



The Impact of the Indo-Pacific Economic Framework on China and Its Response

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Abstract: The "Indo-Pacific Economic Framework" (IPEF) is the economic pillar established by the Biden government for the "Indo-Pacific Strategy. It aims to complement the weaknesses of the U.S. economic strategy in the Indo-Pacific region, strengthen ties with other countries, and has a clear tendency of anti-Chinese, aiming to create a "new economic order in Indo-Pacific" that excludes China. Due to various constraints, the effectiveness of the Indo-Pacific economic framework has yet to be evaluated. By examining the main contents of the current IPEF, this paper compares it with other existing regional free trade agreements (FTA), analyzes the impact of IPEF on the political and economic situation of the entire Indo-Pacific region, and discusses how China can better respond to the "containment" of IPEF and minimize the negative impact.

Keywords: Indo-Pacific Strategy; Indo-Pacific Economic Framework; Free Trade Agreements; Response

Foreword: "The Indo-Pacific Economic Framework (IPEF) is an economic pillar under the Indo-Pacific Strategy, which is designed to complement the U.S. military and security plans in the Indo-Pacific region, and to realize the dual goals of enhancing its own competitiveness and containing China's development. The impact of the U.S. implementation of the IPEF on China is mainly reflected in the pattern of economic development in the Asia-Pacific region, the regional supply chain system, and economic and trade rules. "The Indo-Pacific Economic Framework (IPEF) supply chain agreement came into effect on February 24, 2024, China should accelerate the layout of the agreement to reduce the negative impact of the IPEF through strengthening regional cooperation, supply chain cooperation, and participation in the formulation of international rules and regulations, so as to promote the development of Asia-Pacific regional economic cooperation in the direction of integration.

I. Background of the Introduction of the Indo-Pacific Economic Framework

The conflict between China and the U.S. in the economic and trade sector has been long-lasting. Observing from the early 21st century, the Trans-Pacific Partnership (TPP) pushed by the Obama administration marked the beginning of the U.S. effort to establish trade rules excluding China. Subsequently, the "poison pill" provisions in the U.S.-Mexico-Canada Agreement (USMCA) under the Trump administration further strengthened this exclusionary rule. The introduction of the Biden administration's Indo-Pacific Economic Framework (IPEF) deepened the trade conflicts, technological restrictions, and supply chain competition between China and the U.S. These economic conflicts have evolved from traditional "trade friction" and "trade protectionism" into a comprehensive conflict in economic relations.

On November 14, 2009, during his first visit to Asia, President Obama officially announced that the U.S. would participate in the TPP negotiations, emphasizing its goal of promoting U.S. jobs and economic prosperity. After more than five years of negotiations, the TPP agreement was reached on February 4, 2016, between the U.S. and 11 other Asia-Pacific countries. The TPP was seen as one of Obama's key "political legacies," but it faced ongoing domestic debate and was never approved by Congress before his term ended, laying the groundwork for its eventual failure. During the presidential campaign, Trump vehemently criticized the TPP, arguing that it would lead to further job losses in the U.S. and harm domestic interests, pledging not to sign large regional trade agreements but to pursue bilateral negotiations instead. Upon taking office on January 20, 2017, Trump signed an executive order on January 23, announcing the U.S.'s formal withdrawal from the TPP. Following the U.S. withdrawal, the TPP's promise of being the "largest trade agreement, covering 40% of global GDP," became a mere declaration, facing the dilemma of not being enacted. In this context, the Japanese Abe government stepped in to take the lead previously held by the U.S., actively coordinating the remaining countries to advance the TPP. On November 11, 2017, the 11 countries involved in TPP negotiations, led by Japan, jointly announced their consensus on a new agreement, officially renaming the TPP as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The CPTPP officially took effect on December 30, 2018. This marked a significant step toward the creation of the first major free trade area in the Asia-Pacific region, facilitating trade and investment liberalization. However, the actual influence of the CPTPP is limited since neither of the two major powers, the U.S. and China, have joined the agreement. On September 16, 2021, China formally applied to join the CPTPP and is currently engaging in consultations with member countries in accordance with the accession procedures.



