



Prime Minister Modi's Visit to Canada

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“नया उत्साह: नए कदम – New Vigour: New Steps” is the title that defines the new level of bilateral relationship between India and Canada. The Canadian Prime Minister Stephen Harper hosted Prime Minister Narendra Modi, on his historic bilateral visit to Canada, the first by an Indian Prime Minister in 42 years to Ottawa, Toronto and Vancouver (14-16 April 2015). The visit comprised of extensive engagement with Canada's political, business and academic leadership and robust interactions with the Indian Diaspora. The importance of the visit for Canada can be judged by the fact that Prime Minister Harper accompanied Prime Minister Modi on his three city tour.

The visit led to detailed discussions to assess the full spectrum of bilateral relations and exchange perspectives on a range of regional and international issues of mutual interest, it was a step in advancing a relationship that had been stalled for some time, a point that was also raised by Prime Minister Modi when he said that the ‘relationship has drifted in the past’.¹

The joint statement released during the visit stressed on the “importance of renewing the momentum of the bilateral relationship and welcomes the continuing diversification, growth and deepening of bilateral relations, rooted in shared values of democracy, pluralism, tolerance, human rights and rule of law, and based on expanding economic engagement and

long-standing people-to-people ties. The two nations also agreed to hold regular discussions including on the margins of international meetings.”²

India has decided to focus on setting a ‘trajectory’ for bi-lateral relation with cooperation in energy sector, including civil nuclear energy and attracting trade and technology for India's development, Smart Cities and agro-industry, and Research and Education. It is hoped that this visit would help reinvigorate the relationship between India and Canada.

Nuclear Energy Cooperation

Energy is a major aspect of the relationship that India wants to build with Canada, and nuclear energy is an area where the two nations have cooperated in the past. In 1955, the Canadian government announced that it would transfer nuclear technology to India under the auspices of the Colombo Plan. In April 1956, Prime Minister Nehru and Prime Minister Reid formally signed the Canada-India (CIR) agreement and the Canadian government sold the first CANDU reactors to India in 1963. However, due to India’s decision to conduct nuclear tests and its reservation about the Nuclear Non-proliferation Treaty (NPT) and other such international agreements on nuclear disarmament and non-proliferation, the relationship suffered.

Nonetheless, the support extended by Canada to the India-US civil nuclear agreement is being viewed as the start of a new ‘energy’ relationship between the two nations. The two prime ministers welcomed the signing of an agreement between the Department of Atomic Energy of the Government of India and Cameco of Canada for long-term supply of uranium to India to meet its energy needs. Canada is the world’s second largest producer of uranium. The supply contract was made possible under the Canada-India Nuclear Cooperation Agreement (NCA), which came into force in September 2013. With known uranium resources of 572,000 tonnes of U3O8 (485,000 tU), as well as continuing exploration, Canada has a significant role in meeting future world demand³ and in India, Canada has a growing market. Both countries have recognised that the agreement would impart a new significance to India-Canada Civil Nuclear Cooperation.

The two leaders, recognising the importance of taking the collaboration in nuclear science and technology to the next level, have encouraged their respective atomic energy establishments and research institutions to establish mechanisms for long-term and mutually beneficial R&D collaboration in peaceful uses of nuclear energy, along with the need to explore mutually beneficial partnerships in the application of radio-isotopes for societal benefits.

Canada has been the world leader in nuclear research and development and is a leading exporter of nuclear technology for peaceful use, including medical diagnosis and cancer treatment. The Canadian nuclear industry is a significant contributor to the Canadian economy in terms of GDP, government revenue, and employment. There are over 150 companies that supply products and/or services to Atomic Energy of Canada Limited (AECL) and the utilities. The industry is mainly concentrated in Ontario, and to a lesser extent in Saskatchewan, Quebec and New Brunswick. The Canadian nuclear energy programme contribution to the economy and society is over and above energy benefits. It results in: an industry that generates revenues of around \$6.6 billion per annum (this includes value of nuclear electricity produced, which represents about \$5 billion per annum, export sales (including CANDU equipment/service exports (\$500 million), uranium (\$500 million), medical and industrial isotopes and related equipment (\$300 million)). These figures do not take into account the health and environmental benefits of nuclear technology and Federal and provincial revenues through taxes of \$1.5 billion. The most recent data indicated that annual employment (direct and indirect) associated with the nuclear industry in Canada was over 30,000. There are about 21,000 direct jobs, 10,000 indirect jobs (contractors to the industry) plus 40,000 spin-off jobs.⁴

