India-Canada Ties

Mains: *GS-II – Bilateral Relations*

Why in News?

Canadian Prime Minister Mark Carney's arrival in India will mark a significant moment for the bilateral relationship that has gone through an arc of downs and ups over the last two-and-half years.

What is the status of the India-Canada relationship?

- **Background** – The relations hit a low point in September 2023 after Canadian Prime Minister alleged Indian involvement in the killing of a Sikh separatist leader.
- Diplomatic tensions escalated, with expulsions of diplomats and stalled trade talks.
- **Turning Point** – Leadership Change in Canada - Mark Carney succeeded Trudeau as Prime Minister in 2025, signaling a fresh approach.
- Carney emphasized the importance of repairing ties with India, calling it a "turning point" for Canada's foreign policy.
- **Steps Toward Reconciliation**
- **High-Level Visits** – Carney's planned visit to India in March 2026 is seen as the highest-level engagement since ties cooled.
- **Trade Reset** – Canada is looking to expand trade with India, with discussions around a potential $50 billion reset in economic cooperation.
- **Diplomatic Engagements** – Indian External Affairs Minister and Canadian Foreign Minister have held multiple meetings since late 2025, signaling steady progress.
- **Current Outlook** – Both sides are working to rebuild trust and momentum, focusing on trade and investment, energy and technology partnerships and diaspora connections.

What are the key pillars of the India-Canada relationship?

- **Historical Context**
  - **Diplomatic relations** – Canada and India share over 75 years of diplomatic relations and deep people-to-people ties.
  - **Strategic Partnership (2018)** – Bilateral relations were formally designated as a "Strategic Partnership" in 2018, structured around Ministerial Dialogues on foreign policy, trade & investment, finance & energy.
  - **Working Groups (Officials Level)** – Focus on counter-terrorism, security, agriculture, education, science and technology.
- **Trade & Economic ties**

- **Trade Negotiations** – At last year's G20 Leaders' Summit, Canada and India agreed to formally launch negotiations for an ambitious Comprehensive Economic Partnership Agreement to double two-way trade to $70 billion by 2030.
- **Current Status** – In 2024, India was Canada's *7th largest goods and services trading partner*, with two-way trade at $30.8 billion.
- **Major exports to Canada** – Pharmaceutical products, machinery parts and mechanical appliances, iron and steel products, electronic goods, organic chemicals, jewelry, gems, textile and seafood.
- **India's major imports** – Pulses, fertilizers (potash) and minerals.
- **Foreign Investment** – According to the Department for Promotion of Industry and Internal Trade, Canada is the *17th largest foreign investor* in India.
- Its cumulative investment of $4.18 billion from April 2000 to June 2025 represented 0.56% of the total FDI inflows into India.

- **Security & Defence**
  - **Global Security Cooperation** – India and Canada have regularly engaged in dialogue and cooperation on global security issues, including counter-terrorism, cyber security and regional stability.
  - **Counter-Terrorism Framework (1997)** – The Counter-terrorism engagement was largely taken place through the 'Joint Working Group on Counter Terrorism' set up in 1997.
  - **Enhanced Security Cooperation (2018)** – In February 2018, both sides signed a framework on "Countering Terrorism and Violent Extremism."
  - This expanded collaboration beyond traditional counter-terrorism to address radicalization and extremism.
- **Energy**
  - With Canada's vast natural resources and India's expanding energy demand, energy cooperation remains a key pillar of the bilateral relationship.
  - The partnership encompasses both conventional and renewable sources, with Canada pitching itself as a reliable supplier of oil, gas, LNG, LPG, crude oil, and critical minerals.
- **Education**
  - **Indian Students in Canada –** More than 3.92 lakh Indian students were studying in Canada (Dec 31, 2024), making Indian students represent the *largest group of international students* in Canada.
  - The educational ties include institutional linkages, joint research programs and academic mobility initiatives.
  - Both countries have long recognised the strategic significance of higher education and research.
- **Diaspora**
  - With over 1.8 million Indo-Canadians and approximately a million non-resident Indians, Canada is home to one of the largest and most vibrant Indian diasporas in the world.
  - Indo-Canadians have had a profound impact across a wide range of sectors, and their influence continues to grow.
  - **Immigration & Student Presence** – India is Canada's largest source country for immigration categories, including 392,810 study permit holders in 2024.

    - As of the 2021 federal census, there are more than 1.8 million Canadians of Indian origin.
- **Geopolitics**
    - **Strategic partner in West** – Canada is an important strategic partner for major western powers — it is part of the G7 grouping and shares the table with the US, UK, Germany, France, Italy, and Japan.
    - **Intelligence Sharing –** It also shares intelligence with the Five Eyes grouping which also includes the US, the UK, Australia and New Zealand.
    - All these countries are also close strategic partners for India.
    - **Trilateral Technology and Innovation Partnership** – On the margins of the G20 Leaders' Summit, Canada, India, and Australia launched a trilateral initiative to deepen collaboration in critical and emerging technologies and diversify supply chains for a secure, sustainable, and resilient future.
- **Views about pro-Khalistan elements**
    - **Pro-Khalistan Elements in Canada** – Diplomats note that pro-Khalistan groups represent only a small minority within the Canadian Sikh community.
    - **Scale of Radical Influence** – Of approximately 20 lakh Indian diaspora members, about 8 lakh are Sikhs, and only around 1% (8,000–9,000 individuals) are estimated to be pro-Khalistan radicals.
    - **Control of Religious Institutions** – Despite their small numbers, these groups exert influence by controlling 12–15 gurdwaras, using them for fundraising and political organization.
    - – Their influence is concentrated in constituencies such as Brampton (Ontario), Vancouver, and Surrey (British Columbia).

What are the challenges in India-Canada relations?

- **The Khalistan Issue** – While both governments are working to "decouple" this issue from broader ties, it remains a point of sensitivity, particularly within Canada's domestic political landscape.
- **Immigration Tensions** – Despite the reset, some friction persists in the education sector; reports from late 2025 indicated high rejection rates (up to 80%) for Indian student visa applications.
- **Foreign Interference Allegations** – A 2025 Canadian inquiry into foreign interference cited India as an active participant, a claim New Delhi has consistently rejected.

What lies ahead?

- Canada-India ties have faced several challenges and missed opportunities for deeper co-operation.
- Yet they are underpinned by numerous factors that make them natural partners — especially given their alignment of interests and values in fostering innovation, prosperity, and a free and open Indo-Pacific, particularly amid geopolitical volatilities.
- Moving forward, a clear roadmap is needed to foster resilience in the relationship despite these challenges.

Reference

Indian Express | How India and Canada mended their frayed ties?