On November 15, 2020, the fourth leaders' meeting on the Regional Comprehensive Economic Partnership (RCEP) concluded successfully, and ASEAN's 10 countries, along with China, Japan, South Korea, Australia, and New Zealand—15 Asia-Pacific countries in total—officially signed the RCEP, marking the establishment of the world's largest free trade area by population and economic scale, and the most promising in the future. Starting from January 1, 2022, the RCEP began to take effect in the signatory countries, further promoting the integration of industrial and value chains in the Asia-Pacific region, and injecting strong momentum into regional economic integration.

After withdrawing from the TPP, the Trump administration launched a new Indo-Pacific strategy against the backdrop of China's growing strength and influence, as well as the increasingly prominent structural conflicts between China and the U.S. The Trump administration positioned China as its primary strategic competitor and significantly increased its focus on the Indo-Pacific region, giving the strategy a clear counter-China implication. The subsequent Biden administration has continued to advance the Indo-Pacific strategy, deepening various measures to make it a cornerstone of U.S. foreign policy in the Western Pacific. Today, the U.S. Indo-Pacific strategy consists of three core pillars: the Quadrilateral Security Dialogue (QUAD) among the U.S., Japan, India, and Australia; the AUKUS security partnership between the U.S., U.K., and Australia; and the Indo-Pacific Economic Framework (IPEF). While QUAD and AUKUS focus on political, military, and security cooperation, the IPEF outlines the U.S. strategic arrangements concerning economic, trade, and supply chain issues in the region. On May 23, 2022, President Biden announced the launch of the IPEF during his visit to Japan, with an initial membership of 13 countries, including the U.S., Australia, New Zealand, Singapore, Japan, South Korea, India, Indonesia, Malaysia, Thailand, the Philippines, Vietnam, and Brunei.

II. Content of the Indo-Pacific Economic Framework

1. Four Pillars

According to statements from the White House, the Indo-Pacific Economic Framework (IPEF) is an economic arrangement designed to address the economic challenges of the 21st century. Official negotiations are scheduled to commence in the summer of 2022, aiming for a final agreement at the 2023 APEC summit. The IPEF consists of four main pillars: Connected Economy, Resilient Economy, Clean Economy, and Fair Economy.

Connected Economy focuses on enhancing cooperation among member countries in international trade, establishing high-standard, inclusive, free, and fair-trade commitments. It aims to create new and innovative approaches in trade and technology policies, promote economic activity, investment, and sustainable growth, enhance trade transparency, and facilitate trade to benefit workers and consumers. The U.S. Trade Representative's Office leads this pillar, intending to strengthen economic ties among member countries, thereby increasing U.S. control over the Indo-Pacific economy to better serve its interests. Additionally, this pillar emphasizes cooperation in the digital economy, advocating for high-standard rules in this area to ensure the non-discriminatory use of artificial intelligence technologies. The digital economy is a rapidly evolving sector and a key battleground for major powers, encompassing industries like semiconductors, artificial intelligence, big data, cloud computing, communication technology, software systems, digital currencies, and cultural media. Each of these plays a crucial role in the information age and is essential for national economic development and international influence. The U.S. seeks to leverage the IPEF to set industry standards in the digital economy, consolidate its existing advantages, and curb China's advancements in this sector.

