Canada's India Policy, 1947-1997

— The Emerging Policy Agenda

by

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A thesis
presented to the University of Waterloo
in fulfillment of the
thesis requirement for the degree of
Master of Arts
in
Political Science

Waterloo, Ontario, Canada, 1997

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Abstract

This thesis examines Canada's India policy between 1947 and 1997, with greater emphasis on the post-1990 period to differentiate it from previous works. As well its focus is on Canadian foreign policy perspectives of Canada-India relations. First, the thesis examines three scholarly contexts: 1) niche diplomacy; 2) the business-government relationship in foreign policy; and, 3) the American factor in Canadian foreign policy. Second, the thesis thematically chronologizes formative and indicative events in Canada's India policy. Third, the thesis critically examines the literature about Canada-India relations and draws analyses and conclusions. Finally, the thesis considers the three scholarly contexts in light of the history of Canada's India policy. The thesis's major findings are: 1) while the America factor impinges less on Canadian foreign policy now, America effects security issues more than others, and a greater problem for Canadians and Indians is that they view each other through American lens and examples; 2) while the Canadian government is in control and formulating Canadian foreign policy in the state's interest, business occupies both an adversarial and opportunistic relationship to the government and foreign policy; and, 3) niche diplomacy is the best approach for Canada's India policy to engage India, with more emphasis on impact, results and public diplomacy.

Acknowledgements

To begin with a modification of an old saying, 'if I am able to see far, it is because I stood on the shoulders of great teachers.' I am indebted to my supervisor, Professor Andrew Cooper, for his excellent supervision of this thesis, his many recommendations on researching and writing this topic, and his constant encouragement of my endeavour. I am also indebted to my second-reader, Professor Ashok Kapur, for his suggestions for research paths, discussions of my analysis, his rigourous questions forcing me to 'fine tune' my thinking, and his many words of encouragement. To both, I am eternally thankful for their hand in and commitment to my intellectual and academic development. I also want to thank Professor Jim Walker, my external examiner from the Department of History, for his precise and important questions which saved me from myself and forced me to reconsider 'what is forgotten' in my thesis.

As well, some very important supporting roles were filled by Mary-lou Schagena, acting Graduate Secretary and Carol Gray, the Undergraduate Secretary, in helping me through the course year, listening to my issues and also taking time to just talk. Most importantly, Joanne Voisin, the Graduate Secretary, not only guided me through many a maze, but also kept herself two steps ahead to lead me around the many pitfalls that emerged along my journey, and also provided many a joyous email and verbal exchange. To all three, thank you very much your assistance at crucial points.

Of my colleagues at the University of Waterloo, Hardy Cojer, Michael Rolfe, Jennifer Meier, Bipasha Choudhury and especially Michael Freeze provided many an interesting discussion and shared their experiences to help me along this endeavour. As well, Professor William Moul also had a hand-in sharpening my argumentation and teaching me how to trim my verbiage.

In Toronto, I want to thank Peter Lakin and Robert Nelder for putting up with me while putting me up. As well, I want to thank Jennifer McNenly and her staff at the Canadian Institute of International Affairs' John Holmes Library for their assistance in digging for and gathering information. Shaun Narine, at the University of Toronto, also provided advice.

In London, I want to thank my ever-supportive friends, Chris Rigakos, Dean Frier, Chris Martin, Chris Cubian, Alden Fong, Paul Labrinos, Harry Georgiou for never failing to ask 'how's the thesis coming along?' While Brian Fong, Meredith MacLean and Ron Sloan did the same via email. Thanks for nudging me along, easing my mind when necessary, and providing necessary distractions.

Finally, I want to thank my very loving and always amazing family. My mother, Lakshmi, and my brother, Veeresh, supported me emotionally, logistically and especially financially during the end phase of the thesis and never failed to drop everything to help me when I needed it. I also want to thank my dog, Asha, for being there for me with a smile, big eyes and a hug — whether taking me on long walks to think about what I had written or lying on top of my feet during the late-hours of the night while I typed away.

To all of the above, I not only acknowledge your support and encouragement, but also hope this thesis shows the fruits of your belief in me.

For Hirabai Iyer,
my maternal grandmother,
for no one better than her
demonstrated to me the best her country, India, had to offer
combined with a joyous love and appreciation
for my country, Canada.

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CHAPTER 1:

Introduction

The Continuum of Canada-India Relations

From affinity to acrimony to affability, even amicability, Canada-India relations have run the gamut of diplomatic relations across the inter-state spectrum. Although India was born eighty years after Canada, the two shared an early affinity in the 1940s and 1950s. In the 1960s, various international events began pulling the two apart and a veneer of amicability was maintained. In the 1970s, the Canada-India bilateral relationship came crashing down and amicability was replaced by acrimony. Then, by the mid-1980s, there was a dramatic cohort change in both governments.[1] In 1984, the 1970s leaders were replaced by new leaders; both countries began to revive the relationship in an affable manner. Through the 1990s, the affability continued, and Canada now sought to revive the amicability based on 'genuine mutual interest'. Thus, the stage is being set for a new era in Canada's India policy. In 1997, as India marks its 50th birthday, and Canada its 130th, both countries are engaging each other once again. However, much has changed in this last decade before the new millennium.

In seeking to re-establish old ties, in fact, new ties in a new context need to be created. This is because the context of diplomacy and international relations in the 1990s is very different than the 1950s. In the 1950s, 'geopolitics' or 'high' politics issues, which referred to politico-strategic issues in inter-states, dominated the government agendas and created a tight calculus for a state's options. The main task for foreign ministries around the world was to navigate their states through the turbulence of the Cold War, since almost every issue — political, economic and social —

[1] William Dobell, "Canada and India: The Mulroney Years", *Journal of Asian and African Studies*, (v.25, n.3-4, 1990), p. 131.

contained an element of the Soviet-American confrontation. The Cold War impinged on countries' options for political allies, economic trading partners and recipients of development aid. Yet this calculus began changing in the 1980s and by the 1990s, a whole new calculus emerged to supplant geopolitics, and create a new foundation for bilateral relations.

The Ascension of International Trade

The 1990s successor to geopolitics may be termed 'geosocioeconomics', which was called 'low' politics during the Cold War era.[2] The impact of geosocioeconomics has not been replacing of geopolitics, but of sometimes subsuming of geopolitics. Whereas before geopolitical priorities were paramount, now geosocioeconomic priorities are at the least equally important for consideration, and are even becoming paramount priorities for some states. That is, many inter-state relations are no longer dominated by geopolitical considerations, and may be secondary to geosocioeconomic considerations. The resulting calculus is different and much broader; issues such as trade, human rights, environmental/ecological protection and development are occupying equivalent, and sometimes higher, positions on government agendas alongside nuclear weapons, military budgets and political alliances. No longer are foreign ministries dominated by practitioners whose main concern is navigating through the Cold War; there is no single identifiable enemy but a multitude of threats from such disparate sources as nuclear weapons to incurable communicable diseases to environmental degradation. The new raison d'être for the *Western-bloc* foreign ministries is to promote investment and trade opportunities in (and for) other countries, and selectively voice concerns about social and environmental issues. Canada's foreign affairs ministry is part of this trend.

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[2]As the term 'geosocioeconomics' is not a recognized nor utilized term. I have created this term as a hybrid of 'geoeconomics' and 'geosociology', which was suggested by Professor Andrew F. Cooper. It is used instead of geoeconomics to convey the growing importance of societal issues, such as human rights, free media, women's rights, indigenous peoples' issues, refugees, etc., and their link to economic issues, such as development or economic security. The point is that both social and economic issues are represented now in government agendas, priorities and policies -- not just the binary areas of economics or politics.

The Canadian government's recognition of this trend began with Prime Minister Pierre Elliot Trudeau's "Third Option" vis-a-vis Canada-American relations. Although Trudeau's primary goal was to wrestle greater Canadian economic freedom from the Americans, the *Third Option* policy was to diversify Canada's trade relations with states other than the USA.[3] As he recounts in his *Memoirs*, he worked to strengthen economic ties with Europe and especially Japan, but also the USSR, China and others.[4] In their assessment, Jack Granatstein and Robert Bothwell consider the Third Option an illusory policy, if not failure, but the issue of broadening trade links would now remain on the foreign policy agenda.[5] Under Prime Minister Brian Mulroney, US-Canada trade grew immensely, as well the Department of External Affairs (DEA) also continued to diversify relations with Latin American states, especially through joining the Organization of American States (OAS) and securing a North American Free Trade Agreement (NAFTA) with the US and Mexico (and the US). In addition, in the later 1980s, a growing interest in Asia-Pacific saw Canadian interest in conferences and promotions of Asia-Pacific trade. By 1993, with the election of Prime Minister Jean Chrétien, international trade was the top priority of Canada's foreign affairs ministry, as seen in the renaming of the DEA as the Department of Foreign Affairs and International Trade (DFAIT). Also, the international trade dimension focussed largely on Asia-Pacific and DFAIT began a concerted effort to push Canadian involvement, roles and investments in Asia-Pacific.

While the above thumb-nail sketch points to the ascension of international trade, a major indication of this trend is the high-profile Team Canada initiatives of the Chrétien government. These trips indicate Canadian foreign policy's shift in attention to courting bilateral trade, and arguably reviving of Trudeau's defunct *Third Option* foreign policy of the 1970s — without the anti-American overtones. In 1994, Team Canada courted China; in 1995, Team Canada courted Latin America; the 1996 mission to India also included stops in Pakistan, Indonesia and Malaysia;

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[3]Pierre Elliot Trudeau, *Memoirs*, (Toronto: McClelland and Stewart, 1993), p. 203.

[4]*ibid.*, p. 203-228.

[5]J.L. Granatstein and Robert Bothwell, *Pirouette: Pierre Trudeau and Canadian Foreign Policy*, (Toronto: University of Toronto Press, 1990), p. 173-177.

and, in 1997, there is talk of Team Canada courting Europe.[6] Nonetheless, Team Canada is but the highest level of trade mission work, and many other DFAIT officials and missions have been carrying on economic missions for quite some time, as well as various direct or sponsored socio-cultural exchanges and missions (see Appendix 5). The point is that Canadian foreign policy has been working to diversify Canada's links and also to promote such links. With this in mind, I argue an (re-)evaluation of Canada's India policy is necessitated.

Justifying the Necessity — A Literature Survey

Although the above points to assessing the changes in Canada's foreign ministry, it remains questionable as to why Canada's India policy needs to be reviewed. As such, a brief review of the literature on Canada-India relations will demonstrate why my thesis is different and important. Given that long pieces on Canada-India relations are not commonplace, the literature on Canada-India relations is fairly fluid and overlaps in many cases. To draw together the literature, I compiled and researched newspaper and magazine articles, scholarly journal articles, conference compilations and chapters in books, and the available few books. Nonetheless, I assert there are eight contours in the literature on Canada-India relations: 1) diplomats' accounts; 2) survey literature; 3) security issues literature; 4) trade literature; 5) development aid literature; 6) federalism literature; 7) civic society literature, and 8) cultural literature. The reason I say 'contours' is because the majority of work on Canada-India relations appears to form a patch-work quilt. In addition, a majority are concerned with Canada-India relations, but such works are largely under the broader picture of Canada-South Asia relations. I will, nonetheless, use the South Asian examples as part of the India study, where appropriate, agreeing with Chantal Tremblay, "[while] considering South Asia, it is important to focus on India, not only because of its predominance within the region, but also because the generalizations one reaches may have wider applicability."[7]

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[6]Barrie McKenna, "Team Canada off again", *The Globe and Mail*, January 2, 1996, B4.

[7]Chantal Tremblay, "Real and Perceived Opportunities for Economic Cooperation between Canada and South Asia", *Canada and South Asia: Issues and Opportunities*, ed. Arthur G. Rubinoff, (Toronto: University of Toronto, 1990), p. 25.

The patch-work quilt refers to the numerous smaller collected and/or edited works, workshops and symposium papers, articles and chapters that constitute the literature on Canada-India relations. By identifying the contours, I will make sense of the divergent and different strands. Nonetheless, it must be explicitly stated that while I criticize and analyse the literature I have examined in this chapter and chapter four, I base my findings on these *same* materials and also derive my conclusions from this literature.

Diplomats' Accounts

The starting point of the literature is clearly the often mentioned, cited and criticized Escott Reid's *Envoy to Nehru.* [8] As a Canadian High Commissioner to India under the St. Laurent and Pearson governments, Reid provides his account and assessment of Canada-India relations and Canada's foreign affairs ministry dealings with the Indian government and its various representatives. As the thread through his assessment, Reid argues there existed a *special relationship** between Canada and India, and with the demise of this relationship came the eventual fallout between the two states. Besides Reid, David Reece's *A Rich Broth* also provides a diplomat's account of Canada-India relations. Reece's account is more discursive, less analytical, as Reece was a junior officer posted to India in 1954 after another officer returned to Canada as a result of car crash injuries.[9] His account focuses more on his life, Reid's and Reid's successor High Commissioner Jim George. More insightful diplomats are John G. Hadwen, a foreign service officer from 1950-1987 and former High Commissioner to India, Pakistan and Malaysia, and Bill Warden, former Ambassador to Pakistan, and John Paynter, High Commissioner under the Chrétien government. Hadwen's and Paynter's critical insights go beyond the glossy understandings to consider what the legacy of Canada-India relations has been, and suggestions or

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[8]Escott Reid, *Envoy to Nehru*, (Toronto: Oxford University Press, 1981).

* I have italicized *special relationship* to differentiate it from the 'special relationship' terminology applied to Canada's relationship with Britain and America, and to pertain it specifically to the relationship between Canada and India

[9]David Chalmer Reece, *A Rich Broth: Memoirs of a Canadian Diplomat*, (Ottawa: Carleton Univ. Press, 1993), p. 35.

options for Canada in a changed international and bilateral environment.[10] Warden, who heads the International Studies Centre at the University of Calgary, has written on Canada-India relations during the controversy over Sikh separation and terrorism and the Air India disaster.[11] To these, one can also add the various anecdotes, paragraphs, and pages in the memoirs of Trudeau and others. On the Indian side, there are commentaries by Indian diplomats in conference compilations.

Survey Literature

By survey literature, I refer to works which survey many, if not all, aspects of Canada-India relations, and so cannot be singularly classified as part of the other seven contours. Of the book-length works, there is only one — S.D. Gupta's *India-Canada Relationship*, published 1990.[12] Gupta, an Indian scholar, has, to date, produced the only book on Canada-India relations. He examines the political, economic and aid elements of Canada-India relations from an Indian scholar's vantage point. His work provides a defence of Indian stances and interests, a recognition of Canadian dilemmas, and offers conclusions and advice that demand more Canadian understanding of (and concessions to) India concerns. Gupta's work is important because it clearly shows how Indians have viewed Canada-India relations, and so will temper the Canadian literature. In that same year, Mitali Sinha's *The Restructuring of Indo-Canadian Relationship* was written as her Master of Arts thesis for the Department of Political Science at the University of Waterloo.[13] While Sinha has examined economic, political and aid issues, her purpose is to use Canada-India relations as a case study to consider Kalevi J. Holsti's "reorientation" framework.

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[10]John Hadwen, "Canadian-South Asian Issues: The View from Ottawa", *Canada and South Asia: Political and Strategic Relations*, ed. Arthur G. Rubinoff, (Toronto: University of Toronto, 1992); John G. Hadwen, "Some of the Realities of the Indo-Canadian Relationship", *The India-Canada Relationship -- Exploring Political, Economic and Cultural Dimensions*, eds. J.S. Grewal and Hugh Johnston, (London: Sage/Shastri Indo-Canadian Institute, 1994); John Paynter, "Canada-India Diplomatic Relations", *Genuine Mutual Interest*, ed. John R. Wood, (Calgary: Shastri Indo-Canadian Institute, 1995).

[11]Bill Warden, "Sikhs in Canada-India Relations", *International Perspectives*, July/August, 1987.

[12]S.D. Gupta, *India-Canada Relations*, (Jaipur: Jaipur Publishing House, 1990).

[13]Mitali Sinha, *The Restructuring of Indo-Canadian Relationship, 1947-1980s*, (Waterloo: University of Waterloo, Department of Political Science, 1990) (Unpublished Master of Arts Thesis).

Since she employs Canada-India relations to test, understand and critique Holsti's general theory of foreign policy reorientations, she makes conclusions about both Holsti's theory and the future of Canada-India relations. Coincidentally, William M. Dobell's article "Canada and India: The Mulroney Years" also appeared in 1990, and is a topical assessment of trade, aid, human rights, separatism, security, nuclear energy and the *special relationship*.[14]

Security Literature

By security literature, I refer to literature concerned with how India was and/or is important to Canada's security, global security and nuclear proliferation policies. The latest work, published in 1995, in this area is by Professor Louis Delvoie, a former Ambassador to Pakistan and DFAIT official, with his *Hesitant Engagement: Canada and South Asian Security*.[15] Delvoie surveys the security issues of South Asia; examines Canada's interest and/or involvement in South Asian conflicts and nuclear programmes; and concludes with policy options, which assume given "realities" and four policy option scenarios.[16]

There are no other monographs, to my knowledge, but there are works on security in the form of chapters, articles and conference compilations. S.D. Gupta's book devotes a section in chapter two to chastise Canadian policy toward India in the years up to 1974; and he uses chapter three to assess Canada-India relations alongside the US-USSR struggle, mixing in China and Pakistan where necessary, to show when and where Canada either failed to understand Indian concerns or remained silent for fear of or to appease the US.[17] Salim Mansur's work on Canada's relations "at the Beginning" examines, using early DEA documents, Canada's involvement and interest in seeing India join the Commonwealth and develop positive relations with Canada, and

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[14]Dobell, *op cit.*

[15]Louis Delvoie, *Hesitant Engagement: Canada and South Asian Security*, (Kingston: Queen's University Centre for International Relations, 1995).

[16]*ibid.*, p. 37.

[17]S.D. Gupta, *op cit.*, pp. 21-27, and in chapter 3, see pp. 53 (US-Pakistan arms), 58 (Hungary), or 61 (on Indian 'reclamation' of Goa, Daman and Diu).

subsiding the Kashmir dispute.[18] Mansur also makes a crucial point worth noting: "India demanded attention, and the extent to which Ottawa responded enabled it to build a relationship that did not develop with either Pakistan or Ceylon".[19] Ashok Kapur's work on Canada-India highlights three themes: 1) understanding the context of South Asian (and Indian) diplomacy and security to situate properly Canada's relations with/within the region and India; 2) realizing Canada-India relations operate within, at a minimum, a triangular context — Canada-America-India; and, 3) Canadian interests and needs, not benevolence or altruism, drive Canadian policies.[20] Kim Richard Nossal's work examines and explains Canada's 'narrowing and diminishing' concern with South Asian security issues, and urges Canada realize and rejuvenate its security interest in South Asia.[21] Arthur G. Rubinoff's work examines and compares American and Canadian policies and understandings of Indian and South Asian security; however, he has mostly focussed on American concerns about, and conflicts with, South Asian states.[22] K. Subrahmanyam's work examines the changes in the international system after the end of the Cold War, changes with India and in Indian regional policy, and closes with areas for Canada-India interaction in the security sphere.[23] Overall, while the security literature is neither as vast nor as

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[18]Salim Mansur, "Canada and India-Pakistan: at the Beginning", *Canada and South Asia: Political and Strategic Relations*, ed. Arthur G. Rubinoff, (Toronto: University of Toronto, 1992).

[19]*ibid.*, p. 39.

[20]Ashok Kapur, "South Asia: The Diplomatic and Strategic Setting", *Canada and South Asia: Issues and Opportunities*, ed. Arthur G. Rubinoff, (Toronto: University of Toronto, 1988); on Indian diplomacy, see Ashok Kapur, "Indian Diplomacy", *Diplomatic Ideas and Practices of Asian States*, ed. Ashok Kapur, (New York: Brill, 1990); Ashok Kapur, "Canada and India", *Canada and South Asia: Political and Strategic Relations*, ed. Arthur G. Rubinoff, (Toronto: University of Toronto, 1992).

[21]Kim Richard Nossal, "Canada's Strategic Interests in South Asia, 1947-1987", ed. Arthur G. Rubinoff, *Canada and South Asia: Issues and Opportunities*, (Toronto: University of Toronto, 1988), p. 48.

[22]Arthur G. Rubinoff, ed., *Canada and the States of South Asia*, (Toronto: University of Toronto, 1990); Arthur G. Rubinoff, "U.S. attitudes towards India", *Canada and South Asia: Political and Strategic Relations*, ed. Arthur G. Rubinoff, (Toronto: University of Toronto, 1992); Arthur G. Rubinoff, "Commonalities and dissimilarities in American and Canadian approaches towards the India subcontinent", *Contemporary South Asia*, (v.1, n.3, 1992); Arthur G. Rubinoff, "Comparing American and Canadian Perceptions and Policies toward the Indian Subcontinent", *The India-Canada Relationship -- Exploring Political, Economic and Cultural Dimensions*, eds. J.S. Grewal and Hugh Johnston, (London: Sage/Shastri Indo-Canadian Institute, 1994).

