



# Biden Administration Signals Plans for an Indo-Pacific Economic Framework

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During the East Asia Summit in late October, President Biden [said](#) that the United States will explore “the development of an Indo-Pacific economic framework.” In November, he dispatched Commerce Secretary Gina Raimondo and USTR Katherine Tai to Japan, Malaysia, Singapore, and South Korea to begin discussions on potential negotiations that could [start](#) in early 2022. This announcement marks the Administration’s first major trade and economic initiative in the region, aside from earlier cooperative [supply chain agreements](#). Some [Members of Congress](#) and U.S. allies, such as [Australia](#) and [Japan](#), have called for a more active U.S. trade policy, including U.S. leadership in regional trade initiatives. Some stakeholders [have recommended](#) a sectoral approach to start, such as on digital trade issues.

The White House has not offered much detail on what the framework may include, but has [indicated](#) several topics of interest, including trade facilitation, digital trade, supply chain resiliency, clean energy, infrastructure, and worker standards, suggesting the framework could comprise multiple agreements. U.S. officials state that they [do not envision](#) a “traditional trade agreement,” but have not provided formal proposals on the legal structure and have not indicated whether they assess that such future agreements would require congressional approval. Seeking agreements that do not require congressional approval would limit the scope of potential commitments given Congress’ constitutional authority to regulate U.S. foreign commerce. [Trade Promotion Authority \(TPA\)](#), which sets congressional trade negotiating objectives and allows for expedited congressional consideration of trade agreements when authorized, expired in July 2021, potentially complicating the congressional approval process for new trade initiatives.

## Relation to the Administration’s Broader Indo-Pacific Strategy

Since President Trump withdrew the United States’ signature from the proposed 12-nation Trans-Pacific Partnership ([TPP](#)) in 2017, many observers have [asserted](#) that the United States lacks an economic and trade strategy sufficient to counter China’s increasing economic influence. These stakeholders lament the U.S. absence from East Asian multilateral economic agreements, noting that this limits the U.S. ability to influence the direction of trade policy in the region and to keep pace with technological developments. In contrast, China and 14 other Asian countries in late 2020 signed the Regional Comprehensive Economic Partnership ([RCEP](#)) trade agreement, albeit more limited in commitments than the TPP, and in fall 2021,

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China formally [requested to accede](#) to the TPP's successor arrangement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). China also has requested to join the Digital Economic Partnership Agreement (DEPA) with Chile, New Zealand, and Singapore.

During their trip, Biden Administration officials [reaffirmed](#) that the Administration is not currently interested in joining CPTPP, [saying](#) other arrangements are better suited to address the region's current economic challenges. They also [indicated](#) that it was necessary to offer trade initiatives that have a broader base of domestic political support than the TPP had. Thus far, the Administration's international economic agenda has focused largely on supply chain security, including, for example, [cooperative initiatives](#) on semiconductor production, and Secretary Raimondo [suggested](#) this would continue to be an area of focus under the new framework.

The absence of a major comprehensive regional trade and economic initiative to date [arguably](#) leaves a gap in the Biden Administration's efforts to compete holistically with China. U.S. officials have articulated a [vision](#) of a "free and open Indo-Pacific, where countries follow the rules, cooperate whenever they can, and resolve their differences peacefully." Thus far, however, the Administration's steps toward enacting its vision have been predominantly diplomatic and military in nature, including: resolving extant alliance disputes with the Philippines and South Korea; announcing a new Australia-United Kingdom-United States (AUKUS) security partnership; and boosting and reshaping the Quadrilateral Security Dialogue (the Quad) among the United States, Japan, India, and Australia.

## Options to Advance Digital Trade

The Administration's recent announcement follows months of [speculation](#) regarding a potential U.S. digital trade pact in the region. In August, Ambassador Tai [noted](#) that digital trade "is an area that we are actively working with our partners to establish rules." Many members, including the [leaders of the House Foreign Affairs Subcommittee on Asia](#) and [Republican members of the Senate Finance](#) committee, have expressed support for a digital trade agreement. By lowering barriers to digitally-enabled trade and establishing rules and standards that allow for non-discriminatory competition, [digital trade](#) agreements may help U.S. companies to compete effectively in the international marketplace, while also expanding U.S. firm and consumer access to international products that rely on digital technologies. A U.S.-led digital agreement could help to establish regional and global U.S. leadership on an emerging trade policy issue and serve as a counterweight to China's recent advances into regional trade agreements. Some observers [argue](#) that U.S. participation in existing regional digital pacts, such as DEPA, also could advance U.S. interests.

U.S. commitments in the [U.S.-Mexico-Canada Agreement \(USMCA\)](#) digital trade chapter and in the standalone [U.S.-Japan Digital Trade Agreement](#) build on the existing CPTPP provisions, which the United States helped craft. They provide for nondiscrimination, consumer protection, and privacy, and prohibit customs duties and technology transfer requirements, among other obligations. USMCA and the agreement with Japan also cover financial services data flows and protect software algorithms. The agreement with Japan could be a template for an Indo-Pacific agreement on digital trade. It did not require congressional approval in part because it was limited in nature. For example, it omitted dispute settlement procedures, raising questions about enforceability.

## Questions for Congress

As the Administration moves forward with its Indo-Pacific economic framework, questions for Congress include:

- What regional and other multilateral trade commitments would best serve U.S. economic and strategic interests in the region? What role should Congress play in informing and deliberating on such commitments?
- Will the announced framework be primarily cooperative in nature, or will it seek specific and enforceable commitments, such as those included in CPTPP, in key areas to advance economic growth through greater market access and rules-based trade in the region? What are the tradeoffs of these approaches?
- How does the expiration of U.S. Trade Promotion Authority (TPA) affect the Administration's approach to scoping, negotiating, and enacting trade agreements?

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