Resilient Economy focuses on increasing the transparency, diversity, security, and sustainability of supply chains to enhance their resilience. This includes coordinating crisis response measures among member countries, establishing early warning systems to prevent disruptions, and ensuring continuity in business cooperation. The U.S. aims to reshape supply chains in the Indo-Pacific through the IPEF, particularly in the context of rising protectionism and deglobalization, where supply chain stability is critical. The U.S. has been determined since the Trump administration to bring manufacturing back home and regain control over key supply chains. The IPEF explicitly outlines a strategy to reorganize supply chains in the Indo-Pacific, reducing reliance on China and weakening its position within these chains. This is manifested in efforts to consolidate high-tech supply chains within the U.S. and companies directly controlled by U.S. interests, thus solidifying American dominance and promoting "decoupling" from China. It also involves shifting mid- to high-end supply chains to developed allies like Japan and South Korea to ensure stability while offloading low- to mid-end supply chains to Southeast Asian countries and India, thereby providing affordable labor and raw materials.

Clean Economy focuses on promoting clean energy, implementing carbon reduction plans, enhancing cooperation in environmental protection, and encouraging investment in clean energy infrastructure. The shift from traditional non-renewable fossil fuels to renewable energy and carbon reduction has become a key area for international cooperation, especially against the backdrop of the global energy crisis caused by the Russia-Ukraine conflict. The U.S. sees China as its largest global competitor in clean energy, as China leads in renewable energy development, being the world's largest producer of wind and solar power. According to the International Energy Agency, China accounted for 46% of global renewable energy growth in 2021. Recent reports indicate that from 2015 to 2021, China's research output related to clean and affordable energy ranked first globally. The U.S. positions clean energy as a separate pillar within the IPEF to emphasize its strategic importance and strengthen competition with China in this sector. The IPEF aims to enhance U.S. engagement in the Indo-Pacific energy market, utilizing American capital and technological advantages to invest in clean energy infrastructure and develop industry standards and rules that could extend to international markets, potentially further undermining China's clean energy industry.

Fair Economy emphasizes tax cooperation among member countries in the Indo-Pacific region based on United Nations standards, aiming to narrow the tax rate gaps between them. It seeks to establish and enforce robust tax, anti-money laundering, and anti-corruption systems, increasing transparency to create new standards for international cooperation and

trade. During the 2021 G20 summit in Rome, member countries expressed support for the OECD's agreement on a 15% global minimum corporate tax rate. The Fair Economy pillar is expected to build on this foundation to reform tax systems in line with U.S. interests, combating tax avoidance by multinational corporations and encouraging capital repatriation to the U.S. market. By incorporating anti-corruption measures, the IPEF aims to strengthen cooperation among allies and maintain U.S. hegemonic status through extended jurisdiction.

2. Differences Between the Indo-Pacific Economic Framework and Free Trade Agreements

Traditional Free Trade Agreements (FTAs) are legally binding contracts signed by two or more countries after negotiations, aimed at eliminating trade barriers and quotas, thereby facilitating the free flow of goods and services and promoting economic integration. Numerous FTAs have successfully been implemented globally, significantly impacting regional economic integration, such as the China-ASEAN Free Trade Area (AFTA), the North American Free Trade Agreement (NAFTA), and the Central European Free Trade Agreement (CEFTA). The core of FTAs lies in negotiations regarding tariffs and market access, which determine the actual economic benefits for the parties involved.

In contrast, the content of the Indo-Pacific Economic Framework (IPEF) diverges sharply from that of traditional FTAs. U.S. Trade Representative Katherine Tai has explicitly stated in an interview that “the U.S. will not discuss or negotiate tariff liberalization within the IPEF,” asserting that it is designed to counter China's growing influence and is an arrangement independent of China. The IPEF excludes the tariff and market access provisions typical of FTAs, meaning it does not include any actual tariff reductions or preferential access to member countries' domestic markets.