According to the World Nuclear Association (WNA), the greatest growth in nuclear energy generation is expected to be in Asia, particularly in India, China and South Asia. In India, the demand for energy is increasing rapidly and will continue to increase as the Indian economy grows. It is to fuel this growing economy that India is exploring all options in the energy sector including nuclear energy. India has developed an indigenous civil nuclear base

but it is, at present, in a nascent stage and India is looking for international partners, who can assist it. It is India's aim to play a role in the export of nuclear technology in the future.

Given the above, it is in Canada's interest to pursue a civil nuclear cooperation agreement with India. It will allow Canada to sell nuclear technology to India. This will benefit both nations; economically, it would be viable for Canada, whereas India, with its past experience of CANDU reactors, would be willing to expand the relationship. The growth of the Indian economy has forced nations to reconsider their relations with India. Developed economies, such as the United States and Japan today are actively engaging India. As such, it would not be in Canada's interest to ignore the developments in India. Similarly, for India, which has the ambition of being a great power, it would be counterproductive if it did not engage with Canada.

To take this collaboration further, the two countries have agreed to encourage a collaborative programme to leverage their industries' respective strengths in the field of Pressurised Heavy Water Reactor technology for mutual benefit, as well as for the benefit of global nuclear energy needs. They also encouraged closer cooperation in civil nuclear energy between their companies and Canada has welcomed the setting up of the India Nuclear Insurance Pool with potential participation of foreign companies as a positive step towards facilitating such cooperation, said the joint statement. Both nations have agreed to exchange experiences and developments on safety and regulatory issues. To take this forward, the Atomic Energy Regulatory Board of India and the Canadian Nuclear Safety Commission have finalised an arrangement for regulatory cooperation in the field of nuclear and radiation safety regulation. Both agreed to encourage a collaborative programme to leverage their industries' respective strengths in the field of Pressurised Heavy Water Reactor technology for mutual benefit, as well as for the benefit of global nuclear energy needs. Canada also reiterated the planned Canadian civil nuclear trade mission to India in October 2015.⁵ The agreements 'reflect a new level of mutual trust and confidence. Further it will contribute to India's efforts to power its growth with clean energy.'⁶

The 'energy' relationship is not restricted to nuclear energy; India is also exploring the opportunities in the vast natural gas and oil reserves in Canada, with Indian oil companies like ONGC Videsh proposing to invest in projects in Canada.

Economy

India is looking towards Canada to partner in India's economic transformations. Bi-lateral trade relations between the two nations are yet to reach their potential. Notwithstanding the good relations that our two countries have enjoyed and the many similarities between their institutions, trade and investment has remained subdued. The two prime ministers agreed that the early finalisation of the Bi-lateral Foreign Investment Promotion and Protection Agreement (BIPPA) would greatly facilitate in realising the goal of enhanced trade and investment cooperation between the two countries. Canada has expressed interest in the various initiatives launched by the Indian government including the 'smart cities' initiative, affordable housing for all by 2022 and, most importantly, the 'make in India' initiative. These provide the two nations with opportunities for collaborative ventures that could build the promising economic relations.

Canada has prioritised India in its Global Market Action Plan. Through the plan, the Government of Canada concentrates its efforts on the markets that hold the greatest promise for Canadian business. It is also an expansion of the concept of "economic diplomacy" of the Government of Canada. India has been identified for the key opportunities that it provides in such sectors as aerospace, agriculture sustainable technology and railways among many others. It is not surprising then that during the visit, memorandum of understanding was reached between India and Canada on rail, civil aviation and space.

