IBON. <https://www.ibon.org/local-mining-contributes-to-foreign-industries-but-leaves-ph-with-little-benefit/>

60 McCann, D. (2020). *Free Trade Agreements, Digital Chapters and the impact on Labour: A comparative analysis of treaty texts and their potential practical implications*. International Trade Union Confederation. https://www.ituc-csi.org/IMG/pdf/digital_chapters_and_the_impact_on_labour_en.pdf

61 Vipra, J. (2022, September 14). *Changing Dynamics of Labor and Capital*. *State of Big Tech*. <https://projects.iforchange.net/state-of-big-tech/changing-dynamics-of-labor-and-capital/>

62 Athreya, B. (2021, November 20). *Social Relations under Surveillance Capitalism: Is Solidarity Still Possible?* *Bot Populi*. https://botpopuli.net/?post_type=post&p=5286

63 Porras, R., Sandrino, I., & Putong, O. (2021). *Digitization of Exploitation: Study on the platform workers in the gig economy in PH* (Philippine Digital Justice Initiative). Ecumenical Institute for Labor Education and Research. <https://digitaljustice.cp-union.com/publications/2021/12/15/Thematic-Case-Study-Digitization-of-Exploitation>

64 Athreya, B. (2020). *Slaves to Technology: Worker control in the surveillance economy*. *Anti-Trafficking Review*, 15, 82–101. <https://doi.org/10.14197/atr.201220155>

65 Qiang, C. Z., Liu, Y., & Steenberg, V. (2021). *Global Value Chains in the Time of COVID-19 (Coronavirus)*. In *An Investment Perspective on Global Value Chains* (pp. 188–218). The World Bank. <https://doi.org/10.1596/978-1-4648-1683-3>

66 LeBaron, G., Kyritsis, P., Leal, P. P., & Marshall, M. (2021). *The Unequal Impacts of Covid-19 on Global Garment Supply Chains: Evidence from Ethiopia, Honduras, India, and Myanmar*. University of Sheffield. <https://www.workersrights.org/research-report/the-unequal-impacts-of-covid-19-on-global-garment-supply-chains/>

in many countries.⁶⁷ Lockdowns saw factory workers forced to stay in their workplaces, exposed to the virus and unable to go home for prolonged periods of time.⁶⁸ Migrant workers in critical sectors were particularly vulnerable, with many reported instances of labour rights violations, such as unfair termination, unpaid wages, poor living conditions and occupational safety, among others.⁶⁹ White-collar workers working from home were also subjected to intrusive surveillance software and algorithmic management.⁷⁰

Critical minerals. The scramble for critical minerals also takes a toll on workers in extractive industries. Reports of labour exploitation,⁷¹ hazardous working conditions,⁷² and other injustices hound mining activities in Indonesia, the Philippines, and many other countries in the global South. As dominant policy norms allow corporate impunity for rights impacts and violations, communities and working peoples are being deprived of their right over their resources and control over their economic life.

On farmers

Seed sovereignty. To farmers in Asia and the Pacific, IPEF's agriculture provisions represent yet another threat to their right to their own food systems. IPEF will potentially make it easier for GM seeds and crops to enter Asia-Pacific agricultural markets, affecting the livelihood of farmers in traditional agriculture. As mentioned above, IPEF's promotion of "climate-smart" agriculture and strengthening patents for plant varieties will enhance monopoly control in agriculture, undermine farmers' right to seeds, expose them to unsafe levels of fertilisers and pesticides, and push them into a cycle of debt as input prices rise.



