

consistent with and complementary to Canadian activities in international fora like the United Nations, the Commonwealth of Nations, and the World Trade Organization. These relationships must support the economic and trade development strategy if the efforts of Canadian business are to be successful. This document supplements Canada's International Trade Business Plan (ITBP) which will become increasingly relevant as the potential of the Indian market is realized.

IV. Market Opportunities

India's program of economic, trade, and industrial reforms introduced in 1991 has moved India from an inward-looking, planned economy, to a more open, globally-oriented economy ripe with opportunity.

The reform process in India has begun to bear fruit. India's exports for 1994 showed a 20 percent increase over the 1993 figure (the highest growth rate in Asia); capital inflows have increased from US\$150 million in 1991 to US\$5 billion in 1994. India's rapidly expanding middle class, estimated at between 150 and 250 million, represents the largest emerging consumer market in the world and is a source of highly educated, affordable, skilled labour. With this pent up demand, Canadian companies can no longer ignore the tremendous opportunities in India. India is the next large emerging market, and Canadian business must position itself in the Indian market or risk being left behind. In 1994, Canada was the source of a mere 0.8% of India's US\$ 21.88 billion in imports, while India ranked 30th in terms of Canada's largest export markets. In the first nine months of 1995, Canadian trade with India has improved to the extent that India now ranks as our 25th largest market. India provides further opportunities if one looks beyond the immediate Indian marketplace: India can also serve as a base for exports to third countries in the region, or for that matter, the global marketplace.

The greatest potential for Canadian success exists now, when the sheer number of opportunities and the possibilities for forming partnerships in India are probably at their zenith.

V. Strategic Issues

Two-way trade and investment between Canada and India does not reflect the capabilities and potential of these trading partners. The following issues are limiting Canada's economic development and trade interests in India:

- **Awareness** - India's business potential is not fully appreciated in Canada. Similarly, there is a lack of awareness in India of Canadian competitive strengths. As a result, there is a risk that many of Canada's competitors which have placed a higher priority on India both politically and commercially will have greater success in this burgeoning market.