[23]K. Subrahmanyam, "Emerging International Trends after the Cold War: Scope for Indo-Canadian Interaction", *The India-Canada Relationship -- Exploring Political, Economic and Cultural Dimensions*, eds. J.S. Grewal and Hugh Johnston, (London: Sage/Shastri Indo-Canadian Institute, 1994).

precise as say Canada's concern with European or North American security, it does show links between Canadian policies and interests and Indian (and South Asian) security issues.

Development & Nuclear Aid Literature

The development aid literature is similar to the security literature. There are no monographs on aid to India and Canadian foreign policy, although there are works on Canadian aid programmes, assessments of aid programmes in India, and India's policies and responses to foreign aid. Turning to the literature, S.D. Gupta situates Canadian aid policy as part of a policy whose "basic aim was to keep friendship with India to fulfill its foreign policy objectives", and under the broader topic of economic relations.[24] For the most part, Gupta provides an inventory and detailing of major Canadian aid projects instead of detailed analysis.[25] He also adds a brief section on technology transfer which identifies areas for potential collaboration.[26] More analytical work is found in Nanda K. Choudhry's volume entitled, *Canada and South Asian Development: Trade and Aid.*[27] Keith A. J. Hay's article assesses the changing nature of Canadian aid emphases and its implications for trade in South Asia; Hay notes Canadian aid-related exports to India and Pakistan are half the amount of other South Asian states, and increasingly Canadian bilateral aid can be delivered by Non-Government Organizations (NGOs).[28] In David Henry's contribution, he considers whether Canada is an important source of technology transfer to South Asia, vehicles for transfer and processes to ensure effective transference.[29] Focussed on Canada-India technology transfer is K.L. Dalal's piece which "argues that the most appropriate means of increasing such

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[24]S.D. Gupta, *op cit.*, p. 77.

[25]*ibid.*, pp. 78-87.

[26]*ibid.*, pp. 101-104.

[27]Nanda K. Choudhry, ed., *Canada and South Asian Development: Trade and Aid*, (New York: Brill, 1991).

[28]Keith A.J. Hay, "Aid to South Asia in the 1980s: Canada's Role and Some Implications for Trade", *Canada and South Asian Development: Trade and Aid*, ed. Nanda K. Choudhry, (New York: Brill, 1991), p. 95.

[29]David Henry, "Technology Transfer, Old Myth and New Realities", *Canada and South Asian Development: Trade and Aid*, ed. Nanda K. Choudhry, (New York: Brill, 1991).

flow is through financial-cum-technical joint ventures".[30] M.C. Bhatt further focuses his work on the role of joint ventures in technology transfer; he identifies areas for joint ventures by studying "industries where the existence of a 5-20 year technological gap makes Canadian technology particularly appropriate."[31] The latest work in the development area is by Martin Rudner. In 1993, Rudner examined Canadian aid to Asia, focussing on Sri Lanka, Indonesia and China; most importantly, he notes Canadian aid has responded to the "Asian duality, mass poverty alongside accelerated industrialization, implies a dichotomy in aid requirements."[32] Examining only India in his later work, Rudner touches on the history of Canadian aid, but focuses on Canadian aid in the 1990s, especially the changed relationship between trade and aid under the Chrétien governments, the role of the Export Development Corporation (EDC) in aid, the *Focus India* initiative, and the latest programme of the Canadian International Development Agency (CIDA).[33]

Canada has also provided nuclear aid to India through the giving of one and selling of two nuclear reactors. In his Chapter 5, "India's Nuclear Energy Policy", Gupta examines Canadian and Indian collaboration and discord over Canadian nuclear aid to India; the intentions of India's nuclear programme leaders, Dr. Homi Bhabha, Permanent Secretary of the Indian Department of Atomic Energy, and Prime Minister Jawaharlal Nehru; and assesses the Canadian offer of a nuclear reactor and sales assistance for the purchase of two other reactors. In addition, an article by Kapur, though focussed on negotiations between Canada and India as lessons for inter-state and nuclear supplier-recipient negotiations, also provides some information on Canadian nuclear aid to India.[34] The development literature does not examine this topic in any sustained manner, and so

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[30]K.L. Dalal. "Transfer of Technology Between Canada and India: Appropriateness, Impediments and Opportunities". *Canada and South Asian Development: Trade and Aid*, ed. Nanda K. Choudhry, (New York: Brill, 1991), p. 110.

[31]M.C. Bhatt. "Canada-India Investment Promotion and Transfer of Technology with Special Reference to the Role of Joint Ventures in Retrospect and Prospect", *Canada and South Asian Development: Trade and Aid*, ed. Nanda K. Choudhry, (New York: Brill, 1991), p. 12

[32]Martin Rudner, "Canadian Development Assistance to Asia: Programs, Objectives, and Future Policy Directions", *Canadian Foreign Policy*, (v.1, n.3, Fall 1993), p. 70.

[33]Martin Rudner. "The Canada-India Nexus: Trade and Development Assistance in Canada's New Foreign Policy Framework", *Canadian Foreign Policy*, (v.3, n.2, Fall 1995).

[34]Ashok Kapur, "The Canada-India nuclear negotiations: some hypotheses and lessons", *World Today*, 34, August 1978, p. 313.

there are not many works on this, although there are discussions in works by scholars writing about either Canadian or Indian nuclear programmes.[35]

Overall, the development literature points to Canadian aid's main categories as infrastructure projects, food aid, nuclear aid, and technology transfer. In addition, as with the security literature, these authors also examine and situate aid to India in the South Asian aid context. Thus, the aid literature points to various role of and for Canadian aid, and various areas for continued Canadian assistance to India.

Trade Literature

Until the 1980s, trade literature had not evolved independent of the government. There were limited government fact sheets, etc., that businesses could access on India, but these were underneath various other headings and were neither business nor India specific. Now, a DFAIT Internet web site and publication called *Focus India* provides India-specific sector-oriented business-geared information.[36] More importantly, non-governmental trade literature on business in India also has emerged. Articles appear in *Business Week* and *Business Quarterly* analyzing opportunities and problems in doing business in India.[37] Academics such as Rudner and Charan Wadhva have produced works analysing Canada-India trade and aid and its implications, while Tremblay has analyzed Canada's economic opportunities in South Asia.[38] Similarly, the 1988 publication of Ashis Gupta's edited conference compilation *Canada-India Opportunities* by the University of Calgary's International Centre contains three papers dealing with trade by Vijai Kapoor, Brenda E.F. Beck and Stanley White and related papers; the authors in this volume hail

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[35]See Nigmendra Narain, "More than Economic Self-Interest: the Genesis of the Canada-India Reactor Agreement", Canadian Foreign Policy Graduate Seminar Paper for Professor D.A. Avery (London: Univ. of Western Ontario, 1995) (Unpublished).

[36]Department of Foreign Affairs and International Trade, "Notes for an Address by the Honourable Roy MacLaren, Minister for International Trade, on the occasion of the launch of *Focus India*", *Statement*, 95/38, June 12, 1995.

[37]Sharon Moshavi, "India's Pols May be Turning Against Foreign Business", *Business Week*, August 21, 1995; Wojciech Nasierowski, "Doing Business in India", *Business Quarterly*, Summer 1991.

[38]Rudner, "The Canada-India Nexus", *op cit.*, pp. 33-45; Charan D. Wadhva, "Canada-South Asia Trade Relations with Special Reference to Canada-India Relations", *Canada and South Asian Development: Trade and Aid*, (New York: Brill, 1991), pp. 22-40; Tremblay, *op cit.*

from India and Canada, and represent various government, business and academic backgrounds and organizations.[39]

Nonetheless, the most important and consistent work on Canada-India trade has been done by the Conference Board of Canada. The Conference Board is an independent body concerned with all forms of Canadian economic linkages and derives its existence from a diverse membership of governments, corporations and organizations, including labour and academia. Its main purpose is to "produce a continuing flow of timely and practical information" and analysis on trade in and with foreign countries for distribution among Conference Board members.[40] The Conference Board has targeted India since the mid-1980s, presumably spurred on by the creation of a Canada-India Business Council in 1983, and produced various works on Canadian trade with India.[41] Since the Conference Board publications are not available to the general public, I am assessing their work based on three works. The first is by Syed S. Rahman and David Balcome entitled *The Asian Experience*; in its entirety, this two volume work examines Canadian trade and trade options with four developing states, of which the first one is India.[42] Rahman and Balcome provide a brief history of the development of the Indian economic framework, policy and its policy-makers and then go on to examine changes in the mid-1980s; they also profile the Indian business sector, Canadian trade involvement in India with a focus on investment and technology transfer, and finally offer some concluding prospects. "The findings of [their] research are based on an exhaustive review of the existing literature and on approximately 100 personal interviews with business enterprises, government officials and other experts on bilateral relations in Canada."[43] The second work by Rahman and Michael W. Grant, *Building Partnerships for Tomorrow*, is a general examination of Canada's links with developing states; in this work India

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[39]Ashis Gupta, ed., *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: Univ. of Calgary, 1988).

[40]Syed S. Rahman and Michael W. Grant, "About the Conference Board", *Building Partnerships for Tomorrow — Canadian Business Linkages with the Developing Countries: Compendium Report*, Report 26-87, (Ottawa: Conference Board, 1987), inside cover.

[41]Syed S. Rahman and David Balcome, *The Asian Experience: Canadian Business Linkages with the Developing Countries, Volume I*, Report 23-87, (Ottawa: Conference Board of Canada, 1987).

[42]*ibid.*

[43]*ibid.*, p. xiv.

figures prominently and repeatedly among the six case study states.[44] The third work is a compilation of symposium proceedings entitled *Energy and the Environment*; this publication examines India's energy needs and suggests opportunities for Canadian business to invest in and work with India and Indian businesses to meet India's energy demand. Overall, the use of this work is that it represents a clear business-outlook on Canada-India trade and suggestions for Canada's India policy.

Federalism, Civil Society and Cultural Literature

The literature comparing Canadian and Indian federal systems has a fairly long lineage. India's diversities and contradictions and sheer size draw awe and analysis from Canadians. Prime Minister Brian Mulroney's reflection on the Indian federation summarizes, to some extent, Canadian awe with the Indian system: "I have often thought of [Prime Minister] Rajiv [Gandhi] going home (at night), trying to run a democracy of 800 million people and his population growing at a yearly rate of people superior to the entire population of Canada."[45] India was created in 1947 with the amalgamation of 562 kingdoms into the Republic of India, with a federal system composed of 26 states.[46] Today, fast approaching the 1 billion population mark, India is a diverse country boasting both industrial, high-tech and computer job opportunities in Bangalore — the East's Silicon Valley — alongside largely subsistence farming for near-three-quarters of India's population; it boasts peoples from all religions but suffers from communal violence; and, it has major metropolises with world-class amenities, such as New Delhi, Bombay or Calcutta, but three-quarters of the country lives in rural settlements.[47] In addition, though recognizing fifteen official indigenous languages and containing hundreds of languages and dialects indigenous to

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[44]Rahman and Grant, *Building Partnerships for Tomorrow — Canadian Business Linkages with the Developing Countries: Compendium Report*, Report 26-87, (Ottawa: Conference Board, 1987).

[45]Edison Stewart, "PM says he feared death bid on Gandhi", *The Toronto Star*, May 22, 1984.

[46]Douglas Verney, "Canada and India: Political Systems in Transition Towards a More Federal System", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary, 1988), p. 92-93.

[47]Nasierowski, p. 71; C.E.S. Franks, "Vertical and Horizontal Dimensions of Language, Culture and the Polity in Canada and India", *The India-Canada Relationship -- Exploring Political, Economic and Cultural Dimensions*, eds. J.S. Grewal and Hugh Johnston, (London: Sage/Shastri Indo-Canadian Institute, 1994).

India, the country works largely with English (the sixteenth official language).[48] The political system, while combining and containing all these diverse elements, also has various cracks, as found in Kashmir, Punjab, and Northeastern India, and is plagued with corruption and communal opportunism along caste and religious lines. Nonetheless, scholars and others are awed that India is a unified federal system which has neither balkanized, nor ceased to function, nor failed to integrate 'East meets West', nor been hindered from pursuing a strong regional and international presence due the persistence of contradictions and constraints in Indian politics and culture. Moreover, India's political, cultural and civil society mix and dynamism have attracted scholars not just of politics, but also literature, society and the arts — cultural scholars.

Given this, there are many works on the Indian federal system, and on comparing the Indian and Canadian federal system. Of the more prominent Canadian scholars in this vein are Alan Cairns, David J. Elkins, O.P. Dwivedi, P.K. Kuruvilla, Douglas Verney and John R. Wood, and Indian scholars include S. Gopal, A.S. Narang and Mahendra Prasad Singh.[49] On the culture and civic society literature: essays by Canadians and Indians on social policy, gender and education are contained in *Genuine Mutual Interest*; a section devoted to women and women's studies and a section on comparative culture and literature are found in *The India-Canada Relationship*; and, a section entitled "Focus on Women" is found in *Canada-India Opportunities*; and contributions to *Peace, Development and Culture: Comparative Studies of India and Canada*.[50] These are but few

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[48]*ibid.*, p. 152.

[49]For example: Alan Cairns, "The Future of Federalism", *Genuine Mutual Interest*, (Calgary: University of Calgary, 1995), which is about Canadian federalism as part of a comparative Canada-India federalism component, and Cairns has also been a Shastri visiting scholar in India speaking on Canadian federalism and comparative political systems; David J. Elkins, *Electoral Participation in a South Indian Context*, (New Delhi: Vikas Publishing House, 1975); Douglas Verney, *op cit.*; John R. Wood, "Environmental Protection, Human Rights and Political Institutions in India and Canada: The Naramada River and James Bay Development Projects", *The India-Canada Relationship -- Exploring Political, Economic and Cultural Dimensions*, eds. J.S. Grewal and Hugh Johnston, (London: Sage/Shastri Indo-Canadian Institute, 1994); S. Gopal, "The Crisis of Secularism in India", *Genuine Mutual Interest*, (ed. John Wood, Calgary: University of Calgary, 1995); A.S. Narang, "Ethnonationalism and National Reconciliation: Federal Processes in Canada and India", *The India-Canada Relationship -- Exploring Political, Economic and Cultural Dimensions*, eds. J.S. Grewal and Hugh Johnston, (London: Sage/Shastri Indo-Canadian Institute, 1994) ; Mahendra Prasad Singh, "India: The Constitution and Consensus", *The India-Canada Relationship -- Exploring Political, Economic and Cultural Dimensions*, eds. J.S. Grewal and Hugh Johnston, (London: Sage/Shastri Indo-Canadian Institute, 1994).

[50]John R. Wood, ed., *Genuine Mutual Interest*, (Calgary: University of Calgary, 1995); J.S. Grewal and Hugh Johnston, eds., *The India-Canada Relationship -- Exploring Political, Economic and Cultural Dimensions*,

examples to show the diversity of comparative studies and of reciprocal interests among Canadian and Indian thinkers. However, these scholars' work in these areas is of limited use for my purpose, so it is sufficient to mention them without more analysis.

Canada's India Policy

Differentiating the Thesis

Given that Gupta's book, Sinha's thesis and Dobell's article do reflect on Canada-India relations, my thesis is differentiated because of three points. First, my thesis *is not* about Canada-India relations. Second, my thesis *is* about Canada's foreign policy towards India. This distinction is important. The purpose of my thesis is to consider Canada's foreign policy reactions and changes in dealing with India, and especially the ways in which Canada's foreign policy framework is changing, and thus, how this change will affect Canada's India policy. A consideration of Canada-India relations would subsume Canadian concerns to a larger picture of interstate relations, South Asian regional issues and global contexts, and would render my thesis as nothing more than a five year update on Mitali Sinha's thesis. Which begs the third point, my thesis incorporates and reflects on the changes in Canada and India in the 1990s, especially India's economic reforms and Canadian foreign policy's economic priority. With the rise of the trade imperative in Canada's foreign policy, this thesis incorporates and analyses the business literature on Canada's India policy and Canada-India trade, which is clearly missing in these three works and the academic literature. Changes in the 1990s will show both a new direction in Canadian foreign policy and Canada's India policy.

(London: Sage/Shastri Indo-Canadian Institute, 1994); Ashis Gupta, ed., *op cit.*; Howard Coward, ed., *Peace, Development and Culture: Comparative Studies of India and Canada*, (Calgary: Shastri Indo-Canadian Institute, 1988).

Limits of the Thesis

However, an important caveat is that I have not emphatically nor extensively examined the literature on immigration, which is a growing priority with respect to Indians, and the growing involvement of important Indians and Indian organizations in Canada and their influence on foreign policy. To be clear, my focus is on Canada's India policy vis-a-vis the government, DEA, DFAIT and CIDA, and has not examined the departments focussed on immigration, citizenship or multiculturalism. I mention immigration briefly, but do not discuss it or its impact on DFAIT policy or DFAIT's concern with it. Clearly, there is a growing constituency of Indians, but they are largely missing in name and analysis from the literature I have examined, and so it is important to remember this limitation.

Another important point, I repeat, is that I have analysed and criticized the same sources on which I base my assessment. I have attempted to build my literature analysis and develop my conclusions critically, but have not conducted interviews or extensive archival research to bolster my case. As such, I have not identified nor interviewed Indians involved in Canada's India policy — a short-coming I share along with the same literature I analyse. Therefore, I have assumed the veracity of claims by authors by assuming the veracity of their facts, which I base on the credentials of the authors or the organizations they work for such as newspapers, universities or government agencies.

The Approach

I have used sources with differing viewpoints and perspectives. While there do exist sources on Canada-India relations, there is, as noted above, but one book-length study of Canada-India relations and one political science Master of Arts thesis. Besides these two, the academic and business secondary sources are usually conference proceedings or collected essays and periodical articles. In addition, works on government-business foreign policy relations and Canadian foreign

policy have been utilized for the 'theoretical' sections. As well, available and relevant government documents and journalistic articles have been examined.

As is obvious, chapter one is the introduction, which has put forth and justified the basic purpose of my endeavour by examining the literature. The literature is largely about Canada-India relations, but my thesis is focussed on Canada's India policy and conclusions about how Canada may frame this policy in the future. In chapter two, the 'contexts' of Canada's foreign policy used in my thesis are discussed: niche diplomacy, business in/of foreign policy, and the American factor. Chapter three relates formative and indicative events in Canada's India policy. It's purpose is to put forth the history in a largely descriptive manner. This chapter will provide the context and evidence for consideration in the next two chapters. In chapter four, issues in Canada's India policy are analysed by critically considering the ideas and concepts of the scholarly secondary literature and primary newsmedia literature. Moreover, I argue certain issues are off the agenda, and certain issues remain on it. Finally, chapter five will return to three questions posed in chapter two and consider them in light of chapters three and four, and provide my analysis of options and directions for Canada's India policy. Finally, a brief concluding chapter closes my thesis

CHAPTER 2:

(Re)Visions of Canadian Foreign Policy

Contexts not Theories

In most foreign policy analyses, there is usually a theoretical framework for the analysis. Typically, an author uses a framework for analysing the foreign policy of a particular states, makes conclusions about that state's foreign policy and some remarks about the framework itself. Such an approach, as noted in the literature survey, was used by Mitali Sinha. A modified approach is pursued here.

The approach adopted here is an eclectic one, yet not without parameters. I have chosen to consider what I consider three 'contexts' of Canadian foreign policy. By context, I refer to the locus of operation, factors and choices that effect Canadian foreign policy. As such, authors have identified these contexts, and debates continue about these contexts. The first context is of niche diplomacy; the second is focus on trade/business in foreign policy; and the third is the Canada-India-US triangle. In that order, I will overview these contexts.

Niche Diplomacy

The concept of *niche diplomacy* is now under heavy scrutiny among the Canadian academics and foreign affairs persons. Credited to former Australian minister of foreign affairs and trade of the late 1980s-early 1990s, Gareth Evans, niche diplomacy means identifying specialized, limited activities in which diplomatic endeavours will most effectively serve the state's interests — be they security, economic opportunity, social welfare or international prestige and

status — and can be fulfilled within the constraints of fiscal and capability resources.[51] In other words, niche diplomacy seeks to converge the commitment-capability gap in Canada's international behaviour.[52] Two writers of the niche context are academics Andrew F. Cooper and Evan H. Potter; in contrast to them is Douglass A. Ross who takes issue with this approach.