Photo by: PANAP

67 COVID-19 leads to massive labour income losses worldwide. (2020, September 23). [News]. http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_755875/lang-en/index.htm

68 Le, L. (2021, November 22). Workers in Vietnam lived inside factories to keep Samsung's products on shelves during the pandemic. Rest of World. <https://restofworld.org/2021/samsung-worker-factories-pandemic/>

69 Sandanasamy, F., Paavilainen, M., & Baruah, N. (2020). COVID-19: Impact on migrant workers and country response in Malaysia. International Labour Organization. https://www.ilo.org/wcmsp5/groups/public/--asia/--ro-bangkok/documents/briefingnote/wcms_741512.pdf

70 Baiocco, S., Fernandez-Macias, E., Rani, U., & Pesole, A. (2022). The Algorithmic Management of work and its implications in different contexts (Background Paper No. 9; Building Partnerships on the Future of Work). International Labour Organization. http://www.ilo.org/employment/Whatwedo/Projects/building-partnerships-on-the-future-of-work/WCMS_849220/lang-en/index.htm

71 Philippines: Undermining Workers' Rights: Labour Rights Abuses in Nickel Supply Chains. (2021). Amnesty International. https://www.amnesty.org.ph/wp-content/uploads/2021/08/Philippines_Undermining_Workers_Rights-ASA3543892021ENGLISH.pdf

72 Yuniar, R. W. (2023, March 3). Chinese workers 'suffering' in Indonesia's nickel factories, complaint says. South China Morning Post. <https://www.scmp.com/week-asia/people/article/3212109/indonesias-nickel-sector-under-scrutiny-chinese-workers-allege-inhumane-working-conditions>



Photo by: IBON International

On the environment

Critical minerals. According to one report by the International Renewable Energy Agency, for the world to stick to 1.5 degrees of warming above pre-industrial levels, we would need 33,000 GW of renewable power and the electrification of 90% of road transport by 2050. The transition to renewable energy, then, would require scaling up the needed infrastructure and vast amounts of critical materials.⁷³

The same report however notes that 54% of these minerals are located within or near Indigenous Peoples' ancestral lands, with 80% for lithium projects, and more than half for nickel, copper, and zinc. Many rural communities affected by mining also face risks of water resource depletion and contamination, food insecurity, militarisation and displacement. In Indonesia, nickel mining and processing have led to the degradation of landscapes and bodies of water,⁷⁴ which in turn resulted in health issues and the loss of livelihood in impacted communities.⁷⁵

As the expansion of extractive industries poses danger to communities directly affected by mining activities, it is important for countries to make sure that people's rights are protected in pursuit of the energy transition, incorporating Indigenous perspectives in natural resource use and management.⁷⁶

⁷³ IRENA. (2023). *Geopolitics of the energy transition: Critical materials*. International Renewable Energy Agency.

⁷⁴ The dirty road to clean energy: How China's electric vehicle boom is ravaging the environment. (2022, November 28). Rest of World. <https://restofworld.org/2022/indonesia-china-ev-nickel/>

⁷⁵ Sawal, R. (2022, February 16). *Red seas and no fish: Nickel mining takes its toll on Indonesia's spice islands* (B. Gokkon, Trans.). Mongabay Environmental News. <https://news.mongabay.com/2022/02/red-seas-and-no-fish-nickel-mining-takes-its-toll-on-indonesias-spice-islands/>

⁷⁶ IBON International. (2020). *In the Name of Balitok: The Case of Itogon's Indigenous Pocket Miners*. In *Rights for Sustainability: Community-led Practices on People-Powered Consumption and Production* (pp. 82-94). IBON International.

On increased danger of war

The history of the 20th century demonstrated that acute rivalry for markets can lead to devastating wars. World War I and World War II broke up the Austro-Hungarian, Ottoman and Russian Empires in favour of Great Britain, France and Japan, and then led to the breakup of the British and French Empires. These wars were so destructive that the League of Nations and then the United Nations were created to ensure that this kind of war never happened again. But the rivalry for markets has reemerged in the 21st century as a driver for sharply increased tensions.

The US-led invasions of Afghanistan and Iraq in 2001 and 2003 in the guise of a “war on terror” normalised the use of military power outside the framework of the UN Charter. The disastrous outcomes of these illegal wars did not deter the US government, whose strategic documents from the Bush Jr presidency named China as the major threat to US global dominance.

