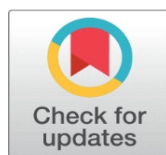


NAVIGATING CONVERGENCE AND DIVERGENCE: A RE-EVALUATION OF INDIA-CANADA BILATERAL TIES IN A CHANGING GLOBAL ORDER

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ABSTRACT

The bilateral relationship between India and Canada has witnessed a dynamic evolution shaped by historical ties, shared democratic values, and mutual economic interests. In recent decades, however, this relationship has been marked by a complex interplay of geopolitical convergence and strategic divergence. This article seeks to critically examine the evolving geopolitical dynamics and bilateral engagements between India and Canada while assessing the geoeconomic potential of their relationship in the context of the 21st century. India and Canada have made concerted efforts to advance a Comprehensive Economic Partnership Agreement (CEPA), envisioned as a Free Trade Agreement (FTA), with commitments aimed at tariff liberalization and reforms to improve the commercial landscape. Despite the presence of certain bilateral frictions, both nations have increasingly demonstrated a willingness to enhance trade cooperation and economic collaboration. Within this context, the present study seeks to assess the extent of geopolitical and geoeconomic convergence and divergence that has influenced New Delhi's strategic interest in cultivating a more expansive and multifaceted partnership with Ottawa. Furthermore, the paper aims to explore additional factors contributing to the strengthening of multilateral collaboration and cooperation between India and Canada in the contemporary global context.

Keywords: Cold War Geopolitical Realignment, Geoeconomic Convergence, Strategic Divergence, Indo-Pacific, Foreign Policy, Multipolarity, Global Order



1. INTRODUCTION

India-Canada bilateral relations have been grounded in a shared commitment to democratic values and mutual respect. Since India's independence, Canadian policymakers have recognized India as a significant power in Asia, essential for maintaining regional balance and stability. The foundation of their bilateral engagement was further reinforced by Canada's historical ties to the British Commonwealth, its federal political structure, and its multicultural societal framework, all of which resonated with India's own institutional and cultural ethos. Nevertheless, the trajectory of their relationship has been marked by periods of both cooperation and contention, reflecting a complex and sometimes uneven diplomatic history. During the geopolitical tensions of the Cold War era, the personal rapport between Indian Prime Minister Jawaharlal Nehru and his Canadian counterparts—Louis St. Laurent and subsequently, Lester B. Pearson—played a pivotal role in fostering a spirit of mutual understanding and cooperation between the two nations. This period witnessed the consolidation of bilateral ties through multilateral initiatives such as the Colombo Plan, under which Canada emerged as a key development partner for India. Canadian support was instrumental in advancing India's

economic and technological infrastructure, particularly through grants and technical assistance that significantly contributed to the establishment of India's early nuclear program.

Beyond the nuclear domain, Canada extended substantial developmental aid across sectors such as agriculture, education, and public health. As a result, India became the largest recipient of Canadian foreign aid for a considerable period (Singh, 2016).

In the geopolitical landscape of the Cold War, the global order was characterized by a bipolar division between competing power blocs. Divergent perspectives emerged, notably in Canada's stance on the 1948 ceasefire plebiscite in India's state of Kashmir. Canada's economic assistance to India was accompanied by expectations that India would align with Western interests. However, India's foreign policy was firmly rooted in the Non-Aligned Movement (NAM), which prioritized strategic autonomy and non-participation in the superpower rivalry, thereby navigating a path independent of the dominant power blocs. Canada's foreign policy, as a founding member of the North Atlantic Treaty Organization (NATO), was inherently aligned with Western interests, contrasting sharply with India's commitment to the Non-Aligned Movement (NAM) (Rubinoff, 2002). This divergence was further accentuated at the regional level, where Pakistan's membership in the Southeast Asia Treaty Organization (SEATO) in 1954 and the Central Treaty Organization (CENTO) in 1955 positioned it within the Western bloc. The India-Pakistan conflicts of 1965 and 1971, which culminated in the dismemberment of Pakistan and the creation of Bangladesh in 1971, underscored these differences. During the 1971 war, the United States' deployment of the USS Enterprise to the Bay of Bengal in support of Pakistan prompted India to deepen its strategic partnership with the Soviet Union, reinforcing its non-aligned stance while navigating Cold War dynamics.

