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# **India and Canada Relations: The Long Road to Recovery**

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# India and Canada Relations: The Long Road to Recovery

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# India and Canada Relations: The Long Road to Recovery

## ABSTRACT

India and Canada's relationship is yet to develop to its full potential. This paper examines the ideological and strategic divergences between India and Canada that have shaped their bilateral engagement over the years. It argues how diaspora politics and the presence of Khalistan sympathisers in Canada has affected New Delhi's interest in seeking a broader relationship with Ottawa. The paper points to the potential of economic relations that could be harnessed by India and Canada in bridging their differences.

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## INTRODUCTION

In 2015, Indian Prime Minister Narendra Modi visited Toronto, where he addressed a large gathering of the Indian diaspora. Three years later, Modi's Canadian counterpart, Justin Trudeau, came to India for a state visit, stirring hopes for multidimensional cooperation between the two countries.<sup>1</sup> While the prospects of this 2018 visit seemed bright at first, the enthusiasm eventually waned as Trudeau attracted negative attention for various reasons, including his apparent proximity to sympathisers to the Khalistan movement.<sup>2</sup>

This paper opens with a discussion of the controversial nature of Trudeau's 2018 visit to India in the context of the issues that characterise India and Canada's relations. It then argues that Khalistan activism in Canada and the latter's inability to assuage Indian concerns regarding the same has made New Delhi apprehensive of its ties with Ottawa. Finally, the paper underlines the growing interest of both sides in expanding economic relations despite their differences.

While popular opinion suggests that Trudeau's visit to India was devoid of a purpose, in theory, Canada's intent was to consolidate the gains made by the previous Harper administration in areas of bilateral trade and political relations. However, the visit garnered media attention for entirely different reasons.<sup>3</sup> To Canada's dismay, Trudeau was received only by India's Union Minister for Agriculture, Gajendra Shekhawat, and by district-level officials in Agra.<sup>4</sup> The absence of PM Modi was conspicuous. While such lukewarm reception might point to New Delhi's indifference towards India–Canada relations, several political reasons account for Modi's apparent “snub” of Trudeau.

Trudeau's visit exposed the lack of a clear plan of action and policy on the part of Canada to effectively engage India. While India had insisted

that Canada keep the visit short and begin it with political discussions with the Indian PM, Trudeau decided to first visit the Taj Mahal in Agra. His *bhangra* dance at Canada House in New Delhi was widely criticised in the media.<sup>5</sup> Many questioned Trudeau's seriousness as a leader, who only seemed interested in courting a specific constituency of Indian voters back home. Moreover, the Canadian delegation announced that it would visit the Golden Temple but not meet Punjab Chief Minister, Captain Amrinder Singh, who has been unequivocal in his criticism of Khalistan sympathisers based in Canada. Singh refused to meet Canadian Defence Minister Harjit Singh Sajjan, who had accompanied Trudeau.<sup>6</sup> Finally, when Canada proposed a joint visit of Modi and Trudeau to Gujarat—Modi's home state—India turned it down.<sup>7</sup> These developments diverted attention away from core issues related to cooperation in the fields of energy, innovation and the pending trade agreements between India and Canada.

Before departing for Canada, Trudeau met Modi on February 23.<sup>8</sup> The meeting focused on the emerging structural and strategic realities, including India's economic rise, its developmental potential and the prevailing uncertainty in India's neighbourhood. However, despite Ottawa's apparent interest in furthering its relations with India, it offered no clear plan of action.

## **CANADA–INDIA RELATIONS: A CHEQUERED HISTORY**

Since India's Independence, Canada has recognised the country as a major power in Asia that was crucial in maintaining the balance of power in the region. Canada's association with the British Commonwealth, its federal democratic character, and its rich ethnic diversity laid the foundations for bilateral relations between India and Canada.<sup>9</sup> Ottawa believed that enhanced ties with India would allow Canada to extend its reach to other Afro-Asian countries and pursue its foreign policy in

relative autonomy. Canada further sought to position itself as a “bridge” between the US and India, i.e. to moderate the US’ views about India and vice versa.<sup>10</sup>