Just Say 'No' — Why, when and how

In his article entitled "In Search of Niches: Saying 'Yes' and Saying 'No' in Canada's International Relations", Andrew Cooper broadens the niche analysis with a greater examination of Canada's role "in the international economic-policy-making arena".[53] While this is not my concern, there are important points to note from Cooper. First, Cooper demonstrates that niche diplomacy has deep historical roots: "[the] privileging of niches builds on an established theory and practice concerned with functionalism as the core organizing principle in Ottawa's international behaviour."[54] Niche diplomacy is partly a modernized form of functionalism, yet it is different because it draws on ecological and business administration literature as theoretical guides instead of practitioner's experiences and political literature. Thus, second, Cooper shows the niche concept as being distinct. He notes, "a central theme of this type of diplomacy plays up the mixture of risks and opportunities inherent in moving from the rigidities of an old order towards the uncertainties of a new environment ... [and] to identify and fill niche space on a selective basis through policy ingenuity and execution."[55] In addition, niche diplomacy is practiced in the context of erratic American leadership (and an impotent Russia), whereas functionalism was practiced in a clear, bipolar, dominant global order.[56] Finally, niche diplomacy is practiced within an *expanding* policy

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[51] Andrew F. Cooper, Richard A. Higgott and Kim Richard Nossal, *Relocating Middle Powers: Australia and Canada in a Changing World Order*, (Vancouver: UBC Press, 1992), pp. 25-26.

[52] Andrew F. Cooper, "In Search of Niches: Saying 'Yes' and Saying 'No' in Canada's International Relations", *Canadian Foreign Policy*, (v.3, n.3, Winter 1995), pp. 1-13; Cooper, p. 1.

[53] *ibid.*, p.1

[54] *ibid.*, p. 2; see also Kim Richard Nossal, *The Politics of Canadian Foreign Policy*, 3rd ed.., (Scarborough: Prentice-Hall, 1997), pp. 54-55

[55] Cooper, *op cit.*, p. 3.

[56] *ibid.*, p. 3.

agenda, including ecological, subnational, economic and social issues, while functionalism operated in a politico-security dominated agenda.

Returning to the third point, Cooper offers insights into criterias for niche selection and/or activity. First, Cooper sees Canada revitalizing traditional diplomatic activities within the new global context. Canada should create 'one-off endeavours' by providing sites and logistical support for parties to meet, to discuss and to settle disputes and issues, instead of direct mediation.[57] It may pursue confidence-building activities, as opposed to the loftier goal of easing conflict between major powers or major 'players'.[58] Canada can exercise "entrepreneurial will" and "technical capacity" as Norway did in the Middle East Peace process, but these must 'reinforce rather than dilute' Canadian interests and concerns.[59] Second, in relation to international organization and growing regionalism, "Canada should establish a hierarchy of value attached to international institutional membership on the basis of delivery, based both on tangible benefits to Canadian interests and international leverage."[60] Third, Canada should pursue "focused coalition-building" with caution; Canada should only join or create coalitions it will fully back and support, as ambiguity, indifference and defection now carry greater tangible and intangible risks than before.[61] Fourth, within established niches, "[one] important way in which learning and adaptability can be signalled is by demonstrating that Canada can clearly and openly say that some types of activity no longer fit into its range of selected niches"; for example, Canada might agree to a peacebuilding role, such as logistical support, electoral reform or media training, but would not participate in peace enforcement.[62] Fifth, Canada may develop "cluster niches", such as in global communications — satellites, digital switching equipment, radio.[63] Sixth, Cooper recommends

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[57] *ibid.*, p. 6.

[58] *ibid.*, p. 6. Although Cooper refers to Canada and the "Great Powers", I use the terms major 'powers' and 'players' because the present global environment includes both powers, such as the US, Russia and China, and 'players' — actors whose role is necessary in certain contexts and regions — such as India, Iran, Germany, France, Japan, South Africa, Nigeria, Israel, Brazil and Argentina.

[59] *ibid.* p. 7

[60] *ibid.*, p. 8.

[61] *ibid.*, p. 9.

[62] *ibid.*, p. 10.

[63] *ibid.*, p. 11.

Canadian government ministers and departments be assigned niche activities. Finally, Cooper urges incorporating various non-state actors; these actors also tend to have niches, such as Canada-India Business Council or Amnesty International, and their attributes may augment government niche activities, or fill vacant niches.[64] In summary, Cooper states: "[if] Canada should say 'yes' in a robust (albeit selective) fashion, it should also say 'no' to some forms for diplomatic activity. Arguably the true test of diplomatic acumen and creativity will be to make choices on an effective and equitable basis."[65]

Getting the Most Bang for the Looney

Following on the heels of Cooper is Evan Potter's article, "Niche diplomacy as Canadian foreign policy". "[Potter argues] that to maximize its influence in an era of fiscal austerity, Canada will have to become more selective about the many international spheres in which it plays."[66] Potter places the fiscal austerity constraint as central to foreign policy options, and its implications result in policy proscriptions. Potter's words best summarize his application of niche diplomacy:

> First, the closing or downsizing of Canada's missions in countries where Canadian economic and political interests are not paramount must continue. ...
>
> Second, the Canadian government should withdraw completely from business promotion in Western Europe and the United States. ...
>
> Third, it is expensive and highly inefficient to use soldiers as peace-builders. ...
>
> Fourth, foreign aid to developing countries on the threshold of joining the First World must be reduced. ...
>
> Fifth, and most significantly, there must be a shift away from military alliances such as NATO and towards international economic (for example, the World Trade Organization and G-7) and social institutions.[67]

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[64]*ibid.*, p. 12.

[65]*ibid.*, p. 13.

[66]Evan H. Potter, "Niche diplomacy as Canadian foreign policy", *International Journal*, (v.52, n.1, Winter 1996/97), 25-38; Potter, p. 25.

[67]*ibid.*, pp. 30-31.

In addition, Potter takes note of niches in international communication and international migration, as well as international institutions in which Canadians occupy high profile posts.[68] Given these, he foresees: "[less] and less will Canada's international face be that of a diplomat, soldier, and aid official; more and more it will be the staff of Canadian-based non-governmental organizations — academic, philanthropic, and business."[69] However, he cautions he does not "suggest that it is either feasible appropriate for private or philanthropic organizations to replace a state's diplomacy", but that "government will become more of a facilitator and less of a doer".[70] In selecting niches, like Cooper, Potter asserts, "Canada has a greater comparative advantage in the international economic and social policy-making arenas than it does in the security domain."[71] In closing, Potter concludes the niche approach will "maximize Canada's inherent advantages, [be] cognizant of growing financial constraints in the public sector, recognize the utility of non-governmental actors, and still allow Ottawa to maintain a high profile on the international stage."[72]

The Big Gamble — Folding Up Rather than Cashing In

In opposition to the niche advocates, Douglass Ross's "Canada and the world at risk: depression, war, and isolationism for the 21st century" offers a rebuttal.[73] He opens by noting that

> [not] since the 1930s has Canada's international presence seemed so wan, so enfeebled, so marginal. With the North American Free Trade Agreement (NAFTA) and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) under implementation, foreign policy has been reduced to Team Canada trade missions to communist and ethnically repressive states (China and Indonesia) and fervent, well-intentioned but largely irrelevant speeches on disarmament and peacekeeping at a debt-ridden, paralyzed, and imploding United Nations.[74]

Ross views this 'lack of diplomacy' as resulting from the "triumph of quasi-pacifist doctrine" of Janice Stein's *Canada 21* document for the future of Canadian foreign policy and diplomat. Where

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[68] *ibid.*, p. 35.
[69] *ibid.*, p. 32.
[70] *ibid.* p. 33 & 32.
[71] *ibid.*, pp. 34-35.
[72] *ibid.* p. 38.
[73] Douglass Alan Ross, "Canada and the world at risk: depression, war, and isolationism for the 21st century", *International Journal*, (v.52, n.1, Winter 1996-97), p. 1-24.
[74] *ibid.*, p. 1-2.

Stein, Cooper and Potter argue Canada's advantage in 'low' politics-focussed niche diplomacy and decrease military roles, Ross calls the present policy of restructuring, discarding and downsizing the military and military armaments as foolish and "[damaging] to Canadian power, position, and influence over the 'high' political issues on the global agenda".[75] Thus, Ross asserts, "Canada has no credible military instrument to apply to international crises when they arise."[76] In opposing the fiscal restraint argument, Ross argues,

> [it] was not the product of a momentary aberration of a single federal party and its leadership, but rather a deliberately manufactured 'national consensus' by Canadian corporate and political leaders; by the captive, strategically ill-informed mainstream press and electronic media; and lastly by the high priests of market globalization, continental integration, and the post-industrial information 'revolution.' The primary justification for Canada's drift into feckless, disarmed, 'virtual' statehood is the allegedly unstoppable transformation of the world economy: the arrival of the putatively borderless world.[77]

Similarly, Ross rebuts the argument of diminishing threats: "Canadian professionals, academics, and 'opinion leaders' generally have shown a remarkable aptitude for deluding themselves where international security risks are concerned."[78] He then examines the uncertain Russian nuclear threat to North America, and six regional threats by first noting the threat of proliferation:

> [according] to the director of the United States Arms Control Disarmament Agency 'more than 40 countries' are now technically able to build nuclear weapons, and 'more than 15 countries' have ballistic missile development programmes under way. In addition, 'more than two dozen countries' have chemical weapons under development.[79]

Among the six, Ross asserts India-Pakistan tensions are growing, as are their weapons development and deployment programs; as such, Ross sees the possibility of pre-emptive attacks as plausible. His main point is that "[in] virtually none of these cases can Canada offer any

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[75] *ibid.*, p. 2.
[76] *ibid.*, p. 4.
[77] *ibid.*, pp. 4-5.
[78] *ibid.*, p. 7
[79] *ibid.*, p. 11-12.

militarily meaningful assistance to United States (or the United Nations) efforts to deter resort to weapons of mass destruction."[80]

On the question of American leadership, which Cooper called 'erratic' and waning between domination and neglect, Ross notes

> [perversely] at a time when the American government may be more open to the sharing of leadership burdens and international security responsibilities because of domestic difficulties, Canadian leaders are virtually opting out of any effective contribution to collective defence, collective security, and international development.[81]

The result will be that the US will make decisions unilaterally, a tendency not appreciated by Canada but resulting from a lack of Canadian role, voice and seat at the decision-making table or arena. To summarize Ross' rebuttal: the pursuit of niche diplomacy, and the 'giving up' of areas of diplomacy and high politics will result in diminished control of Canada's destiny and role in international affairs, and in case of mass war, Canada will not be in a position to preserve or re-establish global security.

Cooper is certainly right in saying niche diplomacy is about risks, and he and Potter have argued that the risk is necessary and rewarding; however, Ross argues that risking certain elements of foreign policy, especially the military and security, may be a gamble that overwhelmingly backfires on Canada in the future. In turning to Canada's India policy, the niche diplomacy approach will prove interesting to analyze in light of the developments in both high and low politics issues between Canada and India.

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[80] *ibid.*, p. 18.
[81] *ibid.*, p. 21.

Business in/of Foreign Policy

As a result of the focus on international trade, a general criticism is that Canadian foreign policy has been hijacked by a business agenda propelled by business interests.[82] The criticism cites DFAIT's focus on finding foreign markets, pursuing trade missions, spending public money to facilitate Canadian business entry into foreign countries, and subsuming other issues in the interest of bilateral trade as examples. This is partly a result of the Mulroney years and post-NAFTA debate about the role of business in politics. Nonetheless, the attack on the government's policy is from two-wings: the first is a socially-conscious grouping which deplores the privileging of trade as detrimental to Canadian stances on human rights, development aid, the global environment, etc.; the second wing, such as Ross, is concerned with maintaining Canada's defence and security status, sees the present global situation as unpredictable if not dangerous, and the deprioritization of security/strategic issues as myopic. The argument against the focus on trade often results in finger-pointing at business, and the corollary is that the Canadian government is framing foreign policy according to business interests. The question of the role and impact of business as non-state actors has been debated by many Canadian foreign policy scholars, but I will focus on the arguments of (and between) Kim Richard Nossal, Cranford Pratt and Abraham Rotstein.[83]

State of Control

According to Nossal, a statist model cites four assumptions: one, state officials pursue their own interests; two, interests of the state are separate, even divergent, from those of civil society; three, "the state will act on *its* own preferences"; and, four, the state prevails over any

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[82]'Business' refers to the broadest definition of such a term. It includes the interest of the commercial, manufacturing, real estate, corporate, small business, etc. designations. No apology is made for such a nebulous use, as the literature does not specify the term either.

[83]Cranford Pratt, "Canadian foreign policy: bias to business", *International Perspectives*, (Nov/Dec, 1982), pp.3-6; Cranford Pratt, "Dominant class theory and Canadian foreign policy: the case of the counter-consensus", *International Journal*, (v.39, n.1, Winter 1983-84), 99-135; Kim R. Nossal, "Analyzing the domestic sources of Canadian foreign policy", *International Journal*, (v.39, n.1, Winter 1983-84), 1-22; and, Abraham Rotstein, "Foreign policy and the Canadian business community", *International Journal*, (v.39, n.1, Winter 1983-84), pp. 136-45.

state-civil society conflicts over interests.[84] The state defines its interests through 'governmental politics' — competition inside government — but there *is* 'minimal' from input from domestic actors, such as business.[85] Therefore, Nossal put forth a *modified statist* model.

In his reasoning, Nossal asserts the history of Canadian foreign policy told by Canadian practitioners C.P. Stacy, John W. Holmes and James Eayrs "conforms to the precepts" of the statist paradigm of American academics Eric Nordlinger and Stephen D. Krasner. He writes,

> [officials], elected and bureaucratic, have their own conceptions of the national interest, as well as organizational and personal interests. They have definite ideas about what Canada's foreign policy should or should not be. And when these ideas are thought to run against societal preferences, officials use their authority and resources of the state to help convince society of the rightness of the state's preferences.[86]

Central to this conception, then, is that there are "degrees of autonomy of the state from civil society".[87] Drawing on Denis Stairs' work which draws on James Best's work, Nossal argues this autonomy can be gauged at "four levels at which foreign policy may be affected". First, at the administration-setting level, "most modern states, including Canada, are sufficiently impermeable to preclude widespread administration-setting by civil society in foreign policy"; the state is wholly autonomous at this level.[88] Second, at the policy-setting level, "the pressure of public opinion, specific interest associations, or other groups determines the state's specific policy choices ... [but] the state retains considerable latitude."[89] Third, at the agenda-setting level, which involves "the ability of certain groups in civil society — notably the print and electronic media — to structure the issues with which the government must deal", state autonomy is merky; media and public outcry can force an issue onto the agenda, but the state may manoeuvre to bury, avoid, decelerate or expedite the issue.[90] Fourth, at the parameter-setting level, civil society provides limits on policy by circumscribing ability to pursue, and the cost of, certain options; Stairs notes that these limits

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[84]Nossal, "Analyzing the domestic sources of Canadian foreign policy", *op cit.*, pp. 7-8.
[85]*ibid.*, p. 8.
[86]*ibid.*, p. 17.
[87]*ibid.*, p. 18.
[88]*ibid.*, p. 19.
[89]*ibid.*, p. 19.
[90]*ibid.*, p. 20.

discourage, instead of prescribe, certain policies, and the limits are very broad — civil society's only recourse is to elect a new government with a new foreign policy mandate and a mandate to remove state officials from office.[91]

Thus, the modified statist model asserts the continued autonomy of the state in formulating and implementing Canadian foreign policy. Specific policy input from civil society actors at the behest of the state's officials, but civil society's broad guidelines of 'acceptable behaviour' give the government great latitude in policy. Essentially, this leads to the conclusion that the government and the foreign affairs ministry is in control of Canadian foreign policy, pursues a 'state interest' and is only minimally influenced by societal actors.

DFAIT Inc.

In contrast to Nossal, Pratt offers the *modified dominant class* model.[92] This model is not a contradiction of the modified statist model but a contradistinction.[93] He argues there is a link between foreign policy practitioners and the dominant class, and between the bias of foreign policy and dominant class interests.[94] First, Pratt's model accepts that the state is in firm control of foreign policy but "does not give this fact a favourable ideological gloss."[95] Second, his theory hypothesizes "the determinants of the goals and objectives which a bureaucracy will seek to pursue in the exercise of autonomy".[96] Finally, Pratt uses a sociological argument to argue a homogeneity of interests:

> [to] find evidence of this dominant class bias, one need but recall the personal and financial links between the corporate sector and the two major political parties [(the Liberals and the Progressive Conservatives)], the links between senior civil servants and the corporate sector, and the ideology which is largely shared by the dominant class and the senior bureaucracy.[97]

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[91] *ibid.* p. 20-21.

[92] Pratt, "Dominant class theory and Canadian foreign policy", *op cit.*, p. 129.

[93] Pratt's article and Nossal's article appeared in the same issue of the *International Journal*, so neither of the two authors make direct reference to each other's *modified* model..

[94] Pratt, "Dominant class theory and Canadian foreign policy", *op cit.*, p. 116.

[95] *ibid.*, p. 117.

[96] *ibid.*, p. 117.

[97] *ibid.*, p. 117.

To explicitly relate this to business, Pratt's earlier article entitled, "Canadian foreign policy: bias to business", argues there exists "an important bias in Canadian policy-making circles toward the interests of the corporate sector."[98] He notes that the economic upheavals and changes of the 1970s, combined with the growing number of *international* economic issues, forced the Canadian foreign ministry "to consult more extensively with other government departments and with the corporate sector."[99] Thus, an "intimate relationship" developed between government and business.[100] In addition, Pratt notes five types of consultation that the state has used to control, limit and cede discussion and input of groups it does not want to involve.[101] From this, Pratt concludes: first, "the government has a close identification with business and industry and has developed elaborate machinery to ensure close cooperation with them"; and second, the government attaches great importance to issues of concern to business and industry and is "seriously concerned to incorporate them into the government-led consensus."[102] In sum, the 'harmonization' of government and business outlooks and consultation has created a bias in favour of business in foreign policy.

Treacherous Business

Intuitively, writes Abraham Rotstein, Pratt's argument makes sense and is "a widely shared assessment of the role of Canadian business" in foreign policy.[103] However, in his assessment, neither model explains the role of business; he prefers to use a *Canadian business populism* conception, which is associated with an adversarial relationship with the federal government.[104] As he notes "certain puzzling phenomena ... [which] raise complex question about the role of Canadian business in an area that overlaps both domestic and foreign policy."[105]

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[98]Pratt, "Canadian foreign policy: bias to business", *op cit.*, p. 3.
[99]*ibid.*, p. 4.
[100]*ibid.*, p. 4.
[101]*ibid.*, pp. 5-6/
[102]*ibid.*, p. 6.
[103]Rotstein, *op cit.*, p. 136.
[104]*ibid.*, pp. 138 and 145.
[105]*ibid.*, p. 137.

The first and most important phenomenon is that Canadian business is one of the harshest critics of Canadian foreign policy in pursuit of Canadian state interest. For example, when the Foreign Invest Review Agency was created, "it was reported by Canadian trade representatives and others that the chief attack on these policies abroad was inspired by disgruntled Canadians who supplied the background information to foreign businessmen and to foreign governments."[106] Second, "the American connection" appears to supersede all other loyalties and interests and has created hypersensitivity to American foreign policy and financial opinions among Canadian business.[107] Thus, *Wall Street Journal* editorials cause an "exaggerated panic [in the Canadian business community], and, in turn, a fierce animosity toward the Canadian government develops because it is regarded as responsible for having generated this type of American reaction. ... Such a posture is untypical of business communities in other countries".[108] Third, Canadian business does not have "a sense of self as a collective entity", and is "passive and reticent"; Rotstein cites the lack of high-powered Canadian lobbying or lobbyists in Washington, given the fact that over three-quarters of our trade is with America. Finally, in response to Pratt's view of growing business lobbying and input into foreign policy, Rotstein notes, "what is distinctly lacking for a full-scale Canadian effort in public diplomacy is the private sector component. ... Canadian business seems temperamentally unable to participate actively in broad government initiatives".[109]

He concludes, "[thus, the Canadian business community] relies heavily on the state to carry responsibilities that advance its own interests while reserving the right to denigrate and undermine the state from the sidelines."[110] Unlike the modified statist model, which argues limited pro-business influence, or the modified dominant class model, which argues too much pro-business influence, Rotstein's argument suggests that business silently collects the benefits of

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[106] *ibid.*, p. 137.
[107] *ibid.*, p. 139.
[108] *ibid.*, p. 140.
[109] *ibid.*, p. 144.
[110] *ibid.*, p. 145.

state actions, but vocally criticizes the state when necessary. With the focus on international trade in Canada's India policy, this will provide for an interesting analysis.

The America Factor

Like other areas of Canadian policy, Canada's foreign policy is affected to varying degrees by the United States of America. Canada's India policy is no exception to this. This debate over American influence over Canada and its policies has a long history and covers many academic disciplines' inquiries, and would be too voluminous at this juncture. Instead, I will briefly summarize the arguments made by Ashok Kapur, Arthur G. Rubinoff and S.D. Gupta about *the America factor* as it relates to Canada's India policy.