While FTAs focus on cooperation in specific industries to enhance market and trade efficiency, the IPEF clearly leans towards intergovernmental strategic cooperation, prioritizing U.S. national security over economic outcomes. As a new framework for economic cooperation, the IPEF adopts a “voluntary participation” negotiation model, allowing member countries to choose which specific areas they wish to negotiate based on their needs and preferences, rather than engaging in comprehensive discussions across all sectors. This provides greater flexibility compared to traditional FTAs. Although termed an “economic framework,” the IPEF is essentially a “political arrangement” guided by U.S. values and rules, resembling a loose initiative without substantial implementation plans. The U.S. requires countries to “join first and then discuss specific cooperation methods,” which limits the framework's economic attractiveness, as it lacks guarantees for tariff reductions and market access, and mandates that signatory countries accept high-standard rules set by the U.S. Thus, the IPEF acts as a tool to gauge the loyalty of allies and member countries to the U.S., transforming into a form of political alignment rather than an economically beneficial arrangement.

III. Deficiencies of the Indo-Pacific Economic Framework

Since the end of World War II, the U.S. has built a network of bilateral alliances in the Asia-Pacific region, primarily with countries like Japan, South Korea, Australia, the Philippines, and Thailand, significantly influencing regional security and economics. However, with the changing international landscape and the rise of China, the strategic dynamics in the Indo-Pacific have shifted, especially economically, where China has become the largest trading partner for most regional countries, thereby increasing its influence. The introduction of the IPEF signifies the U.S. recognition of its long-term absence in economic strategy within the Indo-Pacific region. After the Trump administration withdrew from the Trans-Pacific Partnership (TPP), the U.S. lacked a targeted strategy to counter China's rising influence, making the IPEF an attempt to fill this gap and regain regional leadership. However, the framework faces numerous constraints, and its implementation prospects remain unclear.

1. Significant Challenges in Supply Chain Restructuring

In recent years, international turmoil—stemming from events like the U.S.-China trade war, the Russia-Ukraine conflict, and the Israel-Palestine conflict—has severely impacted global supply chains, leading to significant instability and uncertainty. Consequently, countries worldwide have increasingly prioritized supply chain security. One of the core demands of the IPEF is to restructure global supply chains, attempting to exclude China as much as possible to ensure what the U.S. deems “supply chain security,” while strengthening cooperation with other signatory countries to maintain the “stability” of U.S. supply chains.

However, the ambition to restructure global supply chains through the IPEF is daunting. The formation of global supply chains has evolved over a long period, influenced by market dynamics, efficiency, and final demand. Geographic location, resource distribution, population size, labor quality, infrastructure development, and the legal environment are complex factors that hinder rapid structural changes. After 40 years of rapid development through reform and opening up, China has emerged as the country with the most complete global industrial chain, holding a pivotal position in both the Indo-Pacific and global supply chains.

Amid the global supply chain crisis, China has maintained steady economic growth and continued to provide various industrial products to the world, significantly contributing to global economic recovery and supply chain stability. The IPEF's approach of “decoupling” from China to reorganize the industrial chain contradicts the objective distribution of supply chains, likely disrupting the existing mature supply systems in the Indo-Pacific and exacerbating global capacity crises.

The IPEF ambitiously proposes that all parties make a global commitment in the supply chain area to enhance economic resilience and protect American households from price surges due to supply changes. This framing suggests that the IPEF serves primarily to “protect U.S. interests.” A spokesperson for South Korea's Ministry of Foreign Affairs emphasized that many IPEF member countries, including South Korea, have irreplaceable economic ties with China, indicating that Korea will maintain close communication with China during the development of specific IPEF rules. Most countries in the Indo-Pacific are geographically close to China and economically intertwined with it, often benefiting from the existing supply

chain structure. These countries are likely to consider their core interests carefully and will not compromise their actual benefits due to political alignments. Therefore, the U.S. efforts to restructure supply chains through the IPEF may struggle to gain genuine support from other countries, leading to increased competition between the U.S. and China in the supply chain arena.