During the Cold War period, the personal equation between Indian Prime Minister Jawaharlal Nehru and his Canadian counterparts, Louis St. Laurent and later Lester Pearson, helped develop some strategic understanding between the two sides. During this period, India became the largest recipient of Canadian external assistance.<sup>11</sup> Under the Colombo Plan, Canada provided grants to India’s civil nuclear programme, which it believed would highlight the importance of the peaceful use of nuclear energy. Moreover, Canada’s assistance was aimed at furthering bilateral cooperation by encouraging mutually beneficial research and industrial activities in both countries.<sup>12</sup> However, Canada’s status as a founding member of the North Atlantic Treaty Organization (NATO) was at odds with India’s Non-Aligned Movement (NAM) membership and its aim to maintain strategic neutrality between the two Cold War blocs.<sup>13</sup>

Faultlines first emerged in 1948 when Canada supported a plebiscite, followed by a ceasefire, in the Indian state of Kashmir,<sup>14</sup> a position that was antithetical to India’s interests. Differences over other issues of international importance further deepened the gulf between India and Canada. John Diefenbaker’s Conservative Party-led government in Canada was considered to be closer to Pakistan under the leadership of Ayub Khan than to India.

Moreover, while Canada was sympathetic to the US position on Vietnam in the International Control Commission established by the Geneva Conference in 1954, India was more sensitive to the interests of the Communist bloc.<sup>15</sup> India’s commitment to the NAM—a key feature of its foreign policy during the Cold War—therefore, did hinder New

Delhi from envisioning greater relations with Canada.<sup>16</sup> Canadian security interests were anchored with those of the US; its strategic objectives aligned closely to the US'. Thus, despite considerable opportunity in areas of trade and people-to-people ties, Canada could not foster closer relations with India owing to its non-aligned status, which limited its outreach towards the Western bloc countries.

In 1974, foreign-policy mandarins in Ottawa were infuriated when India carried out nuclear tests. They suspected that these tests were carried out using the Canadian CIRUS reactor. Out of three research reactors India had, only the Canadian-designed and cooperatively built CIRUS provided for plutonium, a prerequisite for developing nuclear bombs. Up until then, Canada had believed that New Delhi shared its ideological opposition to the development of nuclear weapons. The Indian nuclear tests challenged this notion, making Canada reassess its perception of Asia's emerging strategic dynamics.<sup>17</sup>

India subsequently conducted nuclear tests in Pokhran, Rajasthan in 1998, driven by a range of domestic and external incentives such as the emerging consensus between India's political elites and the scientific community; the security threat posed by China, in light of the 1962 Sino-Indian war; and China's nuclear tests in Lop Nor.<sup>18</sup> In the aftermath of the nuclear tests, India's relations with Canada, and indeed much of the West, deteriorated.

Canada viewed the Pokhran event as an act of betrayal by India, and policymakers in Ottawa were concerned that Indian nuclear tests would motivate other non-nuclear states to pursue similar capabilities. Consequently, Canada suspended tentative nuclear cooperation with India. Then Foreign Minister Mitchell Sharp lamented that the "trust between the two countries was gone."



Canada's former PM Pierre Elliott Trudeau had previously cautioned his Indian counterpart, Indira Gandhi, of the consequences India would face if it developed nuclear weapons capabilities. Canada's India policy under Pierre Trudeau was consistent with his favourable views towards Communist states such as China and a rebuke of Washington and its expectations for Canada's foreign policy. Consequently, Canadian policymakers became apprehensive of any efforts to seek rapprochement with India, especially on issues of civil nuclear energy cooperation. This stance was eventually rejected during the Harper administration, with the signing of the Canada-India Nuclear Cooperation Agreement.<sup>19</sup>

The 1970s was a particularly difficult period for India-Canada relations. Towards the east, New Delhi became preoccupied with the emerging security dynamic in erstwhile East Pakistan, which led to the Indo-Pakistani War of 1971. India was seen as proximate to the Soviet Union in view of the emerging strategic realities in South Asia, while Pakistan successfully secured closer military cooperation with the US. On the other hand, despite reports of atrocities committed by the Pakistan Army in East Pakistan, Ottawa exercised restraint in condemning the actions of the state.<sup>20</sup> Western alliances seemed more preoccupied with confronting Communism, while India preferred socialist self-reliance, given its experience with colonialism.