The America factor's importance is not so much in American domination of Canada's India policy, but its spillover effect on, and sometimes negation of, Canadian diplomacy. According to Canadian scholar Ashok Kapur, "Canadian diplomacy in India functions in the context of US/India-Pakistan relations".[111] In his assessment, based on the history of the Canada-India relationship, Kapur states

> [hence] the Canadian-US alignment revealed its central importance. The prognosis is that Canada-India relations are likely to have a divergent note in important policy issues of a strategic nature (eg. India's nuclear policy, NPT...) when Canada and the U.S.A. are working in concert on the world stage. However, the Canada-India relationship can be kept on a convergent plane when the issues are truly bilateral (e.g. extradition treaty) and when the U.S. takes a positive view of Indian military and diplomatic activities in South Asia.[112]

Another Canadian scholar, Arthur Rubinoff states, "[over] the years Canadian and American policies toward the [South Asia] region have become more congruent."[113] Both Kapur and Rubinoff point to the growing divergence between Indian and Canadian views, but also note the intrusive role of the US in causing this divergence.[114] On the Indian scholarship side, S.D.

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[111]Kapur, "Canada and India", *op cit.*, p. 53.

[112]*ibid.*, p. 60.

[113]Arthur G. Rubinoff, "Commonalities and dissimilarities in American and Canadian approaches towards the India subcontinent", *Contemporary South Asia*, (v.1, n.3, 1992), p. 393.

[114]*ibid.*, p. 401.

Gupta's work asserts Canada's India policy reflects parameters set by the US, and Indian assessments have been based on this:

> [the] relations between India and Canada can not be studied in anisolated way [*sic*]. It is an open fact that Canada is a close ally of the U S [*sic*]. Sometimes, it becomes very difficult to differentiate the objectives, strategy and rules of foreign policies of [the] U.S. and Canada. Cnada [*sic*] feels that its own interests can be better protected by following the U.S. Reciprocally, India also examined the Canadian foreign policy in terms of U.S. interests and its ideological framework [*sic*].[115]

Consequently, Gupta states, "[the] emphasis of the study has been upon the relations among the three nations: India, Canada and the U. S A [*sic*]."[116] In chapter three of his work, Gupta examines this relationship in detail, but his conclusion was already stated in his introduction: "It is true that Canada is the close ally of U.S.A. and could not develop its own independent foreign policy. ... But India has forced it to look into the new perspective and redesign its foreign policy towards India."[117] Therefore, these scholars place the American factor as critical in understanding Canada's India policy options and machinations.

At the same time, it should be noted Kapur, Rubinoff and Gupta are scholars of Indian foreign policy, South Asia and international relations, and not — nor do they claim to be — Canadian foreign policy scholars *per se*. In addition, this argument focuses on the last fifty years of American global 'impinging' on foreign policy. With the end of the Cold War, re-examining the importance of the American factor is necessitated by the changed role and nature of America's global role, and more importantly, because of the 'freedom' Canada has gained in deciding its India (and Asia) policy and its new active pursuit of an Asia-Pacific role.

Three Questions Stated

From the above contexts, three questions are derived. First, is niche diplomacy viable and useful in Canada's India policy, and if so, which niches should Canada pursue? Second, is the focus towards international trade in Canada's India policy a result of business pressures, or a

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[115]S.D. Gupta, *op cit.*, p. 8.
[116]*ibid.*, p. 16.
[117]*ibid.*, pp. 18.

pursuit of the Canadian state's interests? Third, will the America factor remain a crucial determinant in Canada's India policy? After examining the history of Canada's India policy and critical assessments by authors, I will consider these three questions in chapter five.

CHAPTER 3:

The Canvas of History

To assess the past, present and future directions of Canada's India policy, it is necessary to establish some of the formative and indicative events in Canada's India policy. While attempting to follow a chronology, my emphasis has been on unifying themes.

Immigration & Racism

Although Canadian missionary work in India is much older, the first Canadian government policy affecting India concerned immigration. In the late 1800s, Sikh immigrants from British India arrived in British Columbia and settled down. Canadian authorities immediately took measures to prevent future Indian immigration from British India. Then in 1914, the Canadian government approved an Order in Council requiring 'continuous voyage' for Indian immigrants to prevent them from de-boarding in Canada.[118] This probably anticipated the May 1914, *Komagata Maru* incident. Chartered by Baba Gurdit Singh, a rich Sikh contractor from Amritsar, the *Komagata Maru* was a Japanese ship which headed for Canada with 376 passengers of which 25 were non-Sikh. Upon arriving at a port in Vancouver, British Columbia on May 23, "[the] passengers were not allowed to disembark on the plea that they had not satisfied the requirements for Canadian immigration laws... [and even] the local Indian community at Vancouver was not allowed to supply provisions."[119] After a month of posturing and intimidation, and resistance by passengers not to leave without provisions and water, the Canadian authorities allowed provisions and water onto the ship, and the *Komagata Maru* sailed away on July 23.

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[118]Sinha, *op cit.*, p. 19.

[119]Hiranmay Karlekar, "Indo-Canadian Relations: Past, Present and Future", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary, 1988), p. 109-110.

The BC Indian community had preceded the creation of India by almost half-a-century, but was certainly not forgotten. "In December 1946, Jawaharlal Nehru, who headed the interim government, formed three months earlier to facilitate the transition to independence, requested the Canadian government to persuade the government of British Columbia to grant franchise to the small population in that province and rectify a situation which was a source of humiliation to it."[120] Prime Minister William Lyon Mackenzie King's government not only met that request, but also repealed the 1914 'continuous voyage' order.[121] "By 1951, the Canadian government sought to remove the discrimination against Indians by an agreement with the Indian government providing for an annual quota of 150 immigrants to Canada."[122]

Since the 1950s, Indian immigration to Canada has grown immensely. In the 1950s, Canada began allowing 150 Indians to immigrate to Canada. This boomed to between 2,000 to 5,000 average annual immigration from India between 1966 and 1972; almost doubled to 9,000 in 1973; and jumped again to 13,000 in 1973.[123] In 1951, the Indo-Canadian population, largely in British Columbia, population totalled 2,000.[124] As of 1992, between 400,000 to 500,000 Canadians are of South Asian background.[125] In 1993, Canada's New Delhi office granted almost 25,000 Indians immigration to Canada, making it "Canada's second-busiest immigration centre after Hong Kong."[126] In 1997, there are over 500,000 South Asians, the majority are from India.

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[120]*ibid.*, p. 110.

[121]Sinha, *op cit.*, p. 19.

[122]*ibid.*, p. 19.

[123]Paynter, *op cit.*, p. 42.

[124]Hugh Johnston "Introduction", *The India-Canada Relationship -- Exploring Political, Economic and Cultural Dimensions*, eds. J.S. Grewal and Hugh Johnston, (London: Sage/Shastri Indo-Canadian Institute, 1994), p. 12.

[125]Paynter, *op cit.*, p. 42.

[126]Robert Matas, "Lunch with commissioner a milestone for wary Sikhs", *The Globe and Mail*, February 3, 1994.

India's Independence

The possibility of India's independence was not a topic prior to World War II. Instead, the question was of dominion status, on which Canada's Prime Minister Robert Borden, at 1917 Imperial War Conference, had supported granting India dominion status.[127] During World War II, on March 15, 1942, King sent assurances to Nehru and Mohandas Gandhi of Canada's support for India achieving dominion status.[128] However, after World War II, Asian decolonization was no longer stoppable by the European empires. Thus, when on June 3, 1947, a plan for Indian independence was announced, King issued a press release indicating Canada's welcoming of Indian independence.[129] In June 1947, J.D. Kearney Canada's first High Commissioner to India arrived; by October, 1947, India's first High Commissioner to India was in Canada. [130] Canada and India have maintained diplomatic relations continuously for half-a-century.

The Commonwealth

Given that Indian independence was forthcoming, Canada was very interested in keeping India within the Commonwealth. The Commonwealth of the 1940's was composed of the 'White Dominions' "as an association of English speaking nations united by a common allegiance to the British Crown."[131] This posed an obstacle in bringing in or enticing the *Republic* of India, as well as future Asian and African states who *would* follow India's example. While Canadian sentimentality and nostalgia about the Commonwealth feared the Commonwealth's symbolic purpose would be diluted if it was broadened to include Asian states, the foreign affairs practitioners were concerned with multilateral conduits for Canadian foreign policy.[132] The Commonwealth freed Canada of the encumbrances of the US and allowed a path for engaging

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[127]Sinha, *op cit.*, p. 19.
[128]*ibid.*, p. 20.
[129]*ibid.*, p. 20.
[130]*ibid.*, p. 21-22.
[131]Mansur, *op cit.*, p. 40.
[132]*ibid.*, p. 40.

decolonized Asia, and later Africa. The solution, however, was worked out between Britain and India: the Commonwealth removed the words 'British' and 'Dominion' from its title, made the British monarch head of the Commonwealth (not its members states, unless they were dominions), and the Indian office of President would represent India's Head of State.[133] The Commonwealth did not effect any security arrangements, and became a vehicle for bilateral and multilateral development assistance and a forum for discussing and understanding interstate relations. The Commonwealth became multi-racial and accepted republics, thus allowing India, other Asian states, and later decolonized Africa to join the Commonwealth.

For Canada, it afforded an opportunity to build a relationship with India. Canada was able to provide both multilateral and bilateral aid through the Commonwealth aid programme of the 1950s and 1960s. In the 1980s, Mulroney and Indian Prime Minister Rajiv Gandhi joined forces in the Commonwealth to support African calls for sanctions against South Africa and its apartheid system. A hard fight with Britain, without avail, and mounting international recognition and embarrassment among other governments, such as American, Japan and Germany, eventually led to greater and broader-based sanctions against South Africa's government. Both Mulroney and Gandhi had successfully, though momentarly, revitalized the role of the Commonwealth as a vehicle and forum for multilateral discussions and action, as was the case in the 1950s.

Official Visits

In October 1949, Prime Minister Nehru, independent India's first head of state, formally visited Canada, after visiting America, and addressed the Canadian parliament.[134] Seven years later, in February, 1954, Prime Minister Louis St. Laurent, reciprocated by addressing the Indian parliament, and also became the first Canadian head of state to visit India formally.[135] With these two visits, Canada and India began two decades of cordial and friendly visits by Prime Ministers

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[133]Sinha, *op cit.*, p. 21.
[134]*ibid.*, p. 22.
[135]*ibid.*, p. 23.

and other senior officials, and also members of parliaments and business peoples. Of note are visits to India by Canadian Prime Ministers Lester B. Pearson in 1950, John Diefenbaker in 1958, Trudeau in 1971, and Chrétien in 1995, and visits by Indian Prime Ministers Lal Bahadur Shastri in 1964 and Indira Gandhi in 1973. In June, 1977, the trade mission visit to India by C.T. Charland, Canadian assistant deputy minister for Industry, Trade and Commerce, began the revitalization of bilateral relations; this peaked with the January 1979 visit by Canadian Opposition Leader Joe Clark and Tony Abbott, Minister of Revenue and Small Business, who were the most senior-level Canadian politicians to visit India since the early 1970s.[136] Under the Mulroney and Chrétien governments, greater emphasis has been placed not on prime ministerial visits, but trade missions with a high political profile. There have been many other official visits and exchanges, and many of them are chronicled in Appendix 1.

The United Nations Organization (UN)

Kashmir

In October 1947, India and Pakistan were at war over Kashmir. Kashmir's fate was unclear, as the Maharaja of Kashmir, a Hindu king over a predominantly Muslim population, had not yet joined either Pakistan or India. Pakistan, feeling Indian action had forced the Muslim-led Hindu-populated kingdoms of Hyderabad and Junagardh join India, decided to do likewise in Kashmir. The Maharaja of Kashmir begged Indian intervention, which India agreed to do if he acceded to India. Thus, for three months, Indian and Pakistani forces clashed. In January 1948, India referred the dispute to the UN.[137] This was when Canada became involved.

Indirectly, Canadian involvement began with Canada's "helpful suggestions" while it sat on the Security Council. Canadian involvement became direct as a result of its presidency of the Security Council in February, 1948, when the Council debated the issue, and December, 1949,

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[136]Geoffrey Stevens, "Friendship renewed", *The Globe and Mail*, January 11, 1979.
[137]Mansur, *op cit.*, p. 44.

when the President was charged with proposing a solution. Canada's permanent delegate to the UN was a distinguished WWII General, Andrew G.L. McNaughton; he examined the issues, spoke with both sides, and proposed a plebiscite in Kashmir in line with the self-determination principle.[138] In early 1950, McNaughton's proposal was put to the necessary parties: the proposal was accepted by Pakistan, supported by the US, Britain and other Western Powers; but India rejected McNaughton's proposal.[139] Given this situation, "the Canadian government did not wish to see any further resolution submitted to the Security Council"; Canada had attempted a solution, but "saw no benefit in isolating India."[140] Instead, "Canada ... provided nine members of the 11-nation, 40-man UN observer in Kashmir" — the UN and Canada's first peacekeeping mission — called the United Nations Military Observer Group in India and Pakistan (UNMOGIP).

This, however, was not the last time Canada involved itself. On September 2, 1965, Prime Minister Lester B. Pearson offered Canada's good offices to settle the second India-Pakistan war in Kashmir through the DEA Minister, Paul Martin, who extended the offer to the Pakistani and Indian High Commissioners to Canada.[141] However, this fell on deaf ears, and Canada's contribution was again logistics. A quarter-century later, on July 31, 1990, External Affairs issued a press statement on the use of the force by the Indian military under the Jammu and Kashmir Disturbed Areas Act. The Act "delegates authority to chief constable level, or equivalent, to shoot to kill those violating a ban on assembly of five or more persons, those carrying firearms and ammunition, and those engaged in acts which may be in breach of public order."[142] Clark urged respecting human rights and civilian safety while pursuing securing civil peace; he also called upon both sides "to pursue a dialogue on the basis of the Simla Accords"[143] In the latest statement, on April 29, 1996, Canadian Foreign Affairs Minister, Lloyd Axworthy, "deplored the April 28 bus

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[138]*ibid.*, p. 46.
[139]*ibid.*, pp. 46-47.
[140]*ibid.*, p. 47.
[141]*The Globe and Mail*, "Pearson offers to help in Pakistan-India talks", September 3, 1965.
[142]Department of External Affairs, "Clark concerned about developments in Kashmir", *New Release*, n. 160, July 31, 1990.
[143]*ibid.*

bombing in New Delhi, India, which claimed the lives of 13 people."[144] Axworthy reaffirmed Canada's condemnation of the use of violence to achieve political ends.

The Korean War

When in July of 1950, when the North Koreans crossed the 38th parallel into South Korea, the showdown between the US, China and Russia raised serious concerns in both India and Canada. The UN compromise was to have both North and South Korea as states, but neither bloc was satisfied by this status of the peninsula. Thus, when the war broke out, both Canada and India assisted with medical teams, peacekeepers and other support, but, more importantly, they became part of a three-member UN committee which failed to create a cease-fire.[145] While Canada and India gained important experience in global security management and negotiation, their differences in approaches and disillusionment with the other began to emerge. India had warned Canada and other states that China would counter any move by the US-led UN forces if they crossed too far into North Korea, and especially given that US General Douglass MacArthur was intent on taking on the Communist Chinese forces. However, Canada was unable to persuade the US to reel in MacArthur, nor was India able to persuade China to exercise restraint.

The Indo-China Crises

In 1954, Canada agreed to join the three-member UN International Commission for Supervision and Control (ICSC) after learning India was to be chair, and Poland was to be the third member. The major concern of this commission became the hostilities in Indo-China. In 1959, South Vietnam filed a charge with the ICSC against North Vietnam's subversive activities, which resulted in a 1962 ICSC report criticizing North Vietnam, but also noted South Korea's failure to report increased American military support. Despite criticisms from key players, both

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[144]Department of Foreign Affairs and International Trade, "Axworthy announces Joint Ministerial Committee and Agreements with India", *News Release*, n. 3, January 8, 1997.

[145]Sinha, *op cit.*, p. 33.

India and Canada held firm in ICSC. However, over the course of years, as the battle lines were drawn between the Chinese, Vietnamese and Americans in Indo-China, the partisanship of Canada (for the US) and Poland (for the USSR, China and Vietnam) began to divide the commission, and India began pursuing a 'do nothing' leadership in the ICSC rather than pick sides, which Canada did not appreciate.[146]

Suez Crisis

In July 1956, the Suez Crisis erupted when Egypt nationalized the Suez Canal, and Israel, France and Britain attempted to wrestle the canal back from Egypt through military force. Again, Canada and India proposed solutions. India proposed negotiating a new deal on dividing the revenues from the Suez Canal to deal with Egypt's grievances, and the creation of an international Canal Consultative Body to manage the Suez; India hoped it would receive the chair of this board.[147] Meanwhile, Canada proposed the creation of an international peacekeeping force and this motion was carried in the UN.[148] Indian support for the Canadian resolution was discussed between the heads of the Canadian and Indian delegations, Pearson and Arthur Lall; it was felt that both resolutions complemented each other.[149] In the end, the Canadian resolution passed forward and won Pearson the Nobel Peace Prize, while the Indian proposal fell by the wayside.

Hungary

In November 1956, the Soviet Red Army reversed its policy of unilaterally withdrawing from Hungary, and, at the behest of the puppet Hungarian government, massively rolled in to crush the Hungarian protestations against Soviet domination of and presence in their country. Indian reaction was concerned with preventing a shift away from the Suez Crisis, not offending the Soviets too much, voting against a UN resolution for Soviet withdrawal from Hungary, abstaining

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[146]*ibid.*, p. 35.

[147]Mohammed Rahman, *The Politics of Nonalignment*, (New Delhi: Associated Publishing House, 1969), p. 138.

[148]Robert W. Reford, "Peacekeeping at Suez, 1956", *Canadian Foreign Policy: Selected Cases*, Don Munton and John Kirton, (Scarborough: Prentice-Hall, 1992), p. 67.

[149]*ibid.*, p. 65.

on other relevant UN votes and advocating a UN supervised election in Hungary.[150] In contrast, Canada denounced the Soviet action and backed UN resolutions demanding Soviet withdrawal and criticizing Soviet conduct.

China-India Border War

In 1962, the China-India border war erupted for a brief period of time. While the war was not solved at the UN, as the Chinese unilaterally withdrew their forces to pre-war lines, Prime Minister Pearson reaffirmed Canadian support of India. In addition, *The Globe and Mail* reported Canada offered India surplus military equipment worth approximately $5-million and 16 Caribous aircraft to patrol the Himalayan mountain region, where the war took place.[151]

East Pakistan (Bangladesh)

In 1970, East Pakistani candidate for Prime Minister, Sheik Mujibur Rahman, won a slight majority over West Pakistan's Zulfakir Ali Bhutto, but was not allowed to take his post by President Yahya Khan. By March, 1971, Pakistan faced a constitutional crisis as negotiations broke down and protestors took to the street. The West Pakistani government implemented harshly repressive and brutal means to re-establish order resulting in a civil war over East Pakistan's secession. India joined the war on the East Pakistani side in December on the pretext of the war spilling over into Indian lands. Indian forces support for East Pakistani rebels crushed the West Pakistani forces and led to the creation of Bangladesh.

In Canada, Canadians wanted the 1970 election results honoured, but knew the US wanted Bhutto in power.[152] In July, 1971, the Indian government hosted three members (NDPer Andrew Brewin, Liberal Georges Lachance and Conservative Heath MacQuarrie) of the House of Commons foreign affairs committee; the members saw the plight of millions of East Pakistanis who had fled to India, recommended Rahman's investiture or East Pakistan self-rule, supported

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[150]M. Rahman, *op cit.*, p.168.
[151]*The Globe and Mail*, "Pearson Pledges India Continuing Support", May 14, 1963.
[152]Dobell, *op cit.*, p. 133.

U.N. intervention, and urged assisting India with millions more dollars for refugees.[153] In August 1971, Prime Minister Trudeau urged President Khan to handle the situation with "moderation and magnanimity", and then, Canada also suspended military equipment exports as a small sign of "its disapproval".[154] On December 8, 1971, after fighting between India and Pakistan became open, Prime Minister Trudeau stated "that he had tried through direct correspondence with Prime Minister Indira Gandhi of India and President Yahya Khan of Pakistan to head off open hostilities between the two countries".[155] Neither side was interested in a peaceful settlement, stated External Affairs Minister, Mitchell Sharp, and added Canada would not follow India's lead in recognizing Bangladesh.[156] As always, Canada offered humanitarian aid — $30 million in government and private donations — and attempted a multilateral solution.[157] While Sharp had toyed with Canadian peacekeeping in East Bengal, "the response of the Canadian High Commissioner in New Delhi was to propose to Ottawa that Canada, in concert with other western governments, ask India to stop the fighting in return for the release from Pakistani army detention of the Awami League leader."[158] India would agree only if Rahman was installed as prime minister, which would, India asserted, reverse the refugee onslaught in northeastern India.[159] Knowing India's condition would fail, Ottawa withdrew the proposal. "Canada voted instead, along with over a hundred other countries, for a UN General Assembly resolution favouring a cease-fire and withdrawal of Indian forces from East Pakistan", which was passed overwhelmingly after the USSR had used its veto in the Security Council on this resolution.[160] The resolution changed nothing, and Rahman eventually took power and Bangladesh was recognized.