Canada's geostrategic priorities during the Cold War were closely aligned with the United States, reflecting a shared commitment to the Western vision of the global order (Thakur, 1984). However, Ottawa expressed dissatisfaction with India's foreign policy, which was grounded in the Panchsheel (Five Principles of Peaceful Coexistence) and its steadfast adherence to the Non-Aligned Movement (Singh, 2016). This divergence strained Canada-India relations, reaching a nadir following India's 1974 nuclear test in Pokhran, which sparked significant discord over India's nuclear energy program, its safeguards, and technological advancements. Despite these tensions, speculations emerged in the 1980s suggesting that India's geopolitical importance might gain prominence in Canada's foreign policy framework. The influx of immigrants from India's Punjab state to Canada initially raised expectations of strengthened bilateral ties. However, these prospects were undermined by the activities of Khalistan separatist sympathizers in Canada. The situation deteriorated significantly following the 1985 bombing of Air India Flight 182 by extremists, which claimed the lives of all 329 passengers and marked a low point in India-Canada relations. In response, both nations implemented measures to monitor immigrant group activities within Canada's provinces. To address these challenges and repair bilateral relations, India and Canada signed a bilateral extradition treaty in 1987. Additionally, in 1997, they established the Joint Working Group on Counter-Terrorism (JWGCT) to enhance cooperation in combating Khalistan separatist activities (Ministry of External Affairs, 2019).

However, Canadian interest in India's economic potential has increased since the end of the Cold War and the liberalization of its economy. The opening of India's markets significantly enhanced trade relations in the post-Cold War period. This article examines the geopolitical dynamics and mutual aspirations that have shaped India-Canada bilateral engagement, with a focus on harnessing geoeconomic opportunities in the 21st century. Efforts to formalize a Comprehensive Economic Partnership Agreement (CEPA), modeled on a Free Trade Agreement (FTA), were initiated with commitments to tariff reductions and economic reforms. The drafting of the CEPA in 2010 marked a pivotal step toward deepening trade cooperation between the two nations (Tantri & Aulakh, 2019).

This study will further explore the converging and diverging factors influencing New Delhi's pursuit of a more robust partnership with Ottawa. Additionally, it aims to assess the potential for geoeconomics to supersede geopolitical considerations, thereby fostering enhanced cooperation and addressing developmental disparities between India and Canada.

2. GEOECONOMICS OVER GEOPOLITICS: PROSPECTS FOR DEEPENING INDIA-CANADA PARTNERSHIP

The dissolution of bipolar geopolitics created a conducive environment for strengthening India-Canada relations, particularly as India embraced economic liberalization. This period witnessed intensified high-level bilateral

engagements, exemplified by the Canadian Finance Minister's visits to India in 1992 and 1994, driven by geoeconomic imperatives. Ottawa's strategic intent to deepen diplomatic and commercial ties with New Delhi was evident, with Canada's Secretary of State for Asia, Raymond Chan, reaffirming the commitment to fostering robust engagement with India (Delvoie, 1998). In 1996, Canadian Prime Minister Jean Chrétien led a significant business delegation to New Delhi, underscoring Canada's deliberate focus on fostering economic and diplomatic ties with India. This visit culminated in the signing of multiple bilateral agreements, reflecting Ottawa's commitment to deepening engagement. However, India's foreign policy did not exhibit sustained momentum in reciprocating these efforts, maintaining its independent stance in external relations (Singh, 2016).