The declaration of the State of Emergency in India in 1975 further affected India-Canada relations. Canada, whose political reality was informed by the migration of refugees, became increasingly concerned about India's restrictions on civil liberties and democratic practices. By 1979, although Asia gained salience after the crisis in Afghanistan following Soviet invasion, Canada's foreign policy had shifted focus towards Africa.<sup>21</sup>

In the 1980s, India's relevance in Canada's foreign policy rose as Punjab accounted for a significant number of immigrants to Canada, a dynamic that was encouraged by the Liberal government policy to make family reunification the basis for immigration. However, India soon expressed concerns regarding the activities of Khalistan sympathisers in Canada, who espoused Punjab's secession from India. This again created tension in the bilateral ties, which reached one of its lowest ebbs in 1985, when Sikh extremists blew up Air India Flight 182 as it left Vancouver airport for India, killing all 329 passengers. Canadian agencies were accused of negligence and for causing significant delays in the investigation. The Royal Canadian Mounted Police (RCMP) and the Canadian Security Intelligence Service (CSIS) were blamed for not actively pursuing the case and filing missing reports.<sup>22</sup>

In seeking to repair ties and moved by India's concerns, Canada began keeping a check on immigrant group activities in its provinces. Later, in 1997, both sides decided to create a bilateral Joint Working Group on Counter-Terrorism (JWGCT) to coordinate against Khalistan separatist groups, following the bilateral extradition treaty signed in 1987.<sup>23</sup>

The cessation of Cold War hostilities provided an opportunity for India and Canada to improve their relationship. In the 1990s, India embraced gradual economic liberalisation, rekindling Canada's interest in its economic prospects. The 1992 India visit of Canada's then Finance Minister Roy MacClaren underscored this. MacClaren visited again in 1994 as part of a trade mission and, as the Minister for International Trade, proclaimed India to be one of the most promising markets in the Asia-Pacific region.<sup>24</sup> In 1994, the high-level visit of then-Secretary of State for Asia Raymond Chan reiterated Canada's desire to engage with India at both political and economic levels.

In 1995, Ottawa released its “Focus India” document, identifying India as “an emerging economic power.”<sup>25</sup> Thereafter, Prime Minister Jean Chrétien visited Delhi in 1996, with a business delegation of 300 people from 204 companies. This was a significant indicator of Canada’s sincere interest to engage the economic dimension of its ties with India. During the visit, 75 agreements were signed, amounting to US\$3.4 billion.<sup>26</sup> However, in the absence of any follow-up visits from New Delhi, Canada struggled for a prominent place in India’s foreign policy.

Despite some progress on the economic front, Canada’s bureaucratic view on India’s nuclear weapons, combined with an increasingly sophisticated political constituency, greatly hindered the growth of their bilateral relationship. At the same time, India’s desire to preserve its strategic autonomy in the bilateral relationship allowed China to gain traction in Asian trade. Consequently, Canada began to prioritise economic engagement with China over India.<sup>27</sup>

Over the years, Ottawa’s restricted understanding of India’s worldview and diplomacy has obstructed the development of deeper ties. In its dealings with India, Canada has placed greater emphasis on issues of human rights and democratic values. During his visit to India, PM Chrétien was critical of the Indian policy on child labour; his statements attracted criticism from Indian media.<sup>28</sup> In 2002, following the Gujarat riots, Canada officially suspended relations with the state.<sup>29</sup> New Delhi’s benign neglect of Canada thus partly stems from Ottawa’s lack of concern for Indian sensitivities. The two sides became further estranged under the leadership of Canadian Foreign Minister Lloyd Axworthy, who pursued the ‘human security’ agenda while in office from January 1996 to September 2000. Grounded in the values of liberal internationalism, the Axworthy doctrine denounced the violators of international norms by suspending developmental assistance and bilateral cooperation in major areas.<sup>30</sup>

Inspired by Wilsonian ideals, Axworthy aimed to raise Canada's international profile by promoting the nation's culture and values. His foreign policy vision was criticised for lacking pragmatism. Under the Axworthy doctrine, Canada condemned India's nuclear tests of May 1998. Ottawa moved towards isolating India and recalled its High Commissioner from Delhi. Further, the Canadian International Developmental Agency terminated the US\$54.5 million foreign non-humanitarian assistance. In response to the nuclear tests, Canada suspended talks on trade expansion, banned all military exports and opposed India's bid for a permanent seat at the United Nations Security Council (UNSC). According to Axworthy, India's nuclear tests were an opportunity to test the tools of Canada's "soft power," as he believed that security was better achieved through multilateral means than with nuclear weapons.<sup>31</sup>

Preston Manning of the Conservative party, while also critical of the nuclear tests, called on the Liberal government to remove sanctions against New Delhi. However, the political leadership showed little interest in improving relations with India. Economic ties took a backseat as moral posturing, guided by pandering, derailed Indo-Canadian relations.