“ The history of the 20th century demonstrated that acute rivalry for markets can lead to devastating wars. ”

While the tension between Chinese and US capitalism intensified during the Trump presidency, with dangerous sabre-rattling over Taiwan and the South China Sea, the expansion of the North Atlantic Treaty Organisation (NATO) towards the Russian border had also been building tension since the late 1990s. The 2014 crisis over Ukraine’s proposed economic partnership with the EU quickly led to war in Ukraine’s predominantly Russian-speaking east and the Russian annexation of Crimea. The February 2022 Russian attempt to invade the rest of Ukraine radically changed the situation, creating the biggest war in Europe since 1945. Despite the huge cost in lives and property in Ukraine, and its impact on global food security and inflation, none of the major players have found a way to stop it.

However, the Ukraine war has consolidated almost all European countries and NATO behind the Ukraine military effort on the one hand, and Russia has a committed ally in Iran, and won the sympathy of China, India, and many post-colonial governments.

In this context, the US competition with China has deepened under Biden, with IPEF openly promoted as the economic arm of US policy to contain China, while its effort to contain China militarily is advanced through the QUAD, and the Australia – UK – US military pact (AUKUS).

Just as grassroots movements and trade justice and human rights advocates are able to impact on the neoliberal trade agenda in CPTPP, RCEP, and now IPEF, they must also develop their capacity to contain the military dimension of neoliberalism if we are to avoid catastrophe.

Global warming and climate catastrophe are much more evident threats to people everywhere than competition for global markets. To stop the advance of global warming beyond 1.5°C, we need a united global effort which is clearly impossible when major powers are shaping up for war.

If neoliberalism leads to violent military conflicts over markets, we need to conceive of and campaign for an economic framework which avoids this outcome. In the broadest terms this is a socialist system, aimed at full employment, peace, and environmental sustainability.

WHAT CAN WE DO?

The grave impacts of IPEF on economies and peoples' rights highlight the need for our organised struggle and pushback. The conditions are favourable to spark a groundswell of peoples' movements and initiatives fighting IPEF and other neoliberal trade agreements.

Awareness raising and educational discussions. There is an urgent need to hold mass awareness and information dissemination campaigns to emphasise the consequences of IPEF on people and the planet and unpack its country and sector-specific impacts. Educational programs are also crucial in deepening our understanding of issues which can take the form of a conference, forum, webinars or a series of study sessions. These efforts need to be conducted among trade unions, peasant organisations, women's organisations, indigenous groups, the youth, environmentalists, the urban poor, human rights advocates, small and medium business associations, academics, and professionals towards forming a multi-sectoral campaign to oppose IPEF and neoliberal globalisation.

Mass organising. Building a broad mass movement against IPEF and other neoliberal trade agreements is an equally critical task. Broad networks and platforms can be built on previous groupings or campaigns, and should include all sectors such as workers, peasants, women, youth, and indigenous and national minority groups among others. Alliances between peoples from the global North and the global South should be established and strengthened towards conducting globally-coordinated, national actions and mobilisations.

Campaigning and mobilisations. Campaigning against IPEF and similar FTAs requires the use of various actions that support and complement each other. The primary focus of campaigning against IPEF must be centred on mass mobilisations to heighten public pressure against governments as well as to get concrete gains. For instance, the struggle of peasants, fisherfolk, and small-scale producers in recent decades have allowed them to resist land evictions, reduce land rent and improve overall conditions for farm workers in certain countries. Various trade unions have won strikes around the world with sustained campaigns, political education, and various forms of protests to drumbeat the people's issues and strong opposition against neoliberal globalisation.

To counter neoliberal attacks, it is important to strengthen movements and sectors opposing IPEF and similar FTAs and intensify campaigns against the ongoing corporate takeover of the world's wealth, labour, and resources. Awareness raising, mass organising, and campaigning are vital so that workers, peasants, women, indigenous peoples, migrants, urban poor, youth, indigenous peoples and the rest of the democratic majority are able to comprehensively demand and articulate the strongest opposition against IPEF and similar FTAs.

“ To counter neoliberal attacks, it is important to strengthen movements and sectors opposing IPEF and similar FTAs and intensify campaigns against the ongoing corporate takeover of the world's wealth, labour, and resources. ”