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[153]*Ottawa Journal*, "They should not have gone as guests of India", Thursday, July 8, 1971; *The Toronto Star*, "3 MPs seek self-rule for East Pakistan", July 8, 1971; Geoffrey Pearson, "Canada, the United Nations and the Independence of Bangladesh", *Peace, Development and Culture: Comparative Studies of India and Canada*, ed. Howard Coward, (Calgary: Shastri Indo-Canadian Institute, 1988), p. 17.

[154]Delvoie, *op cit.*, p. 21.

[155]*The Toronto Star*, "PM: Tried to head off Indian-Pakistani clash", December 7, 1971.

[156]*ibid.*

[157]Delvoie, *op cit.*, p. 21.

[158]*The Globe and Mail*, "She stops to conquer", January 4, 1972; Dobell, *op cit.*, p. 134.

[159]*ibid.*, p. 134.

[160]*ibid.*, p. 134, Pearson, p. 19.

Official Development Assistance (ODA)

What follows is not an exhaustive list of Canadian ODA, rather I have identified the main directions in aid and policy that Canadian ODA has pursued. The main areas of ODA has been infrastructure projects, industrial development, nuclear energy technology transfer, limited food assistance, commercial linkages and socio-environmental policy frameworks (see Appendix 2). In addition, although Canada has used both multilateral and bilateral channels, my focus is on bilateral aid where Canadian ODA can be noted and measured more precisely. In the broadest picture, since the 1950s, India has received almost $2 billion in Canadian ODA, resulting in India becoming the single largest recipient of Canadian ODA.[161]

Multilateralism

After the decolonization in the immediate years after World War II, the decolonized states faced the problem of financing development. Essentially, the choice they faced was strings-attached financing from either the USA-led Western bloc or Soviet-controlled Eastern bloc. On the other hand, Canada also faced hurdles: first, Canada is not wealthy enough to fund bilaterally all the development projects in developing states (or even less-developed developed states); second, due to instability and insurgencies by American and Soviet led forces, Canada prudently did not want to risk all their aid in one or two states; and, third, Canada did not appreciate US aid and 'frameworks' encircling and overshadowing Canadian contributions. Therefore, a multilateral approach was considered the most feasible administration of ODA. The chief agencies to which Canada has contributed ODA are the World Bank, Asian Development Bank, UN Development Program and World Food Program.[162] However, for Canada, these agencies did not build on or foster the relations which Canada wanted with the former British Empire states. As such, the Commonwealth provided an alternative framework for Canadian ODA for former British colonies

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[161]Arthur Rubinoff, "Introduction", *Canada and South Asia: Political and Strategic Relations*, ed. Arthur G. Rubinoff, (Toronto: University of Toronto, 1992), p. 16.

[162]Hay, *op cit.*, p 78.

under the Colombo Plan. At a meeting in Colombo, Sri Lanka in January 1950, Canada, Australia, New Zealand and Britain agreed to offer development assistance to the Commonwealth's developing members in the Colombo Plan for Economic Development.[163] "From 1950-1964, Canada authorized $388.7 million dollars in grants and loans for New Delhi."[164] Over time however, Canada focussed more on bilateral aid, and the Colombo Plan became defunct through the late 1960s and 1970s. During the 1960s, there were also greater US calls for its bloc members to assist India bilaterally; for example, in 1961, the US urged Canada to contribute $40 million through the Colombo Plan, which was a $15 million increase from Canada's $25-million-a-year contribution.[165] Nonetheless, the bigger picture emerges in looking at bilateral aid.

Bilateral Aid — Development, Relief & Grief

Canadian International Development Agency (CIDA)

While multilateralism provided Canada's initial foray into development assistance to India, in the late-1960s, Canada began a greater pursuit of bilateral aid, a breakdown of which is found in Appendices 2 and 4. The Canadian agency overseeing, for the most part, Canada's ODA (multilateral and bilateral) is the Canadian International Development Agency (CIDA). "CIDA operates and administers Canada's official international development assistance program in about 80 countries."[166] For each country Canada is involved with, CIDA is responsible for administering the ODA, developing and monitoring ODA projects, and also have a development strategy for the country; at the same time, CIDA operates within Canada's broader foreign policy

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[163]Narain, *op cit.*, p. 1.

[164]Rubinoff, "Introduction", *op cit.*, p. 16

[165]*The Globe and Mail*, "U.S. Urges Canada Raise Aid to India", April 29, 1961.

[166]Department of External Affairs, "Canadian Financing of Major Hydroelectric Project in India", *Communique*, n. 112, August 6, 1984.

and economic policy framework. With the growth of aid to India, CIDA's role and strategy has been a significant determinant of what and how ODA is pursued with respect to India.

Infrastructure Projects

While being relatively dormant in the turbulent 1950s, as the demands for development assistance grew in the late-50s and early-60s, Canada responded. In deciding on what ODA and how much, Canada has meshed its aid with Indian leaders' development visions. Rahman and Balcome, for example, note that Prime Minister "Nehru's vision ... gave high priority to capital intensive industrialization and modern technology."[167] As such, Canada pursued major infrastructure projects and industrial development.

> In the mid 1960s CIDA got active, ... it moved in the direction of major infrastructure projects. These were typically one shot operations and were an extension of the Canadian experience, moving both money and technology into major infrastructure projects, mainly power and transportation. These were government to government projects funded on concessional terms and were typically 'build and go home' situations."[168]

This infrastructure ODA focus continued through the 1970s, when "India was in the middle of a major post-independence infrastructure building program — steel plants, bridges, dams and power plants."[169] Throughout the 1980s and into the 1990s, Canada has continued to involve itself in Indian infrastructure projects, but the Canadian role has been more consultancy and logistics than 'build and go home'. While the list of projects is numerous, "[some] of the major projects undertaken with Canadian assistance and which encompass wide-ranging economic development areas are: Chamera Hydroelectric Power Project in Himachal Pradesh, Idukki Hydroelectric Project in Kerala, dryland agricultural research, oilseeds production programme, and Andhra Pradesh Social Forestry Project", as well as Mayurakshi hydroelectric project in West Bengal, Umtru hydroelectric project in Assam, and Kunndah in Tamil Nadu.[170]

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[167]Rahman and Balcome, *op cit.*, p. 8.
[168]Henry, *op cit.*, p. 102.
[169]*ibid.*, p. 98.
[170]Bhatt, *op cit.*, p. 131.

Technology Transfer

Besides the manifested project, Canada has also sought to transfer the learning to build Indian domestic capacity. Technology transfer, therefore, has also been a concern of Canadian ODA. For example, in 1979, Canada established the *Industrial Development Programme* to assist companies "producing high technology products" in technology transfer to India to create various joint ventures, as well as "[the] transfer of technology in project preparations, viability studies and technology testing".[171] In 1986, another type of technology transfer was pursued with the establishing of *The Professional Development and Training Facility*. This facility, focussed on "agriculture and energy technology areas", "provides for corporate attachments, study tours, short-term courses, seminars and workshops for Indian managers thus giving them exposure to a full range of Canadian management techniques, skills and practices."[172] Indirect and direct technology transfer through development has also occurred, but it is difficult to measure, less the qualitative notion that Indian engineers and workers 'must have learned something' from working with Canadian ODA administrators, project supervisors and workers.

Food Assistance

Unfortunately for India, Canada has also had to assist it with food deficiencies. In order to assist India, in 1972, Canada offered rapeseed oil to shore up India's deficiency in fats and oils; Indian edible oils production had been insufficient for its needs, and Canada continues to provide edible oils as necessary.[173] "In the mid-1970s, India was also in the midst of its first post-independence drought and food crisis."[174] To assist India with its food crisis, in November, 1974, Canada offered "to provide a million tons of grain for aid in each of the next three years" and received a compliment from Prime Minister Indira Gandhi who was "grateful to Canada for

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[171]Dalal, *op cit.*, p. 118.
[172]*ibid.*, p. 118.
[173]S.D. Gupta, *op cit.*, p. 84.
[174]Henry, *op cit.*, p. 98.

having done more than anyone to help countries that live on the narrow edge of hunger."[175] However, India's *Green Revolution* of the 1970s has ensured the country has enough food to avoid crisis situations, and need only purchase grain and other food imports to top-up supplies.

Bilateral Nuclear Aid

A major contribution of Canadian ODA was the offer of nuclear technology to provide nuclear power for India's industrialization and electrification. In 1955, Canadian officials and Indian officials at senior levels were negotiating the offer of a Nuclear Xperimental Reactor (NRX) as aid to India under the Colombo Plan, and in September 1955, this negotiation process was made public.[176] On April 28, 1956, Nehru and Reid signed the Canada-India-Colombo Plan Atomic Reactor Project Agreement (CIRUS), which set in motion Canada's nuclear assistance program to India.[177] The Canadian NRX reactor offered nuclear energy generation capability using low-grade uranium domestically available in India, with imported heavy water.[178] Thus, in July 1960, the NRX reactor went critical and India boasted a nuclear power plant.[179] Over the course of four years, Canada and India would share the cost of the NRX project, however, Canada would absorb the greater share of costs. The total cost, according to the DEA, was to be over $14 million, with Canada contributing $7.5 million or over half, but the Canadian cost is contended to be $9.2 million by Ron Finch and $10.8 million by William Drummond, with the final overall cost being noted as $20 million.[180] In the 1960s, Canada went on to sell two reactors to India; as part of India's Rajasthan Atomic Power Project, India purchased, two Canada Deuterium Uranium (CANDU) reactors called RAPP I, in 1964, and RAPP II, in 1968, along with $89-million in

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[175]Mark Gayn, "Mrs. Gandhi grateful to Canada for promising to feed starving", *The Toronto Daily Star*, November 26, 1974.

[176]Narain, *op cit.*, p. 2.

[177]*ibid.*, p. 2.

[178]*ibid.*, p. 7.

[179]*ibid.*, p. 2.

[180]Quoted from Ron Finch in *ibid.*, p. 8; William Drummond, "India's nuclear subterfuge was suspected in 1971", *Vancouver Sun*, July 8, 1974; *The Globe and Mail*, "Canadian reactor almost certainly used for blast preparation", May 24, 1974.

Canadian equipment credits from Canada.[181] Thus for two decades, Canada and India nuclear cooperation continued as an example of North-South, developed-undeveloped development cooperation.

All this changed in 1974. At 8:05 am on the morning of May 18, 1974, beneath over a hundred meters of Rajasthan desert, India exploded a nuclear device at the Pokharan test-site in the Indian province of Rajasthan.[182] As Kapur notes, "[the] only physical casualty was an unfortunate crow which happened to be at the test site at the wrong time, but the psychological effect was enormous."[183] In a statement on May 18, 1974, DEA Minister Sharp stated, "[the] Government is very disturbed by the announcement that India has exploded a nuclear device. ... Canada has made it very clear ... that it sees no distinction between the development of nuclear explosions for so-called peaceful purposes and explosions for military purposes."[184] On May 22, 1974, Sharp stated a stronger disapproval in an "emotional press conference".[185] He accused India of breaking promises "not to engage in peaceful nuclear explosions (PNEs)": "[we] have made it clear in international discussions and in bilateral exchanges with India that the creation of a nuclear explosion for so-called peaceful purposes could not be considered as a peaceful purpose within the meaning of our co-operative arrangements."[186] However, he retracted this allegation on May 23, as no such pledge existed in any of the CIRUS, RAPP I and RAPP II agreements, but rather that "technically India had not violated any agreement although Canada believed that her conditions had been accepted by India."[187] Regardless, he stated, "Canada intends to reassess its nuclear co-operation with India as the Prime Minister [of Canada] had warned the Prime Minister of India,

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[181]Narain, *op cit.*, p. 17; Drummond, *op cit.*

[182]High Commission of India, Ottawa, "Text of Prime Minister Mrs. Indira Gandhi's Statement in Parliament on India's Nuclear Experiment, July 22, 1974", *India News*, n. 17/74, August 2, 1974, p. 2; Partick Best, "Nuclear aid cuts indefinite", *Calgary Herald*, August 3, 1974.

[183]Kapur, "The Canada-India nuclear negotiations", *op cit.*, p. 313.

[184]Department of External Affairs, "Indian Nuclear Explosion", *Statement by the Secretary of State for External Affairs, The Honourable Mitchell Sharp*, May 18, 1974.

[185]Kapur, "The Canada-India nuclear negotiations", *op cit.*, p. 313.

[186]*ibid.*, p. 313; Department of External Affairs, "Indian Nuclear Explosion", *Statement by the Secretary of State for External Affairs, The Honourable Mitchell Sharp*, May 22, 1974, p. 1.

[187]Kapur, "The Canada-India nuclear negotiations", *op cit.*, p. 312; Robert Trumbull, "Canada Suspends Atom Aid to India", *New York Times*, May 23, 1974.

Mrs. Indira Gandhi, would be done if India developed such a device."[188] Finally, Sharp accused the Indian government of using Canadian aid to 'relieve' the costs of developing its PNE, and threatened India:

> [as] a result, the Canadian Government is not prepared at this time to agree to any rollover of India's commercial debt to Canada, which is largely related to India's nuclear energy programme. The Canadian Government, however, does not plan to interrupt its continuing programme of food and agricultural aid to the sub-continent although it will be reviewing other elements in the aid programme in consultation with the Indian authorities.[189]

As for the Prime Minister, it was not until June 16, 1974, at an event honouring the retirement of the Canadian Jewish Congress executive vice-president and Montreal lawyer, Saul Hayes, that Trudeau "delivered his first public rebuke to India for blasting its way into the nuclear club ... [but] did not name India specifically."[190] As such, the stage was set for Canadian 'reaction'.

As its first major sanction, the Canadian government suspended fulfilling its supplier obligations immediately, and added other punitive actions:

> Canada stopped shipment of $12-million worth of heavy water,[191] a $6-million turbo-generator and almost $1-million worth of spare parts for its almost-completed RAPP II[192] commercial nuclear power [plant] Canada [had] built in India.[193] ... In addition, some $6.7 million in previously agreed to loans to India from the Export Development Corp. for the RAPP nuclear reactor complex will be frozen and $8.5 million in EDC loans already given to India become payable immediately ... . [While] India had wanted to refinance the $8.5 million loan, ... Ottawa ... decided against it as part of its official negative reaction to India's entry into the nuclear club on the weekend.[194]

In addition, Canada's bilateral ODA to India, which was to be raised to $127-million from $77-million was now under greater scrutiny; $57-million in food-related aid would go forth, but $70-million for "transport, communications, mining and manufacturing and electrical power sectors"

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[188]DEA, "Indian Nuclear Explosion", May 22, 1974, *op cit.*, p. 1.

[189]*ibid.*, p. 2.

[190]Val Sears, "PM assails Indian A-blast", *The Toronto Daily Star*, June 17, 1974.

[191]Hugh Winsor, "Canada to continue suspension of nuclear, economic aid to India", August 3, 1974.

[192]*The Globe and Mail*, "Embargo over Indian nuclear detonation affects $34.2 million in materials, loans", May 24, 1974.

[193]Winsor, *op cit*

[194]*The Globe and Mail*, "Embargo over Indian nuclear detonation affects $34.2 million in materials, loans", May 24, 1974.

was now in limbo.[195] While domestically and internationally it was believed that Canadian nuclear assistance, technology and plutonium-producing reactors had provided the plutonium for the explosion, the Canadian government ordered Canada's High Commissioner to India, Bruce Williams, to investigate the link between Canadian nuclear aid and the PNE. However, the Indian government would not admit this link to the DEA until June 21, 1974.[196] Nonetheless, the major problem for Canada was that its 1956 agreement did not have *clear and unambiguous* safeguards or controls on the nuclear reactor, equipment or supplies, so India was not violating the agreements.

After a cooling-off period, negotiations, which had started in November 1973 in New Delhi, were resumed between July 29-31, 1974 (senior officials continued talks with CIDA till August 1).[197] At the "invitation of the Prime Minister of Canada to the Prime Minister of India", Deputy Minister for External Affairs, Kewal Singh, assisted by Indian High Commissioner to Canada, Uma Shankar Bajpai, led the Indian delegation to Ottawa for talks.[198] The delegation met with DEA Under-Secretary of State, A.E. Ritchie, and the President of CIDA, Paul Gerin-Lajoie; Singh also met with Sharp, the Minister of Industry, Trade and Commerce Alastair Gillespie, and Trudeau. [199] The meetings and talks resolved nothing, except the resolve for more talks.

In July 1974, Ivan Head, Special Adviser to the Prime Minister and specialist in international law, and Michael Dupuy, an External Affairs senior bureaucrat, led a negotiating team to India.[200] In the meantime, the Canadian government announced its newest policy framework on nuclear safeguards on December 20, 1974:

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[195]S.E. Gordon, "Ottawa halts nuclear aid for India", *The Toronto Daily Star*, May 23, 1974; Patrick Best, "Nuclear aid cuts indefinite", *Calgary Herald*, August 3, 1974.

[196]S.E. Gordon, "India confirms Canada's aid used in A-bomb", *The Toronto Daily Star*, June 22, 1974.

[197]High Commission of India, Ottawa, "India-Canada Talks in Ottawa, July 29-31, 1974 — Joint Press Release", *India News*, n. 17/74, August 2, 1974, p. 1; *see also* Department of External Affairs, "Joint Press Release on the Canada-India Consultations, July 29-31", n. 49, August 2, 1974; *The Globe and Mail*, "Canada, India end 4-day talks without accord", August 2, 1974.

[198]High Commission of India, "India-Canada Talks", *op cit.*, p. 1.

[199]*ibid.*, p. 1.

[200]Kapur, "The Canada-India nuclear negotiations", *op cit.*, p. 312; *Calgary Herald*, "Blast may end aid to India", May 21, 1974.

(i) all nuclear facilities and equipment supplied by Canada for the life of those facilities and equipment;
(ii) all nuclear facilities and equipment using Canadian supplied technology;
(iii) all nuclear material — uranium, thorium, plutonium, heavy water — supplied by Canada, and future generations of fissile material produced from or with these materials;
(iv) all nuclear materials whatever their origin, produced or processed in facilities supplied by Canada.[201]

Given this, in January 1975, the Canadian and Indian sides agreed to "negotiable areas": CIRUS was not up for discussion; Canada would deliver all supplies agreed to prior to the PNE; the old contract would be terminated with negotiations, and no new commitments; RAPP I and II safeguards would be clarified; and, while Canada fulfilled its supply obligations, India would not engage in any PNEs.[202] Nonetheless, India did not concede to the second condition in the Canadian policy framework because "the Indians claimed that Indian-built reactors were no longer Canadian even though the original technology had been Canadian".[203]

After this round, another round of discussions in spring 1975 in Bombay and October-November 1975 was led to a near-complete deal. In March 1976, Head and Dupuy returned to New Delhi to initial an agreement in accordance with a mandate given by the Canadian Cabinet.[204] However, in May 1976, Canada backed out of the March agreement, and terminated nuclear assistance to India and ceased the flow of Canadian nuclear supplies to India.[205] In essence, the Canadian problem was how to exit gracefully and without breaking contractual obligations from Canada's 20-year 1956 agreement to supply India with nuclear equipment and technology; when the 1956 agreement expired on April 28, 1976, Canada exited quickly.[206] DEA Minister, Allan MacEachen, stated:

> ... the Canadian Government has decided that it could agree to make new nuclear shipments only on an undertaking by India that Canadian supplies, whether of technology, nuclear equipment or materials, whether part or future, shall not be

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[201] Kapur, "The Canada-India nuclear negotiations", *op cit.*, p. 314.
[202] *ibid.*, p. 314.
[203] *ibid.*, p. 315.
[204] *ibid.*, p. 315.
[205] *ibid.*, p. 312.
[206] Sears, *op cit.*

> used for the manufacture of any nuclear explosive device. In the present case, this undertaking would require that all nuclear facilities, involving Canadian technology, in India be safeguarded.[207]

The above was the final statement on the issue of India's PNE, but not the final Canadian call for India to sign the Non-Proliferation Treaty (NPT). In the 1990s, Chrétien, during his 1996 trip, urged India to sign the NPT; while on August 15, 1996, Lloyd Axworthy, Minister for Foreign Affairs, "expressed regret that India has decided to block final agreement on the Comprehensive Test Ban Treaty (CTBT) negotiations ... and in doing so has prevented the treaty from being forwarded to the United Nations General Assembly for formal approval."[208] Canada and India ceased cooperation in the nuclear arena in 1974, and so began the nuclear winter of Canada and India's discontent with each other.