## **CANADA'S EFFORTS TO RE-ENGAGE INDIA**

In 2000, under the leadership of Jean Chrétien and with John Manley as foreign minister, Canada sought broader economic partnership with India, eventually removing all economic sanctions in 2001. However, India's relevance for Canada plummeted for a while, during the US-led war effort against the Taliban regime in 2001.

With a change of guard in Ottawa, PM Paul Martin (2003–06) announced the International Policy Statement that identified India as

an emerging economy with which Canada sought to broaden cooperation. Martin further acknowledged that Canada's views on India's nuclear tests had stymied the growth of bilateral relations. Following this, the Stephen Harper government, which assumed power in 2006, conceived of a radically accelerated comprehensive strategy to enhance engagement with India. During Harper's tenure, there were 19 ministerial-level visits from Canada to India, including Harper's state visits in 2009 and 2014. During Harper's 2009 visit, both sides announced the creation of a Joint Study Group to probe the possibility of a Comprehensive Economic Partnership Agreement (CEPA). The two also initiated negotiations on a Foreign Investment Promotion and Protection Agreement (FIPPA).<sup>32</sup>

Harper's term was a marked departure from the days of the Axworthy Doctrine, which had hindered economic cooperation with India. Under the new administration, Ottawa placed greater emphasis on foreign direct investments (FDI), technology transfers, trade agreements and leveraging diaspora links towards expanding ties with India.<sup>33</sup>

During his 2010 visit to New Delhi, Canadian Minister for International Trade Peter Van Loan launched free-trade negotiations with India, aimed at developing a comprehensive FTA between the two countries. Van Loan, with India's Minister of Commerce and Industry Anand Sharma, also announced the results of a joint study on the potential benefits of the CEPA between India and Canada.<sup>34</sup>

In 2010, India's then Prime Minister Manmohan Singh visited Canada to attend the G-20 summit. During this visit, India and Canada achieved a major breakthrough in the area of civil nuclear energy. On the sidelines of the G-20 summit, the two reached an unprecedented agreement on civil nuclear cooperation. Singh described the signing of the agreement as "breaking new ground in the history of our

cooperation in this sector.”<sup>35</sup> This was a watershed in bilateral relations since India’s reluctance to accede to the Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT) was one of the foremost reasons for the widening gulf between New Delhi and Ottawa.<sup>36</sup>

Following this, Harper’s government instituted significant changes in Canada’s India policy, placing the latter at the heart of its Indo-Pacific outlook. Canadian Trade Minister Ed Fast described the Global Markets Action Plan (GMAP), launched in 2013, as a means to strengthen the country’s trade with traditional markets as well as emerging ones such as India. Under the GMAP, Canada expanded the Canadian Trade Commission Service (CTC) in India and sought to actively engage the diaspora population to cultivate denser economic relations, placing the Canadian High Commission in the top tier of staffed diplomatic missions. Ministers from Harper’s government attended the Pravasi Bharatiya Divas, and both countries announced 2011 to be the “Year of India in Canada.”<sup>37</sup> Notably, Harper was an admirer of Modi’s performance as chief minister of the state of Gujarat.

In 2015, PM Modi visited Canada and signed multiple Memorandums of Understanding (MoU) in areas including space, railways, civil aviation, and science and technology. In the course of the visit, Saskatchewan’s Cameco industries reached an agreement to supply 3,000 tonnes of uranium to India. At a joint press conference with his Canadian counterpart, Modi declared, “The agreement on the procurement of uranium from Canada for our civilian nuclear power plants launches a new era of bilateral cooperation and a new level of mutual trust and confidence.”<sup>38</sup>

PM Harper acknowledged that bilateral relations had remained stagnant for too long and that repairing their ties held enormous potential for trade and security. For his part, Modi commented on

Canada's natural resources and stated that the country could become India's key partner in the developmental process. The two leaders pledged to upgrade the bilateral relations to a strategic partnership, facilitated by an annual strategic dialogue between foreign ministers.<sup>39</sup> After a long period of stasis, the Harper administration offered hope for a renewed India–Canada relationship.

