

CLOSER TRADE LINKS IN THE FUTURE

Trade links between India and Canada are nothing new, but over the last two years trade in both directions has increased rapidly—both in value and in the variety of goods exchanged. Some \$220 million worth of Canadian goods (Rs. 187 crores) was imported by India during 1975, chiefly in the form of wheat, newsprint and minerals. Indian exports to Canada also rose, to a value of \$46.6 million (Rs. 42 crores), including \$17.8 million in fabrics and outerwear—all very much in favour with the fashion world.

The Indo-Canadian Trade Group, which was established in 1973 to foster sound trade relations between the two countries has watched this increase with pride. Indian exports to Canada in 1976 reached a record level of \$65 million. The group is chaired by S.P. Mandelia of Century Rayon, Mr. N. Venkataraman, Managing Director of Hindustan Ferrodo and V.G. Lotto, Canadian Commercial Counsellor are the vice chairmen.

The first Indo-Canadian trade delegation travelled to Canada in September last year. The formal report of the delegation was released this month.

The Group travelled to Canada with three aims in mind:

- : to promote and develop bilateral trade with Canada in non-traditional items;
- : to initiate and develop joint ventures in India, Canada and other countries;
- : to present to Canadian entrepreneurs and businessmen, through meetings, a profile of selected industries in India.

A tall order for any delegation.

After discussions with major industrial concerns in India, the 8-man group, headed by Mr. Y.A. Fazalbhoj of COMEL and representing the many different facets of Indian industry, flew to Delhi for a final briefing with Canadian High Commission staff in early September.

The trip to Canada lasted 21 days,

though several members of the group, encouraged by business prospects, stayed on for more detailed negotiations. Ottawa, Toronto, Montreal, Halifax, Edmonton and Vancouver were the stop-off points in Canada—an itinerary designed to bring the group into contact with government, financiers, manufacturers and trade associations.

As the group stated in its report, "The meetings in all locations generally started on a formal note with some scepticism and reservations in the minds of both parties." This might have been caused by some doubt in Canadian minds as to the industrial capabilities of India, and on the Indian side, a concern as to whether the close links many Canadian industries have with the United States would forestall possible tie-ups with India. Both concerns were rightly laid to rest.

The delegation found that there is considerable scope for increasing Indian engineering exports to Canada. At the moment, India exports only a small portion (\$ 4½ million) of the total \$ 4½ billion of such goods imported annually by Canada.

A second major area for co-operation between Canadian and Indian industry is in joint ventures: to be established in Canada and also in third countries, especially the Middle East. The economics of collaboration with an Indian partner gives an attractive edge in the fiercely competitive world market. Some of the engineering goods exported to Canada could be in terms of deliveries of sub-assemblies, components and fabricated parts to customers in third countries. Joint ventures of this sort could range from sub-contracting to turn-key projects or could lead to partnerships in consulting, research and development.

Joint ventures to serve the Canadian market are a practical way to combine engineering know-how and equipment with

Canadian knowledge of local consumer demands.

The delegation found that although the United States offers advantages to joint ventures in North America, such as cheaper construction costs, Canada has a more positive attitude towards foreign investment. There are several provincial and federal incentive plans in Canada to encourage new facilities, including those partly or wholly foreign-owned, to settle in certain areas of the country. Foreign investment regulations can be waived if the project is judged to be of significant benefit to Canada. Ports on both sides of the country open up markets in Europe, South America and the Pacific.

Joint ventures in India are another possibility. Labour costs are high in Canada and sharing technology and having India manufacture goods for re-export to Canada and other markets could profit both countries.

All these possibilities—exports to Canada; investment and joint ventures there; collaborations in third countries; and sharing of technology in India—rely on forgetting the barriers of distance between the two countries. By bringing the two parties face to face, the Indo-Canadian Trade Group has gone far to removing those barriers.

The possibility of a return visit by a Canadian delegation was mentioned many times on the trip and at some point in the future such a group may come to India.

But an increase in trade between the two countries does not require a formal delegation. Where there is an economic advantage, trade and commerce will flourish. Individual businessmen travel between the two countries already. Now that the Trade Group delegation has returned and reported on its findings, we can look forward to even closer trade links between the two countries.