It is crucial to highlight that India's nuclear tests conducted in May 1998 prompted strong condemnation from Canada, which responded by recalling its High Commissioner from New Delhi and suspending millions of dollars in non-humanitarian aid through one of its international development agencies (Rubinoff, 2002). This response significantly disrupted the geoeconomic momentum between the two nations, causing bilateral relations to deteriorate to a low point (Majumdar, 2017).

In the post-9/11 era and into the early 21st century, India and Canada actively pursued enhanced trade relations, overcoming certain bilateral tensions. Despite the setbacks caused by India's 1998 nuclear tests, economic engagement between the two nations demonstrated resilience. Bilateral trade grew from USD 848.73 million in 1997–98 to USD 1,256.91 million in 2002–03, reflecting a substantial 48.09% increase over five years. During this period, India's exports to Canada rose by 35%, while imports from Canada increased by 26%, underscoring a strengthening geoeconomic partnership. In recent years, India has consistently ranked as Canada's 23rd or 24th largest trading partner, reflecting a stable yet fluctuating position within Canada's global trade landscape (Ibid, 2017). Over the first and second decades of the 21st century, India solidified its status as a key trading partner for Canada (Tantri & Aulakh, 2019).

The Stephen Harper government, assuming power in 2006, pursued a significantly strengthened and comprehensive strategy to enhance Canada's relationship with India. During his tenure as Prime Minister (2006–2015), Stephen Harper visited India in 2009 and 2012, aiming to deepen bilateral ties. His administration facilitated 19 ministerial-level visits to India, including Harper's state visits in 2009 and 2012 (Ministry of External Affairs, 2012). During the 2009 visit, both nations established a Joint Study Group (JSG) to explore the feasibility of a Comprehensive Economic Partnership Agreement (CEPA). Additionally, negotiations were launched for a Foreign Investment Promotion and Protection Agreement (FIPPA), signalling a commitment to bolstering economic and investment cooperation (Singh, 2016). From past few years, bilateral Foreign Direct Investment (FDI) flows between India and Canada have experienced substantial growth, with India demonstrating more robust investment activity. In 2009, India ranked as the 13th largest investor in Canada, while Canada was the 42nd largest source of FDI in New Delhi. Indian FDI in Canada is predominantly concentrated in the information technology and software sectors. In terms of trade, Canadian exports to India reached CAD (Canadian dollar) 2.1 billion in 2009, compared to CAD 2.0 billion in imports from India, resulting in a CAD 100 million trade surplus for Canada. Canadian Foreign Direct Investment (FDI) in India exhibits a diversified portfolio, with significant investments directed toward key sectors including infrastructure, manufacturing, financial services, insurance and oil and gas.

During the 2010 G-20 Summit held in Toronto, Indian Prime Minister Manmohan Singh engaged in bilateral discussions aimed at enhancing India–Canada relations. There is a critical need to holistically integrate trade, investment, and services within the broader objectives of economic growth and development. Often, the pivotal role of investment in fostering growth is overlooked or undervalued in bilateral investment agreements. To address this, a robust mechanism is essential to evaluate the motives of host and home countries regarding investments, rules of origin, and associated anomalies, while fostering incentive structures to enhance bilateral cooperation. During the 2010 G-20 Summit, a landmark achievement was realized with the signing of a civil nuclear cooperation agreement between India and Canada, described as a groundbreaking development in their collaborative history in this sector. Building on the positive trade momentum of the first decade of the 21st century, the year 2011 designated as the "Year of India in Canada" to strengthen business, cultural, and political ties between the two nations. Canada hosted over one hundred events under the "Year of India" initiative, showcasing India's rich and diverse cultural heritage through performances in dance, music, drama, fine arts, literature, cuisine, films, and Bollywood. This cultural celebration also highlighted the deepening and multifaceted relationship between India and Canada across various domains. For the first time, a Higher Education Summit and an Innovation Summit were convened in Ottawa under this framework, fostering academic and technological collaboration. Additionally, Pravasi Bharatiya Divas, a significant diaspora event, was launched in Toronto

by Canada's Governor General David Johnston. An India Trade Show, featuring over 150 Indian engineering goods manufacturers, was organized in Toronto to bolster economic ties. The Year of India culminated in a grand Diwali celebration in Ottawa, attended by Canadian Prime Minister Stephen Harper, senior officials, and other dignitaries. The High Commission of India in Ottawa published a comprehensive report to document the key highlights of the Year of India 2011, encapsulating the success of these initiatives (Consulate General of India, 2011).