## TRUDEAU'S INDIA POLICY

Under the leadership of Justin Trudeau, Canada's Liberal party emerged victorious in the 2015 federal elections. Trudeau's assumption to the prime ministership was seen by many analysts as detrimental to the future of India–Canada relationship, since under the previous Liberal government, Canada had pursued the human security agenda at the cost of the bilateral relationship. However, the emerging realities in Asia demanded a new strategic landscape, e.g. China's growing economic profile and apprehensions regarding its assertive behaviour in the South China Sea, and the developing conception of the 'Indo-Pacific' realm. Thus, the Trudeau administration gave due importance to Asia, recognising "the rapid emergence of the global South and Asia and the need to integrate these countries into the world's economic and political system."<sup>40</sup>

Under Trudeau, Canada eventually ratified the Trans-Pacific Partnership (TPP) agreement and has shown interest in strengthening its ties with the Association of Southeast Asian Nations (ASEAN) countries. In the background of emerging structural realities such as China's growing political and economic clout in its neighbourhood, Ottawa is seeking a stable balance of power in Asia and supports "freedom of navigation in the Indo-Pacific." However, Ottawa refrains from taking a critical view of China, partly due to its expansive trade relations with Beijing.<sup>41</sup> While Canada has engaged with China on issues

ranging from extradition, free trade and cyber-security cooperation, it does not accord the same treatment to its relations with India.

Nevertheless, there remains a considerable interest within Canada to impart greater importance to the strategic dimension of its ties with India. For instance, criticising Trudeau's visit, Charlie Angus, a leading Canadian MP, alleged that Trudeau had put the interests of the Liberal Party ahead of the Canadian people. Conservative Party leader Andrew Scheer labelled Trudeau's visit as "disastrous" and promised to attempt to repair and strengthen ties with India during his visit.<sup>42</sup> Scheer declared that a Conservative government would expand the strategic partnership between the two countries and promote shared security, prosperity and values. In Scheer's view, India has transformed into a rising power in the Indo-Pacific region and beyond.<sup>43</sup>

However, despite India's growing apprehensions regarding Trudeau and his affiliates, the visit did result in some positive developments. These, however, failed to garner media attention. New initiatives were launched in areas such as intellectual property rights, environmental issues, sustainable development, and women's health and empowerment. Emphasis on enhancing people-to-people ties was evident, as both sides announced a collaboration between the Gateway House, one of India's well-known think tanks, and Canada's Centre for International Governance Innovation (CIGI).

Canada's Intellectual Property Office and India's Department of Industrial Policy and Promotion (DIPP) agreed to strengthen cooperation in the area of intellectual property rights. Canada announced a contribution of CAD 4 million towards the cause of cleaning polluted water bodies and curbing fire hazards in buildings. It also contributed an amount of CAD 200,000 to mark the 50<sup>th</sup> anniversary of the Shastri Indo-Canadian Institute, founded in 1968 to



promote cultural relations and people-to-people ties. Both nations agreed to enhance cooperation in research activities related to agriculture and the environment. In 2019, the Indian state of Punjab sought cooperation from Canada in developing the state's animal husbandry, dairy and fisheries sectors.<sup>44</sup>

Canada is now seeking active participation in India in several areas. The International Developmental Research Centre announced the support of CAD 7.9 million to improve women's sexual and reproductive health, as well as water and sanitation. Canada has also offered its support in improving the working conditions of homeworkers. Ottawa is contributing CAD 11.5 million to the "Right Start Initiative in India," which aims at empowering the world's poorest women. Under the Health Life Trajectory Initiative, India and Canada are jointly investing CAD 5 million towards improving the quality of life of children.<sup>45</sup>