2. Lack of Sufficient Economic Appeal

The IPEF is nominally designed to promote economic development through its four pillars, but it effectively raises regional trade barriers, significantly differing from traditional free trade agreements (FTAs) that focus on reducing tariffs and non-tariff barriers. The Indo-Pacific region already has established and mature FTAs, such as the Regional Comprehensive Economic Partnership (RCEP), the ASEAN Free Trade Area (AFTA), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

For instance, the RCEP includes all major countries in the Asia-Pacific region, including China, and represents about one-third of global GDP. The agreement aims to eliminate tariffs on at least 90% of traded goods among its members, facilitating free trade, enhancing industrial and supply chain connectivity, and accelerating regional economic recovery. Since RCEP took effect on January 1, 2022, regional trade costs have significantly decreased, leading to closer ties in industrial and supply chains. In 2023, China's total trade with the other 14 RCEP members reached 12.6 trillion yuan, a 5.3% increase from 2021, prior to the agreement's implementation.

In contrast, the IPEF has a vague positioning, lacking commitments for tariff reductions and market access. This inherent flaw diminishes its economic attractiveness, especially as it explicitly excludes China, underscoring its geopolitical nature and opposing economic globalization. Former Japanese Foreign Minister Taro Kono highlighted in May 2022 that the IPEF's primary issue is its lack of binding commitments. During President Biden's visit to Japan in May 2022, he suggested that the U.S. would support Japan's bid for a permanent seat on the UN Security Council if UN reforms were achieved, while Japan announced its participation in the IPEF. This exchange illustrates a political rather than economic calculation. In September 2022, during the first ministerial meeting of the IPEF in Los Angeles, India announced its withdrawal from trade negotiations. Indian Minister of Commerce and Industry Piyush Goyal remarked that the commitments required in areas such as environment, labor, digital trade, and public procurement lacked broader consensus. He emphasized the absence of clear benefits for countries involved and concerns about potential discrimination against developing nations. India's withdrawal, a crucial component of the U.S. Indo-Pacific strategy, reflects the IPEF's inadequate economic appeal, which undermines the framework's scope and prospects.

The IPEF imposes numerous constraints on participating countries, compelling developing nations to align closely with U.S. economic policies, often exceeding their domestic policy standards and capacities. Furthermore, the refusal to offer trade privileges or to open U.S. markets adds economic burdens to countries, particularly those in the developing world, considering participation in the framework.

3. Questions of Binding Commitment and Stability

The IPEF's binding commitment and stability pose significant risks for the framework's advancement. Just three days after taking office, President Trump signed an executive order withdrawing from the TPP, a deal that had taken seven years to negotiate under the Obama administration. This precedent raises concerns about the longevity and commitment to future agreements. Current U.S. Trade Representative Katherine Tai noted that the primary reason for the TPP's collapse was the lack of broad domestic support, preventing its passage in Congress.

To avoid a repeat of the TPP's fate, the Biden administration has made it clear from the outset that the results of the IPEF discussions will not be submitted to Congress for approval. This decision means that all agreements reached under the IPEF will remain at the level of presidential executive orders without formal legal force, significantly weakening the framework's binding power.

In the context of rising populism and trade protectionism amid intensifying bipartisan competition in the U.S., the IPEF's stability is also under scrutiny. The Biden administration may need to prioritize domestic political agendas over the implementation of the IPEF, potentially restricting the resources and attention allocated to economic diplomacy in the Asia-Pacific.

Current polling ahead of the 2024 midterm elections indicates significant uncertainty regarding the reelection prospects of Biden's Democratic Party. Should Biden fail to secure a second term, questions about whether the IPEF will maintain majority support domestically or whether a new administration would recognize and uphold its negotiation outcomes could severely undermine the framework's credibility. This uncertainty about the IPEF's stability may erode confidence among signatory countries and those considering participation.

IV. Impact of the IPEF on China and Response Strategies

1. Impact of the IPEF on China

① Hindrance to High-Tech Development and Threat to Regional Supply Chain Stability

In recent years, the U.S. has intensified its efforts to contain China's economy, particularly targeting high-tech industries. Given the intertwined nature of the U.S. and Chinese economies, full economic decoupling is unfeasible; instead, the U.S. focuses on stifling China's high-tech sectors. One of the fundamental purposes of the IPEF is to contain China's technological advancement and prevent the upgrading of its industrial chain, effectively creating a "technological decoupling." The U.S. has frequently utilized administrative powers against Chinese high-tech firms, such as Huawei and ZTE, and has encouraged allies to reject Chinese 5G technology. Additionally, the formation of a "Chip Alliance" with Japan, South Korea, and Taiwan aims to exclude China from the semiconductor supply chain.

