

Opinion: India's Right To Development And The Global Crisis Of Multilateralism

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India's stance reflects a broader effort to ensure that international economic law remains responsive to the needs of the Global South



The Investment Facilitation for Development (IFD) Agreement, endorsed by China and over 120 members within the World Trade Organization, represents

Prime Minister Narendra Modi. (PTI/File)

a significant attempt to introduce investment-related disciplines into the multilateral trading system.

Unlike traditional WTO agreements, the IFD is a plurilateral initiative—meaning it is negotiated and adopted by a subset of member states rather than through full consensus.

The agreement aims to streamline regulatory procedures, improve transparency, and create more predictable conditions for foreign investment. Proponents argue that it is a “pro-growth” instrument that does not impose binding market access obligations but instead focuses on facilitating investment flows, particularly to developing countries.

However, its legal and institutional basis remains contested. The WTO system, as established under the Marrakesh Agreement Establishing

the World Trade Organization, is grounded in inclusivity and consensus, raising questions about how plurilateral agreements like the IFD fit within its broader framework.

Why India is opposed to the IFD agreement

India's opposition to the IFD Agreement is rooted in both institutional and developmental concerns.

First, India challenges the plurilateral nature of the agreement. It argues that allowing subsets of countries to negotiate binding rules undermines the consensus-based structure of the WTO. This approach risks creating a fragmented, multi-tiered trading system in which different groups of countries are subject to different obligations, thereby weakening the coherence of international trade law.

Second, India raises concerns about regulatory sovereignty and policy space. While the IFD Agreement is presented as facilitative rather than coercive, India contends that even procedural commitments — such as transparency requirements and administrative reforms — can constrain domestic policymaking. These constraints could affect areas like industrial policy, national security, and strategic economic planning.

For developing countries, the ability to regulate foreign investment is a critical tool for achieving long-term goals such as technology transfer, capacity-building, and economic diversification. India fears that standardised investment rules may privilege foreign investors and reinforce existing global inequalities.

Finally, India's position reflects broader concerns from the Global South about the erosion of special and differential treatment within the WTO system. Plurilateral initiatives risk sidelining developing countries and allowing more powerful states to shape global rules without fully accounting for developmental asymmetries.

Why it matters

India's resistance to the IFD Agreement highlights a deeper crisis in contemporary multilateralism. The WTO has faced persistent challenges in recent years, including stalled negotiations and disputes over its institutional mechanisms. In this context, plurilateral agreements are often seen as pragmatic solutions, but they may also weaken the very foundations of the multilateral system.

The debate over the IFD Agreement raises fundamental questions about the future of global trade governance: Should efficiency and flexibility take precedence over inclusivity and consensus? Can the WTO remain a unified legal system while accommodating differentiated commitments?

At a normative level, the issue is closely tied to the principle of the right to development. This concept emphasises equitable distribution of economic benefits and the importance of policy autonomy for developing countries. India's stance reflects a broader effort to ensure that international economic law remains responsive to the needs of the Global South, rather than reinforcing existing power imbalances.

In this sense, the controversy surrounding the IFD Agreement is not merely about investment rules; it is about the direction of the global economic order.

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