## **STRENGTHENING BILATERAL RELATIONS: KEY CHALLENGES**

Successive governments in both India and Canada have sought to leverage diaspora ties to deepen the bilateral relationship, especially in the economic arena. In the past, the Chrétien government had emphasised the link between the Indian diaspora and Canada's India policy. Chrétien's "Team Canada" delegation to India included members from the Indo-Canadian diaspora.<sup>46</sup> During the Harper era, it was announced that the 2011 "Pravasi Bharatiya Divas," a flagship initiative by the Indian Ministry of External Affairs (MEA), would be hosted in Toronto. However, engaging the Indian diaspora in Canada seems a challenging ordeal for New Delhi, which wants to limit the influence of Canada-based Khalistan sympathisers. While Sikhs constitute a significant proportion of the Indian diaspora, they make up less than one percent (a little over 500,000) of Canada's total population. Despite this,

the Sikh diaspora commands a reasonable influence in Canada's federal politics, specifically in the provinces of British Columbia and Ontario.<sup>47</sup>

The early Sikh immigrants to Canada sought to politically organise themselves, reacting to the anti-immigrant sentiments and discrimination they faced in the country. Social, economic and political developments in India that affected the interests of the Canadian Sikh community further fuelled their political drive: the declaration of Emergency in 1975, the rise of Sikh militancy in Punjab in the 1980s, Operation Blue Star in the Golden Temple (Amritsar) in 1983, and the 1984 riots that resulted in the deaths of almost 3,000 Sikhs.<sup>48</sup>

Such events have also informed Canada's political discourse. The emergence of strong secessionist sentiments further created schisms within the community. While moderates view India favourably and oppose secessionist sentiments, the fundamentalist groups, such as the *Babbar Khalsa*, vehemently advocate for the Khalistan cause.<sup>49 50</sup> Events such as the 1984 riots and the Golden Temple incident are frequently introduced in Canada's provincial legislatures, often in the form of petitions. This is due to the prominent involvement of Sikhs in Canada's politics and the regionalisation of Indo-Canadian politics, whereby issues affecting the Sikh diaspora seem to dominate.

In 2010, for instance, Liberal MPs Sukh Dhaliwal and Andrew Kania introduced a petition in the House of Commons asking Ottawa to consider the 1984 riots as an act of genocide and discuss the issue with New Delhi. Members of other political parties have made similar demands. In 2012, the New Democratic Party (NDP) argued that, as a democratic nation, Canada must seek answers from India on behalf of its citizens.<sup>51</sup> In 2017, Harinder Malhi of the Liberal Party moved a private motion in the Ontario assembly, describing the 1984 riots as

genocide.<sup>52</sup> Since 2014, Gurpanwant Singh Pannun, leader of the group Sikhs for Justice, has campaigned for a referendum in Punjab in 2020 and even presented a petition to Stephen Harper, asking him to share it with Narendra Modi during Modi's 2015 visit to Canada.<sup>53</sup>

In addition to these issues, the emergence of Jagmeet Singh as the leader of Canada's New Development Party (NDP) has also caused some concern in New Delhi. While Singh has refrained from offering unqualified support to the Khalistan cause and remains vague on the issue, he has criticised New Delhi for the Operation Blue Star. Singh has also supported Guy Caron, another NDP leader who asked the Canadian government to recognise the 1984 riots in India as genocide.

India's concerns about the presence of radical elements within the Canadian Sikh diaspora are rooted in the troubled history of its northern state of Punjab. Between the 1980s and 1990s, the Khalistan Movement in Punjab threatened India's territorial integrity and communal harmony. The situation in Punjab further deteriorated when Jarnail Singh Bhindranwale, a controversial figure who advocated for the Khalistan cause, took control of the Golden Temple in 1984. Consequently, the state responded by using military action to evict Bhindranwale and suppress his overarching agenda of creating a separate Sikh homeland.<sup>54</sup>

While Sikh militancy has largely died down in India, concerns remain about the revival of the Khalistan movement. Amongst a small but highly motivated section of the Canadian Sikh diaspora, the movement has been heavily internalised. Such fundamentalists have maintained strong separatist sentiments, seeking inspiration from Sikh history<sup>55</sup> and garnering support by publicising the apparent human rights excesses committed by security forces during the troubled years.<sup>56</sup> In 2017, the management committees of 14 Canadian gurudwaras decided

to ban the entry of Indian elected officials, Indian consular officials and members of organisations.