The U.S. seeks to leverage its dominant position in trade rule-making and supply chains to establish multi-layered “technology alliances.” By shaping global digital trade regulations, the U.S. aims to erect “rule barriers” that restrict the flow of innovative elements to China, thereby stifling its high-tech development. The IPEF emphasizes American-led rule-making in trade, digital economy, supply chains, and renewable energy, further isolating Chinese firms and hindering China’s international cooperation, which ultimately slows the progress of economic integration in the Asia-Pacific region.

② Weakening the Influence of Existing Trade Agreements and Disrupting Regional Political-Economic Dynamics

Within the framework of its Indo-Pacific strategy, the U.S. designates China as its “primary strategic competitor.” The IPEF, serving as an economic pillar of this strategy, presents new challenges to China’s interests. Historically, the U.S. has utilized bilateral relationships with allies to achieve its strategic goals, often focused on security. The introduction of the IPEF signals a deeper U.S. involvement in the Asia-Pacific’s economic landscape, escalating competition between U.S. and Chinese economic systems and rules.

The member countries of the IPEF overlap significantly with those in existing trade agreements like RCEP and CPTPP, creating potential competitive dynamics. Although many provisions of the IPEF have yet to be implemented and its economic commitments cannot currently rival mature regional FTAs, the framework offers an alternative for regional countries. The U.S. government is directing production facilities to relocate to allied nations that share its values, artificially manipulating supply chains to promote industrial relocation and the return of manufacturing to the U.S. This approach not only increases uncertainty and costs in international economic cooperation but also disrupts the established supply chain dynamics that emerged after the implementation of RCEP, thereby impacting strategic collaboration among regional countries.

③ Competition for Digital Economic Discourse Power

The United States has consistently leveraged its advantages in technology, industry, and capital to promote a “free flow” model in the digital economy, opposing requirements for server and data localization and allowing for the unrestricted cross-border flow of data. The Indo-Pacific Economic Framework (IPEF) provides institutional and regulatory support for the United States’ digital economic strategy, with the first and fourth pillars focusing on the formulation of digital economic rules, including the establishment of standards for cutting-edge digital technologies, rules for cross-border data flow, and data localization storage standards.

The United States plans to utilize the IPEF framework to attract East Asian and Southeast Asian countries, aiming to create a closed group focused on digital technology and economic cooperation based on existing digital trade agreements. Through collaboration with Japan, the U.S. intends to promote the international standardization of key technologies, particularly establishing international standards for “6G” unmanned technology and cross-border data transmission, thereby disseminating these standards among IPEF member countries as a strategy to exclude Chinese influence.

IPEF implements a strategy of “friend-shoring” or “ally-shoring” to reduce dependency on China in supply chains, particularly strengthening export controls on digital technologies and related products, while imposing restrictions on the export of sensitive products related to semiconductors and other aspects of the digital economy. The IPEF may accelerate a reshaping of digital trade rules in the Asia-Pacific region, while also increasing the risks of China’s digital technologies facing blockades and the disruption of cutting-edge industrial and supply chains, posing significant challenges to the long-term development of China’s digital economy.