India is also anticipating that its elevated status would transform into greater investment from Canada into India. In 2013, the Canadian investment was a relatively low at US\$ 613 million as compared to Indian investments in Canada of US\$3776 million.⁷

The India-Canada Economic and Financial Sector Policy Dialogue, announced in 2013, is the platform through which India and Canada could develop and maintain relations on

financial sector issues between them, and promote collaboration between Indian and Canadian financial institutions. The Canada-India EFSP dialogue aim to strengthen the bilateral relationship and explore areas of deeper cooperation between financial sector regulators from both countries. By building a better understanding of each other's financial sector framework, financial sector regulators can effectively work together to address policy and regulatory issues of mutual interest. The EFSP Dialogue process demonstrates India and Canada's joint commitment to building strong bilateral ties as the trade and investment relationship between the two countries grows.⁸

The International Monetary Fund projects, by 2016, India's GDP growth will outpace that of China, becoming the fastest-growing major economy in the world. Prime Minister Modi's assurances to India's global partners that the government is taking all possible steps to reduce the bureaucratic process and simplify tax laws to attract investments has been well appreciated in Canada. The 'Make in India' initiative, which aims to develop India as a manufacturing hub, provides Canada with an opportune moment to partner with India. With large firms setting up manufacturing units in India, it would provide India's youth population, large segment of which is shifting from rural to urban areas, with employment, while for the industry, it would provide cheap labour and a stable economic environment to work in.

Education and Skills Development

India's large youth population is not just seeking job opportunities, but is better education aspiring to higher standards of living. Canadian universities are attracting a significant number of Indian students. Prime Minister Modi has identified education as one of the key areas of priority for bi-lateral engagement and agreed to focus on greater student, faculty and people-to-people exchanges. Both India and Canada have affirmed that cooperation in education should focus on building the quality of human resources in both countries. They noted that India is a priority country under Canada's International Education Strategy.

Indian students are increasingly looking at foreign universities to bolster their education experience and qualifications, while universities and institutes of higher education in Canada are seeking greater internationalisation. India's immense education needs are

based in large part on the country's inability, with limited government resources, to provide relevant and quality education in order to prepare a large and growing student population as well as the growing labour force for gainful employment in the new Indian economy.⁹ Close links between Canadian institutions and their Indian counterparts, both in the area of student recruitment and also in forging partnerships, affiliations, joint programming and facilitating an exchange of faculty and scholars, thus, is a perfect step in developing this mutual interest in better qualified and informed global citizens.

Educational collaboration would help build a fruitful relationship between India and Canada. It would not only help in building a knowledge based society, but would also assist India in its goal of imparting skill development knowledge to its citizens. In this regard, the 13 MoUs between the National Skill Development Council of India and 13 Canadian colleges, institutes, and Sector Skills Councils in the fields of agriculture, apparel and textiles, automotive, aviation, construction, green economy, healthcare, hydrocarbons, IT, telecom and electronics, sports sector, and water are the most welcome.

An option that can be explored in this regard is the establishment of offshore campuses in India. This would be in addition to developing relations between universities of the two nations. Both nations also need to actively encourage their respective institutions of higher education by establishing more centres of learning and providing generous scholarships to students and researchers pursuing research in either country.

Canadian assistance can also be sought to develop India's indigenous education sector in order to meet its needs domestically. These include helping India increase the quantity of schools and training of teachers as well as improve the quality of instruction. Another option is the need to promote research collaboration. The importance of student and faculty exchanges – long-term or short-term – to strengthen education links between Canada and India and, in the process, to enrich the experiences of Canadians and Indians alike, cannot be denied and should be encouraged to continue and grow.¹⁰ The relations would also benefit from the setting up of more Canada-India centres.

With millions Indian immigrants who call Canada home, it would be helpful to encourage a better understanding of the society of both countries and foster deeper relations. However, unlike their counterparts in the US, the Diaspora in Canada has not as yet played such a significant a role in boosting the Indo-Canadian bilateral relationship. One crucial reason is the different demographic character of the Diaspora. In Canada, unlike the US, the Diaspora is dominated by migrants from Punjab and there are differences on the issue of Khalistan, the role of some people from the Diasporas in the movement has caused differences between the Diaspora and India. It is hoped that Prime Minister Modi has been able to overcome this difference and focus on the need to play a role in the relationship. It is also hoped that the rising Gujrati Diaspora's financial, professional and political success will be able to tilt the balance for India in Canada.

