

# From WTO to debt diplomacy: India draws a line against China's hegemonistic influence

Sriparna Pathak • April 1, 2026

*As global trade faces headwinds from fragmentation and great-power rivalry, the imperative is clear: reform the WTO with stronger enforcement mechanisms, transparent investment rules, and safeguards against debt-fuelled coercion*



*India's steadfast opposition to the China-led IFD Agreement at the WTO highlights its role as a principled defender of multilateralism against economic hegemony.*

In the intricate architecture of global commerce, international trade has long been heralded as a cornerstone of economic prosperity, fostering innovation, efficiency and mutual interdependence among nations. The World Trade Organization (WTO), established in 1995 as the successor to the General Agreement on Tariffs and Trade (GATT), embodies this ideal by providing a rules-based framework designed to ensure fair play, reduce barriers, and resolve disputes through multilateral consensus.

Yet, as with any robust legal system, the WTO's rules and mechanisms are susceptible to exploitation by savvy actors who interpret commitments selectively, leveraging

procedural ambiguities and plurilateral initiatives to advance narrow national agendas at the expense of the collective good.

Nowhere is this dynamic more evident than in China's strategic manipulation of the WTO to entrench its economic dominance. Beijing has masterfully transformed the organisation, intended as a bulwark against mercantilism, into a platform for subsidising state-owned enterprises, flooding global markets with below-cost exports, and shielding its domestic industries from genuine competition.

Through opaque industrial policies and selective compliance, China advances its Made in China 2025 blueprint and Belt and Road ambitions under the guise of WTO conformity, all while decrying protectionism from others. This calculated approach not only distorts global supply chains but also erodes the trust essential to the multilateral trading system.

The irony is particularly stark for the United States, which invested years of diplomatic capital to usher China into the WTO fold. After protracted negotiations marked by intense lobbying from American businesses eager for market access, the Clinton administration secured congressional approval for Permanent Normal Trade Relations in 2000, paving the way for China's formal accession in December 2001.

Washington envisioned WTO membership as a transformative force that would liberalise China's economy, compel adherence to transparent rules, and integrate Beijing as a responsible stakeholder. Yet, two decades later, the US finds itself entangled in a web of WTO disputes initiated by China, which routinely challenges American tariffs, subsidies under the Inflation Reduction Act, and reciprocal trade measures as violations of global norms—hassles that underscore how Beijing has weaponised the very system it once resisted.

In this contested arena, India has emerged as a principled bulwark, steadfastly guarding the WTO's foundational principles against unilateral overreach. At the 14th WTO Ministerial Conference (MC14) in Yaoundé, Cameroon, in March 2026, Commerce and Industry Minister Piyush Goyal stood alone in opposing the incorporation of the China-led Investment Facilitation for Development (IFD) Agreement into the WTO framework as an Annex 4 plurilateral pact.

Mooted by Beijing in 2017 alongside nations heavily reliant on Chinese capital flows, the IFD, while ostensibly aimed at streamlining investment procedures, risks entrenching asymmetries that favour state-directed investments and erode the organisation's multilateral ethos.

Goyal articulated India's stance with clarity: the move "risks eroding the functional limits of the WTO and undermining its foundational principles." Echoing India's earlier resistance at MC13 in Abu Dhabi, New Delhi insists on comprehensive WTO reform discussions, complete with robust guardrails and legal safeguards for any plurilateral outcomes.

This solitary stand, inspired by Mahatma Gandhi's ethos of truth prevailing over conformity, signals not isolationism but a commitment to preserving the WTO as a forum of equals rather than a vehicle for one nation's economic hegemony. By prioritising systemic integrity over expediency, India positions itself as a defender of smaller economies wary of dependency on Chinese investment pipelines.

India's vigilance extends beyond procedural skirmishes to proactive enforcement of trade remedies, where it has led global efforts to counter China's predatory practices. According to WTO data covering 1995 to 2023, China has faced a staggering 1,614 anti-dumping investigations worldwide, the highest of any member—reflecting widespread concerns over subsidised exports and market distortions.

India initiated 298 of these probes, the highest tally by far, surpassing the United States (189) and the European Union (155). These investigations span critical sectors such as chemicals, pharmaceuticals, steel, and textiles, where Indian industries have repeatedly demonstrated how Chinese dumping undermines fair competition and domestic manufacturing.

Far from mere protectionism, India's leadership in anti-dumping actions embodies a rules-based response to systemic imbalances, compelling Beijing to confront the consequences of its export-driven model. This track record not only shields Indian jobs and innovation but also sets a precedent for other developing nations seeking to level the playing field without retreating into autarky.

Yet China's WTO manoeuvres represent only one front in a broader strategy of economic statecraft that extends to creating debt dependencies across the Global South. Through the Belt and Road Initiative (BRI), Beijing has extended over a trillion dollars in loans for infrastructure projects, often with opaque terms, non-transparent bidding, and high interest rates that ensnare recipient nations in cycles of distress.

In Sri Lanka, for instance, Chinese financing for the Hambantota Port, totalling billions in loans, culminated in a 99-year lease handover in 2017 after Colombo defaulted amid unsustainable debt servicing. What began as a prestige project in the former president's home district became a strategic asset for China, granting naval access in the Indian Ocean and exemplifying how infrastructure "gifts" morph into geopolitical leverage.

Similarly, Pakistan's engagement with the China-Pakistan Economic Corridor (CPEC), a flagship BRI component, has saddled Islamabad with approximately \$26 billion in debt to Beijing, constituting over 20 per cent of its external obligations and fuelling fiscal strain that hampers social spending and governance reforms.

In Africa, nations like Zambia, where Chinese loans account for a dominant share of external debt, have faced similar predicaments, with repayments diverting funds from healthcare and education to service Beijing's claims. Kenya's \$3.6 billion Standard Gauge Railway, another BRI venture, has underperformed amid corruption allegations and repayment pressures, while Djibouti and Laos teeter on the brink of distress with Chinese debt exceeding 70 per cent of GDP in some metrics.

These cases illustrate a pattern: loans that prioritise Chinese contractors, materials, and strategic footholds, leaving borrowers with white-elephant projects, currency devaluation, and diminished sovereignty. Critics may quibble over intent—whether deliberate traps or unintended consequences of lax governance—but the outcome remains consistent: dependency that amplifies China's influence while weakening multilateral institutions like the WTO, where indebted nations hesitate to challenge Beijing.

This multifaceted playbook—WTO procedural gamesmanship, anti-dumping

countermeasures, and debt diplomacy—exposes the fragility of the post-war trading order.

China's accession, once hailed as a triumph of engagement, has instead revealed the limits of assuming economic liberalisation would yield political moderation. The US, burdened by its own past enthusiasm, now grapples with enforcement challenges, while India's resolute posture offers a model of principled multilateralism. By opposing the IFD Agreement and spearheading anti-dumping actions, New Delhi not only protects its interests but also champions the interests of developing economies wary of asymmetrical partnerships.

As global trade faces headwinds from fragmentation and great-power rivalry, the imperative is clear: reform the WTO with stronger enforcement mechanisms, transparent investment rules, and safeguards against debt-fuelled coercion. Without such vigilance, the organisation's promise of equitable prosperity risks becoming a hollow façade, enabling the very mercantilism it was designed to dismantle. India's example reminds us that standing firm, even alone, is not defiance but the defence of a rules-based future worth preserving.

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