Leading political parties have practiced restraint in criticising the fundamentalists, further exacerbating the situation even as the Public Report on Terrorism Threat to Canada released in 2018 has recommended that Babbar Khalsa International and the International Sikh Youth Federation be deemed as terrorist organisations. Yet, in 2018, several Canadian politicians were present at the Khalsa Day Parade, such as NDP leader Jagmeet Singh. In 2017, Trudeau, too, had attended the event, where several individuals who espouse the separatist agenda were felicitated.<sup>57</sup>

Activities of a section of the Canadian Sikh diaspora population that espouses the Khalistan sentiments have contributed greatly to the India–Canada rift.<sup>58</sup> India has shared its concerns with Canada on several occasions. It had protested the opening of the offices of Akali-Dal- a prominent political party in Punjab, in Canadian cities such as Vancouver, Ottawa, and Toronto.<sup>59</sup> New Delhi also criticised the laxity of Canadian agencies in investigating the bombing of the Air India Flight 182 as well as the trend of leading political figures frequently attending events where pro-Khalistan sentiments are espoused. During a joint press conference with Trudeau, Modi indicated India’s displeasure regarding Ottawa’s attitude in dealing with the Khalistan sympathisers by categorically stating that any attempt to undermine India’s sovereignty and unity will not be tolerated.<sup>60</sup>

The 2018 report by the intelligence and analysis wing of the Canada Border Services Agency has complicated matters. According to the report, by mid-2018, asylum claims by Indian nationals had risen by 246 percent. “A frequent claim cited by Indian nationals is the fear of arbitrary arrest or abuse by the police based on accusations of

supporting militant organizations. It should be noted that the vast majority of these claims are filed by Indian Sikhs.” Some experts believe that Canada’s immigration policy has been subjected to politicisation by the Liberal party.<sup>61</sup>

Findings of the Canada Border Service Agency report are concerning for India, as they suggest a growing tension between the Indian government and the Sikh population. The report further points to increasing pro-Khalistan sentiments amongst the Sikh youth motivating them to file for refugee claims in Canada. The more the issue of secessionism gets embroiled in domestic Canadian politics, the harder it would be for India and Canada to foster closer ties.

## **TOWARDS A MUTUALLY BENEFICIAL ECONOMIC ARRANGEMENT**

China plays a significant role in informing Canada’s economic policies. However, this has not prevented Ottawa from including India in its economic strategy for Asia. India’s growing economy offers opportunities for a G-7 country such as Canada, e.g. the emergence of a significant middle-class consumer population, improvement in the business climate, a booming service sector and a robust demand for natural resources. India’s image has also changed, and the country is viewed less as a struggling economy and more as a rising power.<sup>62 63</sup> However, India still has to overcome structural impediments such as complex labour laws, market protectionism, and bureaucratic regulations. Canada, being an advanced and resource-rich economy, offers a great opportunity for trade in energy and agricultural commodities.

Thus, despite their tumultuous political history, India remains for Canada a viable option for robust economic partnership. In recent years,

Canada has expedited the efforts to diversify its trading partners, driven by the search for new opportunities and avenues for investment beyond the Western hemisphere. This motivates it to explore the possibilities of augmenting trade and economic relations with India.<sup>64</sup>

In 2015, bilateral trade between India and Canada amounted to \$6 billion annually, and Indian investment in Canada was valued at over \$4 billion. From 2002 till 2017, total FDI from Canada was close to \$920 million.<sup>65</sup> The Joint Study Group formed in 2009 noted that there was sufficient ground to start negotiations for a trade agreement in goods, services and investments. It further probed the possibility of a CEPA. Economic modelling estimates presented by the group suggests that significant gains could be achieved through the elimination of trade barriers. According to the Canadian estimation, gains are valued at US\$6 billion at the current GDP levels for each country.

On the other hand, Indian estimates suggest a gain of US\$12 billion and US\$15 billion for India and Canada, respectively. The CEPA negotiation commenced in 2010, and the most recent round was held in 2017 in New Delhi. The issues discussed included those related to e-commerce, cross-border trade, telecommunications, and technical barriers to trade. However, while the CEPA negotiations continue, there has been a delay in the FIPPA discussions, due to differences between India and Canada on issues such as the Investor-State Dispute Settlement.<sup>66</sup>

Energy is another area of emerging cooperation for the two countries. During the second “India–Canada Ministerial Energy Dialogue,” the Minister of State for Petroleum and Natural Gas Dharmendra Pradhan said, “India and Canada share common values and ideals and believe in long term sustained partnerships. Our energy cooperation is steadily growing, but the potential is much higher.”<sup>67</sup>