'Asian Duality' and Aid Duality

Turning to post-PNE aid, in the mid-1980s, CIDA's *India Country Strategy* recognized what Rudner has called "the 'Asian duality': accelerated industrialization amidst persistent and widespread poverty."[209] As such, Canada continued traditional poverty aid, such as food and commodity assistance, and ODA, but also began fostering links between Canadian and Indian institutions and counterparts.[210] In 1988, the federal government stated that "India's only serious food shortage is in edible oils, which CIDA helps alleviate."[211] Thus, CIDA has focussed on other linkages, especially business. For example, since 1989, CIDA's Industrial Cooperation Program (CIDA-INC) spent nearly $2.5 million a year on India, including support for two key business linkages between the Indian Confederation of Engineering Industries and the Canadian Manufacturers Association, and between the Federation of India Chambers of Commerce and

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[207]Kapur, "The Canada-India nuclear negotiations", *op cit.*, p. 316.

[208]*The Toronto Star*, "PM urges India to sign arms treaty", January 12, 1996; Department of Foreign Affairs and International Trade, Foreign Policy Communications Division (BCF), "Axworthy Expresses Canada's Disappointment with India's Position on the CTBT", August 15, 1996, n. 141, *The Week in Trade and Foreign Policy*, August 12-18, 1996, p. 1.

[209]Rudner, "The Canada-India Nexus", *op cit.*, p. 34.

[210]*ibid.*, p. 39.

[211]Department of External Affairs, "Canada and India", Ottawa, 1988.

Industry and the Canada-India Business Council.[212] The CIDA-INC program continues under the Liberal government of Chrétien today. However, ODA to India reached a peak of $90 million in 1984-85, but began a downward trend.[213] In addition, the Export Development Corporation (EDC — discussed in the next section) and CIDA have been co-financing projects in India; for example, they "provided a $198 million oil and gas line credit for the supply of Canadian equipment for energy sector development in India."[214] On its own, CIDA has also been active and reassessing the Indian situation as necessary.

As with the *India Country Strategy*, CIDA's 1992 *Country Development Policy Framework* for India recognized the changes of economic liberalization and growth, and "[refocussed] its attention onto support for policy development, institution-strengthening, and capacity-building."[215] By engaging Indians in dialogue about their policies, institutions, sustainable development and resource allocations, CIDA hoped to move beyond the state-state framework and prevent India from making wrong, future-threatening choices about its development and economic policy. These include support for India's National Institute of Public Finance and Policy, the Applied Business and Economic Policy Linkages Program, the Shastri-Indo Canadian Institute, India Program Environmental Strategy (India-Canada Environment Facility and Small Projects Environment Fund) and an aid section Gender Equity Advisor in the Canadian High Commission in India.[216]

Civil Rights and Secession Issues

Suspending Civil Rights

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[212]Rudner, "The Canada-India Nexus", *op cit.*, p. 38.
[213]*ibid.*, p. 40.
[214]*ibid.*, p. 37.
[215]*ibid.*, p. 39.
[216]*ibid.*, p. 43-44.

In the 1970s, both Canada and India suspended civil rights in their respective states. In October 1970, the Canadian government passed the War Measures Act to suspend civil rights in order to pursue Le Front de la Libération du Quebec (FLQ). Between 1975-1977, Indira Gandhi's government declared a State of Emergency. In addition, India has suspended civil rights in cases it sees as extreme threats to stability and civil society. Secessionist insurgencies, such as "[the] Khalistanis in Punjab, Jammu and Kashmir Liberation front and Hizbul Islami in Kashmir Valley and some elements of Assam Liberation Front and Naga Socialist Council" in Northeast India, have been a problem for India, although recently not so much.[217]

The Sikh issue

The issue of terrorist acts in and/or against India, especially acts by Sikh extremists, became a hot issue in the 1980s. In 1973, the Sikh organization Akali Dal's platform added the demand of "extensive political privileges" in India for the state of Punjab; but by the late 1970s, the militant members demanding a new state for Sikhs called Khalistan (seceding Punjab) gained wider support among Sikhs.[218] "In the 1980s the Sikh community in India and Canada perceived an angry resentment against the India government for its perceived interference with the religious, social and political rights of Sikhs in India."[219] "By 1981, Sikh missions, virtually Khalistan consulates, were operating in Toronto, Winnipeg and Vancouver."[220] As such, numerous incidents on Canadian soil embroiled Canada in the Sikh issue: in 1982, a Sikh defendant and a lawyer were murdered outside the Ontario Supreme Court in Toronto; four demonstrators and a policeman were injured in a shooting incident outside the Indian Consulate in Toronto; in June 1984, the Indian army was forced to battle the Sikh rebels inside the Golden Temple, the Sikh holy ground, and 600-1,000 Sikhs were killed, which resulted in numerous Sikh protests in Canada; in July 1984, the Indian High Commissioner was assaulted; in 1985, an Air India plane was blown

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[217]Subrahmanyam, *op cit.*, p. 65.
[218]Dobell, *op cit.*, p. 135.
[219]*ibid.*, p. 134.
[220]*ibid.*, p. 135.

up: in May 1986, in British Columbia, a minister from Punjab was assassinated.[221] India had shown its dismay with the lack of Canadian action on Sikh issue by, for example, cancelling an Indian ministerial visit and delaying the appointment of a new Indian High Commissioner to Canada.[222] In 1987, "[an] Indian Opposition leader, External Affairs minister of the former Janata government, suggested publicly during a Toronto visit ... that Canada was the world's largest exporter of Sikh terrorism."[223]

The Sikh issue reached a crescendo with the Air India bombing. On June 23, 1985, Air India's jumbo jet Kanishka Flight 182 exploded in mid-air over the Irish Sea. On it were 329 passengers, mostly of Indian or South Asian descent, of which 278 were Canadians. After the bombing, in July, Rajiv Gandhi and the Akali Dal moderates signed a peace accord, but the militants rejected it. Thus, militant Sikhs were targeted as suspects. While several groups claimed responsibility, the Canadian and Indian consensus was that Sikh militants had bombed the airplane as "terrorists operating from Canadian soil".[224] The Canadian RCMP launched an investigation; "[the] government of India already had a judicial inquiry that completed its work in 1986, and the prime suspect in the bombing, Talwinder Singh Parmar, had already died. He was killed by police in India in 1992."[225] In 1985, due to the bombing, not only did the Canadian government crackdown on conspiracies and other terrorist activities, but also began work on a Canada-India extradition treaty. On February 6, 1987, India and Canada signed an extradition treaty. In March, 1987, Canada sent a three-party parliamentarian group for a 12-day visit to India, including selected parts of Punjab, as a sign of good faith with India.[226] By November, 1987, Rajiv Gandhi was publicly praising Canada for dealing with Canada-based terrorist and terrorism. In 1988, on the bringing of suspected Sikhs to trials, *The Globe and Mail* reported:

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[221]Warden, *op cit.*, pp. 15-17; Dobell, *op cit.*, p. 135; Dan Leger "Sikh extremism 'serious threat' to Canada: Clark", *Ottawa Citizen*, March 11, 1988; Susan Craig, "500 Sikhs protest Canada-India extradition treaty", *The Toronto Star*, February 2, 1987.

[222]Warden, *op cit.*, p. 17.

[223]Dobell, *op cit.*, p. 135.

[224]Warden, *op cit.*, p. 17.

[225]*The Globe and Mail*, "Air India concerned as probe drags on", February 9, 1996.

[226]Richard Ehrlich, "Canadian MPs to visit strife torn Punjab", *The Toronto Star*, March 21, 1987.

> [members] of Babbar Khalsa were convicted in Montreal of trying to plant a bomb on an Air India jet bound for New York. ... Trials of Sikh militants in British Columbia, Quebec and Ontario revealed nets of terrorists around the country plotting against the interests of India. ... On the same day [as the Air India 162 bombing], a bomb concealed in luggage from a Canadian Pacific airlines jet exploded at Narita airport in Japan, killing two men. A Sikh associated with Babbar Khalsa faces extradition to Canada from Britain in connection with that bombing.[227]

In 1991, Inderjit Singh Reyat, the bomb maker in the Narita bombing, was sentenced for a ten-year manslaughter conviction, and is so far the only person charged in connection to the bombings, and has admitted to making the bomb on the order of Talwinder Singh Parmar.[228] As of March 1997, the Canadian RCMP's 25-officer probe is looking to lay by the end of the year thanks to the "new willingness among Canadian Sikhs to step forward and tell what they know".[229]

At the same time, both governments actions caused the Conservative government, specifically Clark, headaches too. As a part of an 'education' plan against North American media misrepresentations, the Indian government sent out 6,000 videotapes in the US and 1,500 in Canada in mid-1984, which some Sikhs labelled "hate propaganda".[230] "The tapes [included] an assortment of talks by Prime Minister Indira Gandhi and interviews, conducted by production agencies, with army officers outside the holiest Sikh shrine, the Golden Temple, which was was [sic] stormed by Indian army on June 5."[231] Between 1985 and 1987, Rajiv Gandhi accused the Canadians of being lenient with terrorists and was critical — though not directly — of Canada not taking the Sikh issue seriously.[232] In November 1985, *The Globe and Mail* alleged that "Indian consular officials have been trying to discredit Sikh groups in Canada", which the Indian government denied, while the Canadian government stated it would take action if such activity existed.[233] In February 1987, Clark reported Canada wanted an India-Canada intelligence-sharing

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[227]Leger, *op cit.*

[228]Timothy Appleby, "Air-India trail hot, RCMP assert", *The Globe and Mail*, March 22, 1997.

[229]*ibid.*

[230]Zuhair Kashmeri, "India's public relations drive angers Canadian, U.S. Sikhs", *The Globe and Mail*, August 1, 1984.

[231]*ibid.*

[232]*The Globe and Mail*, "Canada isn't 'stern enough' with terrorists Gandhi says", July 8, 1985.

[233]*The Globe and Mail*, "Sikh report to be topic when Clark visits India", December 6, 1985.

agreement, in a sense reviving the one lapsed in 1950, but the Indian government was unwilling to accept some of Canada's conditions.[234] During his February visit, Indian journalists accused Clark of "hiding behind" Canadian tampering laws for refusing to open Canadian Sikhs' mail to see if they were sending money to Sikh groups abroad.[235]

In December, 1987, Clark sent letters to the premiers (except Newfoundland, Prince Edward Island and New Brunswick) urging them to boycott activities of the Sikh groups Babbar Khalsa, International Sikh Youth Federation and the World Sikh Organization.[236] Among his reasonings: these organizations sought support for Khalistan, which Clark noted as an irritant in Canada-India relations; and, with the first two groups "openly [espousing] violence and terrorism", Clark warned "[the] activities of a small militant minority in the Sikh community represents the most serious internal security threat that Canada faces today".[237] While the premiers took it seriously and complied, in March 1988, Clark had to fend off a parliamentary motion critical of his action; meanwhile, Canadian Sikh community representatives demanded Clark resign and began questioning, for example, "why a similar approach has not been adopted toward Canadians advocating independence for Northern Ireland or the violent overthrow of the South African Government".[238] In June 1989, *Globe and Mail* copy editor, Zuhair Kashmeri, and *Toronto Star* reporter, Brian McAndrew, published *Soft Target*.[239] The book alleged that in 1987 Canada expelled "Brij Mohan Lal, former vice-consul in Toronto, Gurinder Singh, a senior official in India's Central Bureau of Investigation and a consul in Vancouver at the time, and M.K. Dhar, a counsellor at the Indian High commission in Ottawa at the time.[240] At the same time, Canada

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[234]Bryan Johnson, "Ottawa seeks an intelligence-sharing pact with India", *The Globe and Mail*, February 7, 1987.

[235]Bryan Johnson, "Gandhi lauds Canada for halting terror," *The Globe and Mail*, November 17, 1987.

[236]Robert Matas, "Clark asks premiers to boycott activities of 3 Sikh groups", *The Globe and Mail*, February 25, 1988; Robert Matas, "Indian official says Clark's action wasn't the result of a complaint", *The Globe and Mail*, February 26, 1988.

[237]Leger, *op cit.*

[238]Matas, "Indian official says Clark's action wasn't the result of a complaint", *op cit.*.

[239]Zuhair Kashmeri and Brian McAndrew, *Soft Target — How the Indian Intelligence Service Penetrated Canada*, (Toronto: James Lorimer & Co, 1989).

[240]Richard Cleroux, "Book says 3 Indian diplomats expelled for spying on Sikhs", *The Globe and Mail*, June 23, 1989.

faced the problem of Canadian Sikhs who went to India, were arrested and sometimes tortured by Indian authorities, but Canadian officials were denied access to them, as in the case of Daljit Singh Sekhon and Balkar Singh in 1987.[241] The Canadian RCMP investigation still continues to this day. Nonetheless, the Chrétien Liberal government has been attempting to rebuild relations with the Sikh Community, such as the Canadian deputy high commissioner to India's meeting with 30 or so Vancouver Sikhs in 1994.[242]

Sri Lanka and the Tamil Tigers

In 1983, an ethnic war broke out in Sri Lanka. The Liberation Tigers of Tamil Eelam faced off against the Sri Lankan government and both sides committed horrific brutalities. While Canada and other states avoided getting involved, India was forced to act due to the links between the Indian province of Tamil Nadu and the Tamil militants, and a growing wave of Tamil refugees. Between 1987 and 1990, the Indian Peacekeeping Force (IPKF) attempted to enforce a peace accord, but the intensity of animosity soon made the IPKF a target for both sides, and a third combatant by result. Nonetheless, Canada supported India because of "[the Indian government's] professed disassociation for the [Indian Tamils activities] during Rajiv Gandhi's prime ministership".[243]

In an unfavourable turn of events, the Sri Lankan government had begun criticizing Canada, as with the Sikh community by India, for being a haven from which monies were sent by Canadian Tamils and Tamil refugees to Sri Lanka in support of the rebels.[244] At the same time, Sri Lanka expressed interest in Canada brokering a peace agreement. In May 1985, Sheldon E. Gordon of *The Globe and Mail* wrote an editorial calling on Canada to mediate in the inter-ethnic dispute. According to Gordon, "[while] India and the United States have both tried to exert influence as regional and global superpowers, respectively, arouse suspicion. The Sinhalese

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[241]Margaret Royal, "India", *Canadian Annual Review of Politics and Public Affairs*, 1987, p. 154.
[242]Robert Matas, "Lunch with the commissioner a milestone for wary Sikhs", *op cit.*
[243]Dobell, *op cit.*, p. 135.
[244]Nomi Morris, "The Canadian Connection", *Maclean's*, November 27, 1995, p. 29.

establishment distrusts New Delhi, while the Tamil dissidents scorn Washington."[245] Canada's relations through the Commonwealth and the Colombo Plan and its interest in the Tamil refugee situation have placed Canada well, such that "[the] Sri Lankan High Commission has unofficially sounded out External Affairs officials on such a mediation role."[246] A decade later, in August 1995, it was not the government but the Tamil Tigers who "asked Canada to mediate ... talks with the Sri Lankan government."[247] The Catholic bishop of Colombo had made the request on behalf of the Tigers, and though DFAIT had not received an official request, the Minister, Andre Ouellet, and the DFAIT Sri Lanka desk official, Bryan Burton, reacted positively, but stated Canada would only mediate if both sides agreed to it.[248]

Trade and Partnerships

In the 1970s, through the 1980s, and especially in the 1990s, Canada expanded its trading relationship with India. Part of the focus on India was the spillover into South Asia of the Canadian interest in the booming economies of East and Southeast Asia of the 1970s and 1980s. More importantly, the focus on aid-as-trade linkages resulted in Canadian aid projects requiring the Indian government to purchase Canadian goods and services or the financing, especially insurance against non-payment, of Canadian goods and services exports to India — 'tied-aid'. Thus, Canadian business has been able to ride in to India on the aid bandwagon. Nonetheless, Canada has always had an interest in trading with India.

Content and Patterns of Trade

[245] Sheldon E. Gordon, "Canada could play vital role in healing the Sri Lankan rift", *The lobe and Mail*, May 2, 1985.

[246] *ibid.*

[247] *The Toronto Star*, "Tamil rebels ask Canada to mediate peace talks", August 3, 1995.

[248] *ibid.*.

What do Canada and India trade? The quick answer is "Canada's traditional exports to India are processed and semi-processed goods."[249] A 1987 federal country-profile document expands:

> 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 cooperation is likely include power, telecommunications, electronics, plastics, agro-industries and mining.[250]

According to the same document, "two-way trade has grown from $68 million in 1950 to $443 million in 1987".[251] Since the 1991 liberalization of the Indian economy, Canada-India trade had been increasing dramatically; "Canadian exports to India [were] $316-million in the first half of 1995, or more than all of 1994", and "Canadian direct investment totalled $151-million in the first six months of last year, an eightfold increase from the previous year."[252] On the issue of investment, in 1988, "Canadian investment in India accounted for 0.6% or total foreign investment, representing 1% of the business".[253] In 1995, the Indian Investment Centre reported that between January and April $159 million worth of Canadian business proposals were approved by the Indian governments, or "five times the value of approvals during the previous four years combined."[254] After the 1996 Team Canada mission, $3.5 billion in deals were signed; most were memorandums of understanding, contracts or letters of intent, many of which still had to pass approval and regulation hurdles at the federal, state and local levels in India.

However, this 'dramatic increase' should be kept in broader perspective. For example, "of India's 1989 total of $35 billion, India-Canada trade tallied less than $600 million, mostly in sales of potash, sulphur, wood pulp and manufactured goods like rock drills."[255] According to statistics

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[249]Rahman and Balcome, *op cit.*, p. 59.
[250]DEA, "Canada and India", *op cit.*
[251]*ibid.*.
[252]Barrie McKenna, "Team Canada seeks gold on Asia trade mission", *The Globe and Mail*, January 2, 1996.
[253]Nasierowski, *op cit.*, p. 71.
[254]*Financial Post*, "India worth a close look by Canadian businesses", August 16, 1995.
[255]*CA Magazine* (English ed.), "The Indo-Canadian Connection", January 9, 1991.

compiled by the Asia-Pacific Foundation, exports to India in 1992 were a peak $510 million, $267 million in 1993, $259 million in 1994, $428 million in 1995 and $342 million in 1996.[256] As well, between 1992 and 1996, Canada and India have reversed roles, and India now exports more to Canada than Canada exports to India (see Appendix 6).[257] In 1995, John Stackhouse of *The Globe and Mail* reported: "[once] India's third-largest trading partner, Canada has fallen to 24th place this year [1995] in exports, falling behind Israel, Belgium and the Netherlands, and trailing badly behind all other Group of Seven members."[258] Nonetheless Appendix 7 shows, India's trade with the developed world in 1985 is a much greater percentage than it was in 1981, so Canada still has opportunities alongside the US, Japan or Germany. Still, Canada-India trade involves infrastructure projects, agricultural products and technology.

Business Organizations

As early as 1960, a Toronto importer of Indians goods, C.G. Gosney, was urging greater trade with India, and the establishment of a "Trade Council of India"; but Canadian concern with India remained largely focussed on aid issues.[259] It was not till 1975 that the Indo-Canada Chamber of Commerce was formed.[260] As of 1991, it boasted "about 200 members of Indian origin involved in various businesses — real estate, manufacturing, nursing homes."[261] As a companion, in 1982, the Ottawa-based Canada-India Business Council was created; it "organizes trade missions to India and has signed a joint protocol with the Federation of Indian Chamber of Commerce and Industry, the largest and most influential Indian business organization.[262] These councils, along with local organizations in Vancouver, Calgary and Toronto, provided forums for

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[256]Asia-Pacific Foundation, *Backgrounder: India*, (Vancouver: Asia-Pacific Foundation, 1997), p. 3.
[257]*ibid.*, p. 3.
[258]John Stackhouse, "Canada missing the action in India", *The Globe and Mail*, March 20, 1995.
[259]*The Globe and Mail*, "Indian Goods Council For Canada Is Urged", August 16, 1960.
[260]*CA Magazine*, *op cit.*, p. 9.
[261]*ibid.*
[262]DEA, "Canada and India", *op cit.*

those trading with or wanting to trade with India can access information, networks or ideas, and also do likewise to assist Indians wanting to trade with Canada.

