

recent election of Prime Minister Bhutto has provided significant opportunity for positive progress.

The USSR is a major trading partner, partly due to the Ruble-Rupee currency agreement between the USSR and India which grew out of their earlier ties. The USSR remains second only to the USA as a trading partner for India. However Japan, the U.K., France and Germany are also important trading nations to India.

BILATERAL RELATIONS

Canada's ongoing relationship with India is multi-dimensional. It encompasses our interest in India's geopolitical role both regionally and internationally. Substantial trade with India in traditional commodities, ongoing and newly emerging commercial and economic interests and investments are important, as well as the immigration/cultural dimension. Historically, Canada has been a leading aid donor to India.

Annual Ministerial (at the Foreign Minister level) and Senior Officials Economic Consultations with India were established during Mr. Clark's visit to that country in 1985. These consultations focus on a wide range of bilateral and multilateral political and economic issues of mutual interest. This first round of these consultations took place in New Delhi in February 1987 in conjunction with Mr. Clark's visit to India.

A MOU on industrial-cooperation between Canada and India was signed in February 1987, leading to the formation of a working group to discuss co-operation in coal development which has lead directly to signing of one major coal project Rajmahal as well as another in the initial discussion stage. Yamunanagar and Chamera Chamba, thermal and hydro projects, also grew out of MOU's.

India is also a beneficiary of Canada's General System of Preferences(GSP).

COMMERCE

1988 exports were \$393 million Canadian. India is Canada's sixth largest export market in Asia. 1988 Imports were \$205 million Canadian. While the statistics show a dependence on primary and semi-processed goods, these figures do not include such invisibles as contracts for design engineering, construction services and royalties, dividends, and fees for transfers of technology. These types of service contracts constitute a sizeable element of the broader commercial relationship between Canada and India.

The Indian Government, in one form or another, is the customer for a sizeable percentage of Canada's exports to that country. Most commodities are "canalized" through government trading agencies such as the Minerals and Metals Trading Corporation and the State Trading Corporation. Other important public sector purchasers include the Oil and Natural Gas Commission, Oil India Limited, the central and state power authorities, the Steel Authority of India Ltd., Hindustan Zinc Ltd., Hindustan Copper Ltd., and Coal India Ltd. The Canadian Commercial Corporation (CCC) can play a positive role in helping exporters, due to the Indian penchant for a government to government framework.

The Canadian Export Development Corporation recently has become very active in India, keeping pace with the rapidly growing interest of the Canadian private sector in doing business in India. A parallel loan agreement totalling \$650 million was signed with the government of India by the EDC and CIDA in 1983, for the Chamera Hydro electric project for which Canada will supply goods and services. This has led to a follow up on a project currently being negotiated for an extension to Chamera again featuring EDC/CIDA financing. A second significant initiative involves the oil and gas sector where a \$200 million line of credit exists and which has been instrumental in assisting a number of Canadian exporters in securing contracts from the Oil and Natural Gas Commission.