Canada holds significant potential for investment in key sectors of the Indian economy, particularly in hydropower, cold chain infrastructure, distribution networks, food processing, and broader segments of the energy sector. Conversely, India has the opportunity to diversify its investment portfolio in Canada beyond its traditional focus on information technology and software services. Reflecting this strategic intent, the Harper administration recalibrated Canada's foreign policy posture toward India, positioning it as a central partner within its broader Indo-Pacific strategy. In alignment with this shift, Canadian Trade Minister Ed Fast introduced the Global Markets Action Plan (GMAP) in 2013, aimed at enhancing trade relationships with both established and emerging markets, including India. As part of the GMAP, Canada strengthened the presence of the Canadian Trade Commissioner Service (CTC) in India and sought to leverage the Indian diaspora as a bridge for deeper economic engagement. This initiative also elevated the status of the Canadian High Commission in India, ranking it among the most highly staffed Canadian diplomatic missions worldwide (Singh, 2016).

Following the rise of the National Democratic Alliance government, Indian Prime Minister Narendra Modi visited Canada in April 2015. During this visit, both nations agreed to elevate their bilateral relationship to a strategic partnership, though the substantive elements of this partnership remained limited. By March 2015, India and Canada had completed the ninth round of negotiations for the Comprehensive Economic Partnership Agreement (CEPA) in New Delhi, signaling ongoing efforts to deepen economic cooperation.

In addition to strategic initiatives, the India–Canada relationship has largely been anchored in three core domains—economy, energy, and education. High-level diplomatic engagements have further reinforced this foundation, most notably exemplified by Prime Minister Justin Trudeau's week-long state visit to India from February 18 to 24, 2018. Such visits and sustained bilateral exchanges underscore the growing depth and breadth of the partnership, reflecting a shared commitment to strengthening multifaceted cooperation (Nafey and Gopal, 2018). In April 2015, India unveiled its Foreign Trade Policy (FTP) for the period 2015–2020, a highly anticipated announcement that shed light on the trade vision of Prime Minister Narendra Modi's government (Ministry of Commerce and Industry, 2015). The policy's emphasis on boosting exports and strengthening foreign trade aligns with Modi's broader geopolitical objectives, encapsulated in the initiatives 'Brand India' and 'Make in India,' which aim to enhance India's global trade presence and domestic manufacturing capabilities (Palit, 2015). The revised Foreign Trade Policy (FTP) seeks to enhance India's share in global exports of both goods and services. Achieving this objective necessitates India's proactive engagement in regional trade agreements (RTAs) and bilateral Free Trade Agreements (FTAs), which would not only strengthen Indian exporters' access to established markets but also facilitate entry into emerging ones. In support of broader bilateral relations, Canada contributed C\$200,000 to commemorate the 50th anniversary of the Shastri Indo-Canadian Institute—an organization established in 1968 to foster cultural exchange and strengthen people-to-people connectivity between the two countries (Mehta, 2019). Both India and Canada committed to strengthening collaborative research efforts in the fields of agriculture and environmental sustainability. In 2019, the Indian state of Punjab actively pursued Canadian partnership to advance its initiatives in animal husbandry, dairy development, and fisheries, reflecting a growing interest in sub national engagement within the broader bilateral framework (Press Trust of India, 2019). At the second "India–Canada Ministerial Energy Dialogue," the Indian Minister of State for Petroleum and Natural Gas, Dharmendra Pradhan, emphasized the shared values and long-term strategic vision underpinning India–Canada relations. He noted that while bilateral energy cooperation has been steadily advancing, it remains significantly underutilized relative to its potential ((Mehta, 2019). This underscores energy as a key and expanding domain of engagement within the broader framework of India–Canada partnership.

