

C. ANALYSIS OF MARKET OPPORTUNITIES

Canada has a strong bilateral relationship with India based on our Commonwealth ties and our major aid program which started with the Colombo Plan in 1952. This forty year relationship has resulted in a broad range of contacts and friends within the Indian government and private sector.

I. Opportunities for Canadian Success

India will become an increasingly important market for Canada both in terms of exports and investment. Multi-national companies recognize that India is attractive, not just for its large domestic market, but also as an ideal base for accessing the markets of third countries in the region or for re-export back to home markets. The world business community is focusing on India with renewed vigour which places Canada at risk of losing its share of the market unless it starts to position itself today when opportunities and the quality of potential partners are at their best.

Canada's corporate profile in India is growing. About 120 Canadian firms are now engaged in some form of strategic alliance with Indian partners. Canada was the eighth largest foreign investor in the first quarter of 1994 (\$50 million). Canadian companies have also successfully penetrated the Indian market through direct exports from Canada. The success of exports has depended on the uniqueness of the product, price, quality, and the size of the market. In general, Canadian companies should consider some sort of collaborative arrangement - be it an investment, joint venture, or transfer of technology.

II. Sectors with Greatest Potential

The Canadian government is highly motivated to find cost effective ways to achieve our trade development objectives. With an emphasis on budgetary restraint, DFAIT and other government departments are prepared to co-ordinate resources to achieve better results. To furnish a sharper focus to our trade and investment support efforts in India, three sectors have been targeted: energy (including power, oil and gas); telecommunications; and environmental products and services.

These three sectors were selected based on high, immediate or near term demand and favourable market conditions in India. They match Canadian interest and superior Canadian capabilities and competitiveness. There are also a variety of programs available from the federal government departments and agencies to support business development efforts in these sectors.