According to the Oil Processing and Exporting Countries (OPEC), World Oil Outlook Report 2040, India's oil demand will double by 2040.<sup>68</sup> In 2009, Canadian oil reached India for the first time, and in 2014, India received over 1,500 barrels of Canadian crude oil. In times of growing pressure from the US to cut oil imports from Iran, Canada could be an alternative energy source for India. Canada can also be a significant source of Liquefied Natural Gas (LNG) for India; it is estimated that the latter will import 44 billion cubic metres of LNG by 2025. Amongst Indian investors, there has been an increased interest in Canada's energy sector. For instance, in 2014, the Indian Oil Cooperation Ltd. acquired 10 percent in an LNG project at Lelu Island, British Columbia. In 2015, Cameco closed a deal to supply 3,000 tonnes of uranium to India. Additionally, India's decision to expand its nuclear power generation creates a new opportunity for firms involved in Canada's energy sector.<sup>69</sup>

The infrastructure and transport sectors, too, are potential areas of cooperation and investment. India's ambitious 'smart cities' initiative creates opportunities for Canadian firms such as Bombardier and SNC Lavalin, which have experience in undertaking infrastructure projects in various Indian cities. Moreover, India's rapid urbanisation will boost the demand for construction companies, town planners and architects. At a conference on smart cities in Mumbai, Canada's High Commissioner to India, Nadir Patel, remarked, "Canada can offer a tremendous amount of solutions for modernization of Indian cities, and 30 Canadian companies have come here to tap the opportunity." Canada's experience in developing environment-friendly urban infrastructure can prove beneficial for India, as it aims to transform its metro cities as well as smaller cities such as Jaipur.<sup>70</sup> Canada's less restrictive immigration policy has also attracted the interest of Indian Information Technology (IT) professionals, in times of tighter US visa regulations, who are seeking opportunities in Canadian cities including Toronto.<sup>71</sup>

Despite these opportunities, however, certain challenges remain. While India–Canada economic relations have made some progress, as is reflected in the upward trajectory of the bilateral trade figures and the continuation of the CEPA negotiations, Canada remains an insignificant trading partner for India. In 2017, compared to other North American countries, Indian exports to Canada stood at just over US\$2 billion, behind the US and Mexico. However, imports from Canada were valued at more than US\$4.5 billion in 2017, ahead of Mexico.<sup>72</sup>

India must foster a deeper understanding of Canada and the potential it holds for India. While the Indian public perception of Canada seems positive, there is little understanding of Canada and its position in world affairs.<sup>73</sup> On the other hand, according to a Pew Research Center survey, about 40 percent of the Canadian respondents are of the view that India plays a more important role in the world compared to a decade ago.<sup>74</sup>


However, the interest of Indian businesses to invest in Canada, it seems, is driven primarily by their desire to tap into the expansive US market, which continues to attract greater attention. In the popular Indian imagination, Canada is an attractive destination for skilled immigrants and a source of agricultural commodities and energy resources; it is hardly a strategic partner.<sup>75</sup>

## CONCLUSION

India-Canada relations have struggled to prosper, despite the two countries sharing various complementarities such as their democratic character and association in the Commonwealth. Starting with ideological differences in the Cold War period and later, Canada's inability to take into consideration India's strategic realities, the differences have festered between the two sides. India's Canada policy,



on the other hand, has partly been informed by the presence of Khalistan sympathisers who espouse anti-India sentiments. Canada's criticism of New Delhi has dented India's interest in engaging Canada as a strategic partner. These criticisms have come at various levels, including provincial legislatures, involving past events such as the military action in Amritsar's Golden Temple and the 1984 riots.

Even so, India's economic potential, including the investment opportunities it offers, has led Canada to periodically review the economic dimension of this bilateral relationship in its India policy. For India to overcome the longstanding hiatus in its relations with Canada, it must divert its attention away from politically contentious issues. New Delhi should also take into consideration that past events affecting the Sikh diaspora in Canada have gradually become part of the political discourse there. It is, therefore, useful to develop a new framework of cooperation that is more pragmatic and emphasises on mutually beneficial areas, such as trade, where opportunities lie and much work remains to be done. 

## ENDNOTES

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