3. PROSPECTS AND CHALLENGES

Despite the presence of promising opportunities, several challenges continue to impede the full realization of India–Canada economic potential. Although bilateral trade has shown an upward trend and negotiations on the Comprehensive Economic Partnership Agreement (CEPA) have persisted, Canada still occupies a relatively marginal position among India's key trading partners. Nevertheless, Prime Minister Justin Trudeau's visit to India yielded several noteworthy,

albeit short-term, diplomatic outcomes. During this visit, both nations engaged in comprehensive discussions that spanned a wide spectrum of issues—including security, counterterrorism, trade, nuclear collaboration, defence, and economic cooperation. The dialogue culminated in the signing of six agreements across diverse sectors such as information technology, science and technology, intellectual property rights, sports, education, and economic collaboration. Additionally, a formal agreement on cooperation in “Countering Terrorism and Violent Extremism” was concluded, addressing India's legitimate concerns on security and regional stability. Canada contends that the realization of significant investible capital inflows into India hinges on the finalization of the Bilateral Investment Protection and Promotion Agreement (BIPPA), which has been under negotiation for an extended period. India has strategically connected BIPPA negotiations to the Comprehensive Economic Partnership Agreement (CEPA) to ensure a more equitable economic framework. During discussions held during Prime Minister Justin Trudeau's 2018 visit to India, both nations committed to intensifying these negotiations. To encourage investor confidence and demonstrate robust governmental backing for enhanced bilateral investment, both countries must work diligently to reconcile their differences and reach a consensus. The Indian diaspora in Canada, numbering approximately 1.4 million, is politically engaged and holds prominent positions, including ministerial roles. India ranks as the second-largest source of immigrants to Canada, with Indian students comprising the second-largest group of international students. Historical tensions, particularly the influence of a small number of Khalistan extremists, continue to challenge India-Canada relations, requiring concerted efforts to foster reconciliation. The Indian diaspora plays a pivotal role in addressing these issues and promoting an environment conducive to cooperation and collaboration. However, the COVID-19 pandemic significantly impeded the progress of bilateral relations between the two countries.

4. CONCLUSION

Notwithstanding a historically complex relationship, the bilateral engagement between India and Canada transcends individual actors and remains too strategically significant to be neglected. While the relationship has experienced periodic setbacks, it has consistently demonstrated resilience, largely due to the strength of shared interests outweighing points of contention. Both countries must now adopt a forward-looking approach, capitalizing on areas of mutual interest while constructively addressing ongoing challenges. Although past efforts have been made to strengthen ties—particularly in overcoming the frictions of the 1980s and 1990s—the persistent influence of Khalistani extremism continues to cast a shadow over the partnership. Nevertheless, it is imperative to prevent such issues from undermining the potential for meaningful economic cooperation and sustained engagement.

It is important to recognize that Canada-India relations have undergone substantial transformation over the course of the 21st century. The two nations share significant potential for deepening economic cooperation. Ongoing efforts to finalize a Comprehensive Economic Partnership Agreement (CEPA), modelled on the framework of a Free Trade Agreement (FTA) and encompassing commitments to tariff reductions and regulatory reforms, reflect the seriousness with which both sides approach their economic partnership, even as negotiations have remained protracted. Over time, India has become one of Canada's key trading partners, with the overall volume of bilateral trade witnessing a steady increase. However, Canada's relative trade position with India has also experienced certain setbacks. Nevertheless, Canada continues to benefit from advantageous terms of trade. In essence, it may be argued that both countries possess considerable opportunity and strategic rationale to strengthen their bilateral relationship, guided by a geopolitical vision and informed by the intellectual foundations of statecraft to elevate it to a more advanced level.

CONFLICT OF INTERESTS

None.

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