2. China’s Response Strategies

① Maintain Strategic Focus and Firmly Support Economic Globalization

In light of the potential adverse effects of the Indo-Pacific Economic Framework (IPEF) on China, it is essential to analyze these impacts rationally and respond strategically. Additionally, we must guard against disruptions to our developmental pace caused by IPEF, avoiding significant impacts on existing cooperative mechanisms. The introduction of the IPEF demonstrates the United States’ determination to counter China in the Asia-Pacific economic sphere while reflecting its concerns about its own economic influence in the region. China has established robust economic and trade ties with numerous countries, making it the primary trading partner for almost all nations within the region. To strengthen sustainable high-quality development, China should expand and elevate its level of openness, effectively enhancing its technological self-sufficiency and public goods supply capabilities. By closely aligning China’s development interests with regional and global development goals, we can further solidify the global economic landscape where “China cannot fail” and “China cannot be excluded.”

China possesses significant geographical advantages in the Asia-Pacific, while the U.S., as an “external” nation, cannot easily exclude China from the regional economic system through the IPEF. Therefore, China should continue to leverage existing mature cooperative mechanisms to focus on its own development, achieving sustained high-quality growth, and allowing other countries in the region to share in the benefits of China’s progress. Concurrently, China must firmly support globalization, adopting an open and inclusive attitude to counteract the impact of U.S. efforts to “contain” China through the IPEF. This can be achieved by utilizing domestic and international digital economy cooperation platforms, advocating for cooperative principles of consultation, construction, sharing, and win-win outcomes, while showcasing mutually beneficial results of cooperation with other countries and highlighting a responsible major power image. Moreover, we should continuously monitor the developments within the IPEF, analyze its series of actions, timely reveal its underlying intentions, and boldly expose its hegemonic nature that promotes division for profit.

② Strengthen Deep Cooperation in Supply Chains and Actively Participate in International Rule-Making

The U.S. aims to reconstruct an anti-China international supply chain through the IPEF, continually publicizing the “risks” of supply chain dependence on China, while increasing pressure and sanctions against Chinese supply chains. For China,

the high-end industrial transfer driven by security concerns poses risks, while low-end industrial transfers driven by cost factors present opportunities. With the most complete supply chains, high productivity, and relatively lower costs for industrial electricity and raw materials, China plays a pivotal role in international supply chains, with many trading partners heavily relying on its industrial products and semi-finished goods. Under the pressure of the IPEF, China must maintain the stability of existing supply chains while upgrading to high-end industries. Therefore, it should reinforce long-term, in-depth cooperation in supply chains with major economies, particularly neighboring countries, enhance the provision of international public goods, and ensure smooth international transport channels to play a critical role in stabilizing international supply chains. Given the IPEF's emphasis on rule and standard formulation, China should also strengthen communication and cooperation with various countries, actively participate in the development of international rules and standards, align domestic and international policies, enhance legal protections for relevant industries, optimize the business environment, and focus on rules pertaining to emerging and strategic industries to strengthen institutional discourse power, thereby securing the stability of China's supply chain position from an institutional perspective.

③ Achieve Independent Control of Key Technologies and Shape a Favorable External Environment

With the implementation of the IPEF, strategic competition between China and the U.S. is expected to intensify. Achieving independence in key technological fields is essential for China to respond to "technological decoupling." China should increase investments in strategic industries such as semiconductors, artificial intelligence, digital economy, and renewable energy, utilizing institutional advantages to concentrate resources—financial and human—to overcome potential technological bottlenecks posed by foreign entities. Concurrently, domestic innovation should be encouraged, and efforts should be made to improve research and development systems, attract international talent, and enhance support for emerging industries. Beyond improving internal capabilities, China should also focus on enhancing its ability to shape a favorable external environment. Most IPEF member countries are in China's vicinity, and the U.S. aims to position the West Pacific region as a front line against China's development. Thus, China's strategy to counter the IPEF should begin with neighboring countries. In a period of global strategic contraction, the importance of regional diplomacy is further underscored; maintaining good relations with neighboring countries is fundamental to stabilizing the external environment and is the first step in promoting international cooperation and advancing various strategies and initiatives. China should leverage its significant economic strength and influence to improve relations with neighboring countries, increase resource investments, actively promote the construction of a community with a shared future for mankind, reasonably manage differences, and expand common interests.

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