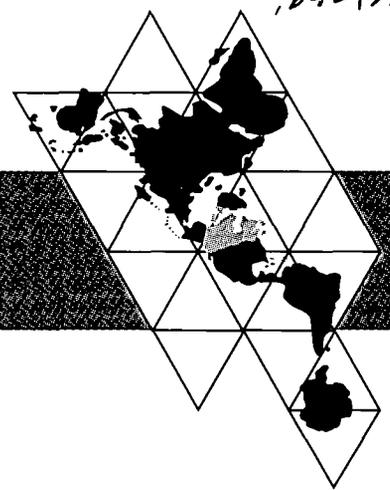


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# Canada and India

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A south Asian country, India is a democratic republic with a parliamentary system of government. It is one of the most populated countries in the world.

Founded initially on the Commonwealth connection, Canada-India bilateral relations have been friendly and have featured a tradition of straightforward and constructive dialogue. Immediately after India's independence in 1947, Canada opened a high commission in New Delhi. The importance of trade between the two countries is reflected by the more recent opening of a trade office in Bombay. India is represented in Canada by a high commissioner in Ottawa and two consuls general in Toronto and Vancouver.

India is Canada's fifth-largest trading partner in Asia and has been a major recipient of Canadian economic and social development assistance since the 1950s. As well, India has become the second-largest country of origin for non-refugee immigrants coming to Canada, creating strong cultural ties between the two countries.

## POLITICAL RELATIONS

Canada's political relations with India, a major power in the nonaligned group of countries, have covered the broad spectrum of international affairs. Through the years the two countries have worked together in the Commonwealth and many other international organizations. Canada's positive role in North-South relations has been particularly appreciated by India.

The prime ministers of the two countries have developed a close working relationship. This was particularly evident in the 1985 and 1987 Commonwealth heads of government meetings, when they strongly reaffirmed their commitment to pressure South Africa to end apartheid. Both prime ministers are also dedicated to

liberalizing trade in their own countries.

India is the foremost military power in South Asia with requisite influence in the region. Canada has welcomed India's commitment to help find a peaceful solution to the ethnic conflicts in Sri Lanka. At the same time Canada has tried to reduce tensions between India and its neighbour Pakistan, with which it has fought three wars. The Canadian government continues to urge India and Pakistan to sign the Treaty on the Non-Proliferation of Nuclear Weapons. Nuclear co-operation between Canada and India has been suspended since India exploded a "peaceful" nuclear device in 1974.

## ECONOMIC RELATIONS

Steady progress has been made to develop a more substantial commercial relationship between Canada and India. Though 70 per cent of India's population works in agriculture, it is still the 10th-largest industrial power in the world. Its industrial capability ranges from the manufacture of machine tools to sophisticated electronics.

Canada-India trade relations date from the early years of India's independence. Two-way trade has grown from \$68 million in 1950 to \$442 million in 1987 (and more than \$440 million for the first six months of 1988 alone). Canadian exports to India reached \$270 million in 1987, and imports from India were \$170 million.

Canadian commercial opportunities have traditionally been limited to supplying key raw materials and semi-finished products such as potash, pulp and paper, steel, aluminum and zinc. Exports of finished goods have usually been limited to aid projects. Imports from India have increased and diversified over the years with textiles, tea, coffee, carpets and footwear making up the bulk of goods coming to Canada. Areas where increasing co-operation is

likely include power, telecommunications, electronics, plastics, agro-industries and mining.

India has begun to liberalize its trade policies. In light of this development, Canadian firms have become increasingly interested in investment and joint venture opportunities in India. The Canada-India Business Council, conceived in 1982, organizes trade missions to India and has signed a joint protocol with the Federation of Indian Chambers of Commerce and Industry, the largest and most influential Indian business organization. The Canadian Manufacturers Association has a protocol with India's Council of Engineering Industries. As well, in 1987 the governments of Canada and India signed a Memorandum of Understanding on Industrial Co-operation.

Canada-India trade relations are governed by the General Agreement on Tariffs and Trade (GATT). India is also a beneficiary of Canada's general preference scheme, which allows Indian goods to be imported at lower tariff rates.

Historically, Canada has been a leading aid donor to India with the cumulative total for aid reaching \$1.9 billion in 1988. In 1987/88 aid to India totalled \$75 million. The aid is disbursed through the Canadian International Development Agency (CIDA). Little of it is needed to buy food, however, as India has achieved virtual self-sufficiency in food grains. India's only serious food shortage is in edible oils, which CIDA helps alleviate.

Although 25 per cent of the assistance budget is spent on projects aimed at increasing agricultural production, the bulk of aid goes to help finance

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