Canadian Banks

Indian financing and accounting practices have for many years 'perplexed' and 'scared' Canadian bankers. Investment in India is still considered risky due to 'basket case' images and stereotyping of the Indian economy and the Bombay Stock Exchange. While American banks such as Citicorp have had offices in India, Canadian banks have been slow to enter India. In 1984, the Bank of Nova Scotia opened a branch in New Delhi.[263] In 1996, the Toronto-Dominion Bank opened offices in New Delhi and Bombay.[264] As well, The Hongkong Bank of Canada, through its parent organization, has a commercial banking representative outlet link in India.[265] Nonetheless, the Canadian banking presence is still quite small, and initiatives by businesses do not catch the headlines of news or financial papers.

Canadian Government Initiatives

Trade Offices

On the trade office score, there have been two major initiatives. On March 21, 1986, a Canadian trade office was officially opened in Bombay by Clark, and the International Trade Minister, James Keller. According to Clark, this office would enhance services available to Canadian exporters to increase exports to India. In addition, this office furthered the Asia/Pacific component in the Mulroney government's National Trade Strategy.[266] On January 13, 1997, "Axworthy officially inaugurated the new Canadian office at a public ceremony in Chandigarh, the

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[263]S.D. Gupta, *op cit.*, p. 105.

[264]John Stackhouse, "Finishing touches put on Indian deals and Chrétien arrives", *The Globe and Mail*, January 10, 1996; John Stackhouse, "Trade team signs Indian deals", *The Globe and Mail*, January 11, 1996.

[265]Asia-Pacific Foundation, *op cit.*, p. 6.

[266]Department of External Affairs, "Opening of a Canadian trade office in Bombay", *Communique*, n. 70, March 21, 1986.

capital of the state of Punjab. He was joined by Indian External Affairs Minister Inder Kumar Gujral. Also present were Canadian members of Parliament and a Canada business and community delegation."[267] Although it was not until April 1997 that the office would begin its operations, this was the culmination of talks between Axworthy and Gujral from July 1996 on establishing a Chandigarh office, which Gujral formally agreed to in September 1996.[268] In addition, the office signalled Canada's recognition of the large proportion of Indian immigrants from Punjab, and the office would be a local and regional centre for Canadian businesses to make contacts and gather information on trade.[269] Along with the Bombay and Chandigarh offices, the Canadian High Commission in New Delhi has been involved with trade relations.

Inter-Governmental Consultations

In June 1973, during her official visit, Indira Gandhi proposed to Trudeau consultations among senior Indian and Canadian officials on trade and development issues.[270] In November 1973, R.E. Collins, DEA Assistant Under-Secretary, led a delegation of eleven officials to New Delhi to participate in an "Indo-Canadian Economic Consultation".[271] Besides the DEA, "officials of ... the Departments of Finance, Industry, Trade and Commerce, the Export Development Corporation and [CIDA] were also involved."[272] The consultations examined trade, development and export opportunities and issues.

On January 8, 1997, Axworthy announced a joint Canada-India Joint Ministerial Committee. The Committee, "which will meet at least every two years, will be composed of Canada's Foreign Affairs Minister, India's External Affairs Minister, and at least one economic

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[267]Department of Foreign Affairs and International Trade, "Axworthy inaugurates first Canadian office in Punjab", *New Release*, n. 4, January 13, 1997.

[268]*ibid.*

[269]*ibid.*

[270]Department of External Affairs, "Participation of Canadian officials in an Indo-Canadian Economic Consultation in New Delhi, India", *Communique*, November 7, 1973.

[271]*ibid.*

[272]*ibid.*

minister from each side, and may include other ministers as required."[273] The Committee's purpose is to ensure high-level and senior-level consultations and talks on political and economic issues between the two countries.

Aid Meets Trade

As discussed, aid and trade have become fused in the Canadian India strategy. In contrast to the past, the Trudeau, Mulroney and Chrétien governments have expanded trade relations with India through ODA. The two main agencies involved in this regard are CIDA, already discussed in the ODA section, and the Export Development Corporation [EDC]. The "EDC is a Canadian Crown corporation that provides a wide range of insurance and bank guarantee services to Canadian exporters and arranges credit for foreign buyers in order to facilitate and develop export trade"; essentially, its a government-run bank and insurance agent.[274] According to Rudner, between 1960 and the 1990s, "the EDC has provided some $700 million in export financing and insurance cover for Canadian exports to India".[275] Both CIDA and the EDC jointly foster better trade relations with India through various initiatives.

Two major examples under the Trudeau government were announced in August, 1984. On August 3, Francis Fox, Minister of International Trade, announced

> the [EDC] and [CIDA] signed parallel loan agreements in New Delhi with the National Hydroelectric Power Corporation. These agreements will finance $403 million and $217 million, respectively, of Canadian goods and services for the 540 megawatt Chamera Hydroelectric Project on the Ravi River in the State of Himachal Pradesh in northern India. The amounts will compliment India's own substantial contribution of domestic lending an additional $28.5 separately under a CIDA power sector line of credit with India. The total cost of the Chamera project is $1.3 billion.[276]

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[273]DFAIT, "Axworthy announces Joint Ministerial Committee and Agreements with India", *op cit.*
[274]DEA, "Canadian Financing of Major Hydroelectric Project in India", *op cit.*
[275]Rudner, "Canada-India Nexus", *op cit.*, p. 37.
[276]DEA, "Canadian Financing of Major Hydroelectric Project in India".

On August 6, Fox and Jean Chrétien, Deputy Prime Minister and DEA Minister, announced "financing support in the amount of $620 million for the export of Canadian goods and services to India."[277] A pattern for mixing aid with trade was the new mold for engaging India.

This trend continued under the Mulroney government. In January 1989, the Canadian government announced that "the Government of India has signed a contract valued at Cdn. $166 million with the Canadian Commercial Corporation [a Crown corporation] to have Met-Chem Canada Inc. (Montreal) provide equipment and services to increase the output of Rajmahal Open Cast Coal Mine in India. The [EDC] is providing financing to the buyer to support the sale."[278] In February 1989, Canada "agreed to provide $89 million worth of crude canola/rapeseed oil and technical assistance over the next five years to assist India in its efforts to improve edible oil production" and "to organize some 200,000 growers into 850 village-level cooperative societies."[279] Of the monies, $85 million will come from CIDA for the oil, with $4 million through the Cooperative Union of Canada (CUC) for technical assistance, monitoring, some equipment and training.[280] Also in that month, Canada and India signed a "General Agreement on Development Cooperation", which included

> the sending of appraisal and evaluation missions to India to study and analyse development projects; the granting of fellowships to nationals of the Republic of India for studies and professional training in Canada, India or a third country; the assignment of Canadian experts, advisers and other specialists to India; the development and carrying out of specific studies and projects; and the promotion of relations between firms, institutions and persons of two countries.[281]

Under the Chrétien government, this pattern continues.

> In November 1993, the [EDC] upgraded its position in India, and became open to new categories of project and export financing and insurance. Priority has been given to longer-term financing for infrastructure projects in the power and

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[277] *ibid.*.

[278] Department of External Affairs, "Indian Coal Project to Use Canadian Expertise", *News Release*, n. 7, January 16, 1989.

[279] Department of External Affairs, "Canadian support to Indian oilseed sector", *Communique*, n. 28, February 6, 1987.

[280] *ibid.*.

[281] Bhatt, *op cit.*, p. 136.

telecommunications sectors which offer benefits to Canada and do not require concessional funding.[282]

On January 8, 1997, Axworthy announced three CIDA projects worth $29.3 million over four years: the $13.8 million Energy Infrastructure Services Project to prepare Kerala and neighbouring Indian states for privatizing utilities; the $7 million Private Sector Development Project to assist the Indian Government in transition to an open-market economy and promotion of entrepreneurship; and, $8.5 million grant to the Indian Revenue Department to enhance and to strengthen administration through Revenue Canada technical assistance.[283]

Focus India

On June 12, 1995, Roy MacLaren, Minister of International Trade, unveiled *Focus India* in Toronto, Ontario, as part of "Canada's Trade and Economic Strategy for the vast Indian market."[284] This project, though DFAIT-led, involved consultations with CIDA, the EDC, the Canadian Commercial Corporation, other federal departments, provincial departments and the private sector. *Focus India* would provide businesses with information about India and its economy, with specific information on niches, such as telecommunications and hydro.[285] As MacLaren stated, "*Focus India* sets out Canadian priorities. By matching Indian needs with Canadian capabilities, it identifies those sectors — energy, telecommunications and environmental industries — offering the greatest potential for Canadian business."[286]

Trade Missions

In October, 1977, Ontario Minister of Industry and Tourism Claude Bennet led a delegation from Ontario to explore trade opportunities in India. Bennet spoke with the Indian

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[282]Rudner, "Canada-India Nexus", *op cit.*, p. 37.

[283]DFAIT, "Axworthy announces Joint Ministerial Committee and Agreements with India", *op cit.*.

[284]Department of Foreign Affairs and International Trade, "Notes for an Address by the Honourable Roy MacLaren, Minister for International Trade, on the occasion of the launch of *Focus India*", p. 1.

[285]Rudner, "The Canada-India Nexus", *op cit.*, p. 34.

[286]DFAIT, "Notes for an Address by the Honourable Roy MacLaren, Minister for International Trade, on the occasion of the launch of *Focus India*", *op cit.*, p. 1.

Minister of Commerce, Mohan Dharia, and both agreed collaboration areas should be identified.[287] Consequently, on October 8, Bennet announced that "the Canadian government was prepared to offer all help for setting up Indo-Canadian joint ventures in Canada or India or even in third countries."[288] In addition, in November, a group of Canadian importers would come to India to identify export opportunities for Indians — which also meant import opportunities for the importers.[289]

Under Chrétien, the federal government has highlighted India's opportunities for Canadian business through various initiatives. In October 1994, International Trade Minister Roy MacLaren led a trade mission to India.[290] In March 1995, Secretary of State (Asia-Pacific) Raymond Chan led a second trade mission to India.[291]

On January 9, 1996, Chrétien and the Premiers of British Columbia, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, along with 309 Canadian executives, boarded an Air Canada plane bound for Asia to conduct a twelve day trade mission.[292] This trade mission's goal was to foster and increase trade relations with the four largest South and Southeast Asian states. Between January 9-14, stops in India were planned; between January 14-16, Team Canada would be in Pakistan; between January 16-18, Team Canada would sign deals in Indonesia; and finally, the last stop on the trip was Malaysia, between January 18-19.[293] The mission's focus was on India, where stops in Bombay, New Delhi and a vacation stop in Agra to the see the Taj Mahal were planned; more importantly, it was hoped that deals, similar to the $9-billion Chinese trade mission, would be signed primarily in the infrastructure development area along with food processing, financial services and information

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[287] *Indian and Foreign Review*, "Indo-Canada Joint Ventures", 15, October 15, 1977, p. 10.

[288] *ibid.*

[289] *ibid.*

[290] DFAIT, "Notes for an Address by the Honourable Roy MacLaren, Minister for International Trade, on the occasion of the launch of *Focus India*", *op cit.*, p. 3.

[291] *ibid.*, p. 3.

[292] McKenna, "Team Canada seeks gold on Asia trade mission", *op cit.*

[293] McKenna, "Team Canada off again", *op cit.*

technology deals.[294] On January 11, 1996, thirty-one agreements were signed in India totalling $444-million; and on January 13, 1996 $2.9 billion in agreements were signed.[295] By the time Team Canada headed to Pakistan, $3.5-billion in deals had been signed between Canadian and Indian firms.[296] Overall, government officials and accompanying businesses trumpeted Team Canada's mission as an exemplary success.

Other Notables

Canadian Media

Since the 1970s, Canadian journalists have faced off against the Indian government. While India has an independent free press, when times have 'necessitated', both international and Indian media have been curtailed by the Indian government. On September 22, 1970, *The Globe and Mail* reported that its Southeast Asia correspondent, David Van Praagh, sent to India on September 15 to cover the elections and developments in the province of Kerala, "was turned back [at Madras airport] and forced to take the next flight out that night".[297] Van Praagh was been told "he could not enter India as a tourist because there would be at least a 10-day delay in granting the visa", but Van Praagh was informed at the airport the Indian Home Ministry had issued an order on January 30 barring him from entering at all.[298] Representations to the Indian High Commission in Ottawa and to the Indian government, as well as US representations in Washington and New Delhi, were made on this issue.[299] On September 28, 1970, A. Raychaudhuri, Information First Secretary at the Indian High Commission in Ottawa, replied in

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[294]*ibid.*; John Stackhouse, "Chrétien mission more upbeat than Indian investors", *The Globe and Mail*, January 9, 1996.

[295]Stackhouse, "Trade team signs Indian deals", *op cit.*

[296]Anthony Wilson-Smith, "On the Road — Team Canada tries to score business and political points", *Maclean's*, January 22, 1996, 10.

[297]*The Globe and Mail*, "India bars Globe correspondent", Tuesday, September 22, 1970.

[298]*The Globe and Mail*, "The unwelcome journalist", September 28, 1970..

[299]*The Globe and Mail*, "India bars Globe correspondent", *op cit.*

kind to *The Globe*'s article but offered no explanation.[300] That same day, *The Globe* published what it learned to be India's explanation:

> ...at the regular Indian External Affairs Ministry briefing for the press on September 18 in New Delhi, a ministry spokesman, replying to question from Indian reporters, was reported to have said that it was correct that a visa had been refused Mr. Van Praagh. He said the decision had been based on a review of Mr. Van Praagh's reports between 1967 and 1969 written from India which were distorted and in many instances wrong. It was, he said, not a new policy to refuse admission to foreign correspondents. Judgment was independent of the nationality. Conclusions were based solely on the merits of the reports of the correspondents.[301]

However, *The Globe* retorted that "Canada has never rejected a journalist from India, or questioned his right to report on Canada as he saw; indeed, Ottawa has provided financial assistance to a number of Indian journalists to enable them to visit Canada."[302]

In March, 1971, the Indian government imposed restrictions of foreign journalists.[303] In April, 1971, it revised the restrictions and expelled a British Broadcasting Corporation (BBC) team from India because of "a film on Calcutta which the Indian government felt was unfair " "because ...[of its depiction of] the poverty and the religious rites of India."[304] These restrictions also affected Canadian media. On July 15, 1971, John Kerr, deputy director of the Canadian Broadcast Corporation's (CBC) television information programs, sent a memo to department heads stating, "in effect, that the CBC has agreed to Indian government censorship of all films the CBC intends to shoot in India, now, or in the future."[305] The deal with the Indian High Commission in Ottawa allowed: for Indian authorities to see the full inventory of CBC equipment, footage, persons and themes of all CBC documentaries; an Indian Liaison Officer, at the CBC's expense (except salary), would travel with *approved* CBC teams and "advise them on those areas of filming which would be contrary to the interests of the Government of India"; and, finally, the Indian High

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[300]A. Raychaudhuri, "India replies", *The Globe and Mail*, September 28, 1970.
[301]*The Globe and Mail*, "The unwelcome journalist".
[302]Raychaudhuri, "India replies"; *The Globe and Mail*, "The unwelcome journalist", *op cit.*
[303]*Toronto Telegram*, "...deal...", July 26, 1971 (press clipping title not complete).
[304]*ibid.*; *The Globe and Mail*, "The unwelcome journalist", *op cit.*
[305]Roy Shields, "CBC 'agrees' to Indian Gov't censorship", *Toronto Telegram*, July 26, 1971.

Commissioner would preview the final version, with his comments given "full consideration", before the final broadcast.[306] Consequently, Kerr personally had to approve all assignments to India, as a pre-screening process. Kerr noted that India was one of several nations "that ... are beginning to insist on government censorship of any film crew they let in" and that "[this] understanding [represented] a distinct improvement from the Corporation's point of view of the restrictions placed on our producers and directors while in India.[307] On July 26, Knowlton Nash, CBC's new director, reassured "that while the CBC agreed to take the High Commissioner's views into consideration, 'the final decision will be made by the CBC'."[308]

On September 30, 1976, *The Toronto Star* ran a story about Rocques Menezes, assistant commissioner of Bombay police.[309] Menezes was interrogated by the RCMP and DEA officials, who alleged that he had been sent by the Indian government to find the names of sources who were leaking information to *The Toronto Star* writers about India under Indira Gandhi's State of Emergency. Menezes' Canadian contact was "Maude Britto, wife of a former Indian army brigadier, Frank Britto, now living in Metro [Toronto]."[310] Menezes asked a *Star* book reviewer, Hubert Ribeiro de Santana, to take him (joined by Britto) to the *Star*'s library so he could compile international press stories about India. Santana later learned of Menezes position and that "before [Menezes] left India, an intelligence chief told him to 'find the (Canadian) leaks — and plug them."[311] Menezes told Santana, "[India] is in a state of emergency and Indian journalists are expected to be patriotic."[312] Menezes was returned to India.

In November 1984, Jonathan Mann, a "24-year-old freelance journalist was arrested near the Sikh Golden Temple in Amritsar, in the Indian state of Punjab" and held in detention.[313] A week after the arrest, DEA Minister Joe Clark retracted his assertion that Mann was guilty of

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[306]*ibid.*.
[307]*ibid.*.
[308]*Toronto Telegram*, "...deal...", *op cit.*
[309]Ron Lowman, "India's police probing press in Canada", *The Toronto Star*, September 30, 1976.
[310]*ibid.*.
[311]*ibid.*.
[312]*ibid.*.
[313]Jeff Salot, "Report remark a slip, Clark says", *The Globe and Mail*, November 16, 1984.

violating Indian law, and urged that Canadian high-level and regular representations were being made on Mann's situation.

Shastri Indo-Canadian Institute

Canadian and Indian cooperation, collaboration and commitment to non-governmental elements of understanding have also been important. Of these the most important is the Shastri Indo-Canadian Institute. The brainchild of McGill professor of Indian politics and foreign policy, Dr. Michael Brecher, the institute was founded in August of 1968, when the Indian and Canadian governments agreed to establish an institute in memory of Indian Prime Minister Lal Bahadur Shastri.[314] In November 1968, the Institute was formally opened with a head office at McGill University in Montreal and an Indian office in New Delhi.[315] Initially, the funding came from the Indian government, and four founding members — McGill University in Montreal, Quebec, University of Toronto in Toronto, Ontario, University of British Colombia in Vancouver, British Columbia, and the National Library of Canada in Ottawa.[316] "The Indian costs of the Institute [would, initially,] be met out of the fund of Counterpart Rupees accruing from Canadian food and commodity aid to India."[317] The Institute had a board of directors, which were advised by two councils, one in India and one in Canada, "to advise the board on all matters affecting the administration of the Institute in India and Canada respectively."[318] Today, the Institute is headquartered at the University of Calgary. By 1994, twenty-two universities and a multidisciplinary groups of academics and others were among the membership.[319] As well. many programs in India on Canadian studies have also taken root and become popular in India; in Canada, programs on India and India within South Asia have also burgeoned.

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[314]Department of External Affairs, "Shastri Indo-Canadian Institute", *Press Release*, August 20, 1968, p. 1; *The Globe and Mail*, "Canada linked, Shastri institute opened in India", November 39, 1968.

[315]*The Globe and Mail*, "Canada linked, Shastri institute opened in India", *op cit.*; Department of External Affairs, "Shastri Indo-Canadian Institute", *op cit.*, p. 1.

[316]Johnston, *op cit.*, p. 12.

[317]DEA, "Shastri Indo-Canadian Institute", *op cit.*, pp. 3-4.

[318]*ibid.*, p. 3

[319]Johnston, *op cit.*, p. 12.

Snapshots

As the above shows, there are engagements and conflicts, though not necessarily constant nor consistent, in Canada's India policy. The above snapshots of formative and indicative events make up the relationship. In the broadest view, Kapur's timeline of Canada-India relations is the best encapsulation of the chronology:

> The Canada-India relationship has passed through five phases. The five phases are as follows:
> 1. Special relations, 1947-52/54;
> 2. Erosion, mid-1950's onwards;
> 3. Cold-freeze/polarization, 1974 though the remainder of the decade;
> 4. Rethinking in the early 1980's;
> 5. Limited convergence and subdued divergence from 1985 to the present.[320]

From here, it is important to consider some of the more important issues the literature raises on Canada-India relations, and begin the analysis of Canada's India policy.

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[320]Kapur, "Canada and India", *op cit.*, p. 58.

CHAPTER 4:

Canada's India Policy Agenda

In turning to the policy agenda, in this chapter I will put forth issues in a conceptual manner in order to assess which issues remain important and which issues are no longer relevant. I conceptualize three main categories of issues and policy assumptions/priorities: demised, dormant, subsumed/sidelined, and 'on the table'; as well, I comment upon whether the issues or provide points for convergence or divergence. To do this, a major exercise here is to understand critically the points, issues and assessments made in the literature, and thereupon develop a critical assessment based on the literature's insights and evidence.

Demised

Given the half-century of relations between Canada and India, many issues have come and gone. In addition, it is really only in the post-World War II period that both countries' diplomats have had international roles and acclaim. Thus, there is a tendency in both countries to see many issues as still lingering. Canada's India policy needs to discard issues or assumptions that are no longer relevant to its interest or helpful. In this way, I argue the *special relationship*, spheres of moderation/superpower relations and the India-Pakistan wars are demised.