The appeal to the Indian Diaspora in Canada is part of the government's policy to encourage them to invest in India's development process. He stated that India has the capability to develop and find solution to its problems, but it needs partners to assist it. He called up on the Diaspora to become India's partners. It needs to be now assessed if the Prime Minister's appeal would yield tangible results. The appeal to the India Diaspora is also significant as its members are active in the political sphere of the country and India would need Canada's support to join the Nuclear Suppliers Group and other nuclear trade and export regimes as well as support for India's bid for a seat at the United Nations Security Council. India is not just looking at the contribution of the Diaspora through FDI, remittances and the transfer of knowledge and entrepreneurial means. It wants to reach out to the Diaspora to play a leading role by contributing to the rise of the services sector in India, especially in the IT and ITES sectors. The approximately one million Canadians of Indian descent are an important foundation on which to encourage people-to-people links. They form community bridges between the two countries which reinforce the strong bonds between the two nations. The community of Canadians of Indian descent serves as an important base for exchange and for expanding bilateral commercial ties.

Conclusion

Following the economic reforms of the 1990s, India has slowly transformed itself to become

an emerging power whose recent annual economic growth rates averaged eight per cent. Despite the ongoing global market turmoil, the Indian economy has done well. A rapidly growing India, now the world's fastest growing large economy, will need raw materials, energy and expertise to build its manufacturing base and power its growth. Canada has these in abundance to offer and, thus, there is no reason why it shouldn't revive a long dormant relationship with India. Canada's relations with India have become omni-directional, with nearly every sector providing the opportunity for cooperation. The short term challenges should not mask the long term opportunities that are readily apparent across so many sectors.

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Disclaimer: Views expressed are of author and do not reflect the views of the Council.

Endnotes:

¹ ----, "Text of PM's Media Statement during Joint Press Interaction with PM of Canada, Mr. Stephen Harper at Ottawa, Canada",

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² Government of Canada, Prime Minister Stephen Harper, "India-Canada Joint Statement",

<http://pm.gc.ca/eng/news/2015/04/15/india-canada-joint-statement>.

³ World Nuclear Association, "Uranium in Canada", Accessed on 17 December 2014, <http://www.world-nuclear.org/info/Country-Profiles/Countries-A-F/Canada--Uranium/>, Accessed on 10 April 2015

⁴ The Government of Canada, "The Canadian Nuclear Industry and its Economic Contributions", <http://www.nrcan.gc.ca/energy/uranium-nuclear/7715>, Accessed on 17 December 2014

⁵ Government of Canada, Prime Minister Stephen Harper, "India-Canada Joint Statement", <http://pm.gc.ca/eng/news/2015/04/15/india-canada-joint-statement>, Accessed on 10 April 2015.

⁶ Ministry of External Affairs, "Prime Minister's Media Statement during Joint Press Interaction in Ottawa, Canada", <http://mea.gov.in/Speeches-Statements.htm?dtl/2507>, Accessed on 10 April 2014.

⁷ Government of Canada, Foreign Affairs, Trade and Development Canada, Global Action Plan, "Priority Market India", <http://international.gc.ca/global-markets-marches-mondiaux/markets-marches/india-inde.aspx?lang=eng>, Accessed on 10 April 2015.

⁸ Zee News, "Canada, India to Continue Talks On Economic, Financial Sector Policy", http://zeenews.india.com/news/india/canada-india-to-continue-talks-on-economic-financial-sector-policy_1545429.html, Accessed on 10 April 2015.

⁹ Standing Senate Committee On Foreign Affairs And International Trade, Senate of Canada, "A Workplan for Canada In The New Global Economy: Responding to The Rise of Russia, India and China", <http://www.parl.gc.ca/Content/SEN/Committee/403/fore/rep/rep07jun10-e.pdf>, Accessed on 10 April 2015.

¹⁰ Ibid