Special Relationship

As stated, Canadians' involvement with India precedes both Canada and India's formation. Through missionary work, business dealings, travel and military postings, Canadians were involved in the British Raj in India, and some fought alongside Indians for India, and stayed to

build the new country. Prime Minister King visited India in 1908 as a senior civil servant.[321] Trudeau visited India in the late-1940s as a Harvard student.[322] More recently, in early 1997, Canada's global music sensation, rock diva/megastar Alanis Morisette was rumoured to have taken refuge in India from her fans and the media — finding it fairly easy to conceal her whereabouts and remains anonymous (not difficult in a population over 30 times Canada's total and mostly rural), and in search of 'new experiences'. The rumour was confirmed by her call in May from New Delhi to the CBC's radio programme *Morningside* with an offer to be part of the station's Manitoba Red River Relief Rally.[323] In addition, Canadians of Indian and non-Indian descent are regular visitors and vacationers in India. Canadians have been, are and will be fascinated with India for a long time.

Opining on this, Escott Reid, former Canadian High Commissioner to India, examined both anecdotes and government documents on Canada-India relations and put forth his view in his 1981 book, *Envoy to Nehru*. His opening "Preface" line states his assessment:

> I was Canadian High Commissioner in India from 1952 to 1957 when there was a special relationship between Canada and India and when the Prime Minister and the Foreign Minister of Canada, Louis St Laurent and Lester Pearson, worked closely with Jawaharlal Nehru on many issues which threatened the peace of the world.[324]

Reid's book, therefore, goes on to furnish his evidence and story of this *special relationship*: agreement and cooperation on expanding the Commonwealth, bringing in India, and defence consultations among Commonwealth states; rallying support for Britain's entry into the North Atlantic Treaty Organization; development aid cooperation under the Commonwealth's Colombo Plan; the Canadian gesture of removing discriminatory immigration laws; beginning of atomic cooperation in late 1947; and, agreement on recognizing China by Canada in 1950, on India's recommendation, and soon followed by UN recognition — but thwarted by the Korean War's

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[321]Sinha, *op cit.*, p. 18

[322]Trudeau, *op cit.*, pp. 54-58.

[323]Peter Gzowski, *Morningside*, (Toronto: CBC Radio) May 1997; since the 1960s, when the Beetles and Rolling Stones made popular retreats to India in search of gurus, rock stars have found both inspirational and spiritual fascination with India, and also the anonymity in India which also gives them the freedom to move around with little or no recognition.

[324]Reid, *Envoy*, p. ix.

outbreak.[325] "Thus by 1952, [writes Reid,] when I went to India, Canada had established a special relationship with India in the framing and conduct of its foreign policy on Asian questions."[326] From there, Reid looks at "The Special Relationship in Operation" on the issues of Korea, China, Indo-China; he then considers "The Erosion of the Special Relationship" due to the America-Pakistan arms agreement, Kashmir, Soviet-Indian reciprocal courting, the Hungary and the Suez incidents and the role of India's UN Representative Krishna Menon. In summary, "[Reid contends] that there was a special relationship between India and Canada in the first 10 years of Indian independence, 1947 to 1957, and that this special relationship promoted the national interests of both countries."[327] While appearing sound, Reid's claim of a *special relationship* has attracted criticism.

Some of the criticisms are noted by Reid in his published response. Reid notes some of his colleagues in External Affairs have urged the *special relationship* existed in Reid's mind, while another urges that for such a relationship, there must be reciprocity and concessions on both sides, but "[what] India did was to make demands which Canada and other western countries were to concede."[328] Reid also quotes the criticism of a prominent American India scholar, Francine Frankel: "*[the] basic limitation of the "special relationship" [was] that when forced to choose between India and the US...* [Prime Minister] *Pearson chose the United States.*"[329] In his response, Reid re-examines the events and policies he cites in his book to prove his point once more, but the only major revelation is that William Bundy, a top Central Intelligence Agency official, agreed with Reid that America made a mistake in giving arms to Pakistan, therein, alienating India.[330]

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[325] *ibid.*, pp. 15-17, 17, 18-19, 19, 20, 22-23.

[326] *ibid.*, p. 23.

[327] Escott Reid, "Special Relationships: Canada, India and the United States", *Canadian Forum*, (December/January, 1982-3), p. 18.

[328] *ibid.*, p. 18.

[329] *ibid.*, p. 18 — italics in the original.

[330] *ibid.*, p. 19.

Regardless of Reid's examples, Dobell asserts that "[a] quantitative balance is not the same as a qualitative one, and the significance of each perceived adjustment to the other' policy could be queried [*sic*]."[331] A more useful understanding of the Canada-India relationship comes from Dobell's assessment that "[the] 'special relationship' with India was the product of adopting the evolving international system to advantage". To this can be added Kapur's frank criticism:

> The special relationship depended mostly on Nehru's and India's usefulness to Canadian diplomacy on a number of issues deemed important for the West. The erosion was a case of "use and discard." The erosion and the subsequent cold freeze in the 1970s reflected the ascendency of complicated issues where India was in the way; where it was not useful; and where Indian interests [(and, one might add, personalities)] clashed with Western interests.[332]

Possibly, Reid has mistakened a 'special relationship' for an advantageous or opportunistic relationship that was feasible only for a brief while.

One contradictory notion is that the *special relationship* partly resulted from the Britishness of India's first leaders, many of whom were British educated. Reid notes, "[the] ambience in Ottawa at that time was markedly British and Nehru in mind and spirit was at least half British"; indeed "[one] phrase which constantly recurred in Nehru's statement was a formula used by British civil servants in memoranda to their ministers, 'It is a matter for consideration whether'."[333] In contradiction, the wedge between Canadian officials and Menon, the most powerful and principal foreign policy adviser to Nehru, was Menon's Britishness. U.N. Secretary General Dag Hammarskjold agreed with "[Reid's] thesis ... that the key to understanding him [Menon] is that he thinks much more as a member of the left of centre section of the British Labour Party than as an Indian, that he has his roots in Great Britain and not in India and that his role is that of a Colonel House or a Harry Hopkins."[334] Reid adds Menon's bluntness, 'extremism' and arrogance in international affairs in public as well as private — without apology — was not appreciated, while Nehru, having displayed signs of "an arrogant aristocrat", would

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[331]Dobell, *op cit.*, p. 140.
[332]Kapur, "Canada and India", *op cit.*, p. 60.
[333]Reid, *Envoy*, *op cit.*, pp. 4 & 7.
[334]*ibid.*, p. 184.

quickly apologize soon after.[335] More indicative is that Reid and Pearson, the DEA Minister, would have preferred to see Vijaya Lakshmi Pandit head Indian foreign affairs because she was "much wiser and more moderate"; Menon's righteous, leftist and frank conducting of foreign policy did not sit well with the Canadian officials, who preferred Nehru's and Pandit's centrist and 'hold-my-tongue' inclinations.[336] As for the *special relationship* between Nehru-St. Laurent, Hugh Johnston notes that this also was debatable for they knew little about each other's cultural and did not share any informal interests:

> [there] was a striking difference in the public and private relationship that Jawaharlal Nehru enjoyed (or endured) with Canada's ninth prime minister, Louis St. Laurent. In public these statesmen projected a special understanding based on the shared vision of two middle power leaders. ... Dale Thomson, St. Laurent's private secretary at the time, has described the awkwardness of the occasion when Nehru entertained St. Laurent in 1953. Their attempts to make conversation — exchanging generalities — would be followed by difficult silences. After a typical meeting a Canadian diplomat was provoked to remark, "These two men haven't got anything to say to each at all."[337]

What constituted the *special relationship* is unclear, but certainly its existence depended entirely on Reid's principle players.

Two points are clear. First, the *special relationship* is not empirical. It reflects a 'feeling' toward India based on exotic images of India ("the Canadian educational system taught little about cultures beyond the western world"), a sense of benevolence toward a new independent yet 'backward' nation, and awe for the great figures of Gandhi and Nehru.[338] Emotional factors effects on Canadian official's assessments is difficult, if at all, to measure. Second, either state's sway over the other's final choices was limited; neither side was willing to make the major sacrifices necessary to satisfy or to press each other on crucial issues. My reason for considering the *special relationship* is to note it was largely ephemeral, and not long-lasting, that is, it could not survive after its principal players had left the scene. It is best to heed the advice of K.

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[335] *ibid.*, p. 222.
[336] *ibid.*, p. 194.
[337] Johnston, *op cit.*, p. 11.
[338] *ibid.*, p. 11.

Subrahmanyam: "[the] romance of the Indo-Canadian relationship of the fifties and sixties was gone for ever and is not likely to return."[339]

Spheres of Moderation/SuperPower Relations

Another policy assumption to be discarded is that Canada's India policy should bridge the interstate divides, with Canada and India having 'spheres of moderation'. During the Cold War, Canada would moderate the USA, the Western bloc, the developed countries, and the 'white' dominions and Britain in the Commonwealth; and India would moderate China, Russia and the Eastern bloc, the developing countries, the Non-Aligned Movement (NAM), and the 'coloured' dominions in the Commonwealth. However, this overestimated the influence of both countries, especially Canada's influence over US policy. Most importantly, Canada failed to denounce, regardless of whether it could persuade termination, the United States for its arms aid agreement with India's arch-regional enemy Pakistan, as well as prevent Pakistan's membership in a US-led alliance, in 1954; this was very damaging for Canadian influence in and dialogue with India.[340] Indians, however, knew Canada was among many countries, including Britain and Australia, who could pressure America, but also understood America did as it saw fit regardless of objections. During the Cold War, Canada's India policy was affected by superpower relations.

Moreover, during the course of the Cold War, India developed a relationship with the Soviet Union, and this affected Canada's India policy. In November-December 1955, Soviet Premier Nikita Krushchev and Prime Minister N.A. Bulganin arrived in India for a two week visit. Reid assesses the trip was perceived as a slap in the face: "[many] people in the West were irritated by the tumultuous welcome which the Indians gave to Krushchev and Bulganin. They were more irritated by the crude anti-western statements which the Soviet leaders made in India and by Nehru's public failure to take public exception to them."[341] However, Reid also points out that the

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[339]Subrahmanyam, *op cit.*, p. 78.
[340]Reid, "Special Relationships", *op cit.*, p. 19.
[341]Reid, *Envoy*, *op cit.*, p. 135.

Indian view of these events was different: Indians wanted to impress the Soviet officials and people as much as they had been impressed by the Soviet reception for Nehru; after Stalin's death, Nehru wanted quicker global reconciliation with the Soviets under Krushchev; and, where the US, UK and Canada did not extend enough credit for a steel plant, the Soviets would build one faster and cheaper.[342] India's relationship with the USSR war for economic and security needs — the Soviet/China power backing India against Pakistan/America. For the same reasons, in the 1970s, India under Indira Gandhi signed a Treaty of Friendship, Peace and Cooperation with the USSR. Thus, Canada viewed India's 'sphere of moderation' as becoming India's 'sphere of tacit cooperation'.

Nonetheless, from the outset of the Cold War, Canada was perceived as being on the US leash. Canadians acknowledged and enjoyed a 'special relationship' with the USA long before India came along, and backed American positions on demand. Given Canada's follower role in NATO, NORAD and other American-led alliances, it is not surprising Indian scholar S.D. Gupta argues that "Canada is a close ally of U.S.A. [*sic*]— committed to U.S. political and military interests. Ideologically, Canada is to represent U.S. in all respect. [*sic*]"[343] Nossal, a Canadian foreign policy authority indirectly support's Gupta by noting: "[of] course, foreign policy makers in Ottawa ... saw Canada as primarily an 'Atlantic' state, and thus the dominant concerns of the country's foreign policy revolve around the Canadian-American relationship and the Eurocentric rivalry of the United States and the Soviet Union."[344] Indeed, as the Cold War became more intense, so did American pressure on Canada to fall in line. Dobell argues the Indo-China Commissions complicated Canada's India policy because "the United States decided unilaterally to take France's place, and different views as to the role of the commissions mattered far more in the 1960s that they had in the mid 1950s", and so the US expected Canada to support and protect American interests.[345] More generally, Canadian Prime Ministers Diefenbaker, who urged

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[342]*ibid.*, pp. 135, 137.
[343]S. D. Gupta, *op cit.*, p. 49.
[344]Nossal, "Canada Strategic Interest in South Asia", *op cit.*, p. 48.
[345]Dobell, *op cit.*, p. 137.

revitalizing the British connection and taking on America, and Trudeau, who attempted the Third Option, were not appreciated by America, and were forced to come on side with American policy. Not surprisingly then, Prime Minister Mulroney, a shamrock buddy of American President Ronald Reagan, was adored by America. Indians argued Canada's 'sphere of moderation' was its 'sphere of acquiesced domination'.

As the Cold War dragged on, Dobell makes an important point about both country's utility to each other:

> [After the Second World War] ... Canada and India emerged absolutely wealthier and temporarily disproportionately influential. ... Subsequently ... formerly wealthy countries recovered from the war, and the number of newly independent nations rose to over a hundred. Their scarcity value declined, and either nation seeking information on the other's clubs could turn to many more informants.[346]

Now that the Cold War and post-Cold War period are over, there are no blocs or superpower who consistently bully everyone else, or force them to pick sides. In Canada's case, the government has challenged the US on the anti-Cuba Helms-Burton law and have aggressively pushed trade with China. In India's case, the US has become its most important trading partner and its relationship with Russia has declined in importance. Canada must discard Cold War bloc mentalities and assumptions to rebuild the bridge that was burned during the Cold War.

India-Pakistan Wars

The India-Pakistan war issue is not demised — but it is for Canada's India policy. The main point is that Canada is now openly accepting that its weight and punch have little or no effect on either side. In fact, Canada never wanted to get involved between India and Pakistan and both the Kashmir and Bangladesh conflicts show this.

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[346] *ibid.*, p. 137.

Kashmir

As known, Canada has tried to work with both sides and did present a solution in 1950 that was rejected by India. Why did Canada let the solution die off? Canada did not want to confront either India or Pakistan. McNaughton was under strict order not to entangle Canada in having to press India or Pakistan for a solution. Thus, Canada refused to sit on the committee to draft the first Security Council resolution and refused to join the United Nations Commission for India and Pakistan (UNCIP).[347] Unfortunately, in December 1949, McNaughton, as Security Council President, was charged by the Council to draft proposals; after McNaughton's proposals were rejected by India, Canada made no more attempts for a solution.[348] Canadian officials held that "since India had rejected Pakistan's appeal for mediation through the Commonwealth 'it would be inappropriate for a member of the Commonwealth to accept any special responsibility as a result of the Indian appeal to the Security Council'."[349] In addition, Prime Minister Pearson's talks with Indian and Pakistani leaders, during his Asia trip in February 1950, led him to assert "that there was not much hope now for a solution through the Security Council, and little possibility that any resolution of that Council would be acceptable to or make impression on the Indian government."[350] Overall, Mansur summarizes Canada's role in Kashmir:

> [irrespective] of the merits of the argument of either side in the dispute Canada sought more than a middle ground of compromise between India and Pakistan. That eventually no permanent solution was found for the Kashmir dispute, was not the fault of the UN. Canada's role in the UN's effort in Kashmir was significant.[351]

Mansur is probably referring to Canada's role in talking to both sides, recommending a UN-sponsored plebiscite and sending peacekeepers. Canada has been supportive of measures that will end the violence in Kashmir and bring both sides to the table. To his credit, Pearson recognized it

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[347]Delvoie, *op cit.*, p. 19.
[348]*ibid.*, p. 19.
[349]*ibid.*, p. 18.
[350]*ibid.*, p. 20.
[351]Mansur, *op cit.*, p. 45.

long ago (see chapter three) forcing India to accede to multilateral solutions would not work — Kashmir should be settled bilaterally.

Bangladesh

The differences in opinion over East Pakistan's secession from Pakistan, therein creating Bangladesh, also shows Canada's 'tread slowly, avoid intruding' policy on India-Pakistan war. Although East Pakistan's Rahman was the democratically elected prime minister, Dobell notes Canada could not persuade the US to pressure US-backed West Pakistan's government to relinquish power in the interests of democracy and civil peace — just as Canada could not prevent the 1954 America-Pakistan arms agreement.[352] Similarly, Trudeau could not dissuade India and Pakistan from warring over East Pakistan — same as the previous Kashmir wars. Meanwhile, the three Canadian MPs who visited East Pakistan refugee camps in India in July of 1971, as guests of the Indian government, voiced support for East Pakistan's call for secession/independence from Pakistan; however, Canada refused to acknowledge Bangladesh, as India had done.[353] Internationally, Canada's UN resolution to get Rahman out of jail and India out of Bangladesh was not pursued because India wanted the resolution to force West Pakistan to investing Rahman as prime minister to ensure East Pakistani refugee repatriation — Canada could not pressure Pakistan or the US to install Rahman. Another resolution, which Canada backed, demanded a cease-fire and India to withdraw; India did not accede to it.[354] Consequently, Dobell notes, "Canada's image suffered in India".[355]

India was not impressed for three reasons. First, Canada shied away from doing the right and more difficult thing, which was to force Pakistan to recognize its own democratically-elected leader and vociferously denouncing West Pakistan's brutal and terrible repression. Second,

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[352]Dobell, *op cit.*, p. 133.

[353]*The Toronto Daily Star*, "3 MPs seek self-rule for East Pakistan", *op cit.*; *The Toronto Star*, "PM: Tried to head off Indian-Pakistani clash", *op cit.*

[354]Dobell, *op cit.*, p. 134.

[355]*ibid.*, p. 134.

Canada did not work out any international solution for the exodus of East Pakistani refugees, who drained Indian resources and destabilized Eastern India — an exodus equivalent to half the Canadian population. Third, Canada supported the UN resolution which essentially went after India, and did not include any statements about Pakistan's attempted massive military build up in East Pakistan or the US naval presence in the Bay of Bengal. All in all, Canada failed to 'back' India.

The Canadian view was a different. Of two newspapers who wrote editorials, both were critical of India. According to an *Ottawa Journal* editorial, the three MPs who went as India's guest would "see the crisis mainly from the Indian side", and should have gone on Parliament's or the government's tab to get all sides of the issue, before urging East Pakistani secession.[356] The massive dislocation, overpopulation, disease and starvation of a refugee camp filled with people brutalized by their own government would create sympathy for secession; but secession would not necessarily solve the problems of either India or the East Pakistanis. In a more sweeping indictment, *The Globe and Mail* stated, "[in] its own area of the world, India has now assumed the role and adopted the methods of a great power", and added, "[what] India has achieved is the defeat, humiliation and dismemberment of Pakistan, and its virtual impotence as a neighbouring country."[357] Thus, India's goal was not simply to repatriate refugees, but also to settle decisively the 1949 and 1965 wars — India was now the regionally- and internationally-acknowledged leader of South Asia. For Canada, India's choice for war over peace ran against the Canadian images of India as a benevolent, pacifist and conciliatory state — "[gone] forever [are] the pacifist policies of non-alignment: in their place the ruthless pursuit of self-interest."[358] In a different vein, Elliot Tepper points out that Canada's internal dilemma over Quebec secession precluded swift and decisive action to back East Pakistani or India's recognition of Bangladesh.[359] Thus, India's

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[356]*Ottawa Journal*, "They Should Not Have Gone As Guests of India", *op cit.*

[357]*The Globe and Mail*, *op cit.*, "She stoops to conquer".

[358]*ibid.*

[359]Elliot L. Tepper, "Conflict Resolution and Indo-Canadian Relations: Lessons from the Bangladesh Crisis", *Peace, Development and Culture: Comparative Studies of India and Canada*, (Calgary: Shastri Indo-Canadian Institute, 1988), p. 32.

image suffered just as much in Canada, while Canada also had to consider the domestic ramifications of Canadian positions.

More basically, Delvoie notes, Canada did not want to get involved. DEA Minister Sharp felt Canada's decision not to interfere was best for three reasons: first, since both India and Pakistan were members of the Commonwealth, Canada should not take sides; second, Sharp held Canada could be a mediator or peacekeeper — assuming both sides agreed to this; and, third, "Canada does not interfere in another countries internal affairs."[360] Delvoie assesses that "the first two of these reasons do not seem very germane ...[while] ... Canada's detached posture did nothing to preserve the integrity of the Commonwealth", which Pakistan left in 1972 because the organization did not sanction India for meddling in Pakistani internal affairs.[361] Given this situation, Canada acknowledged and India clarified the central place of India in regional affairs, and India's preference for bilateralism over multilateralism. India demonstrated the *Indira Doctrine* — like the *Monroe Doctrine* — that non-South Asian powers shall not meddle in or settle the affairs between South Asian states.

Dormant

To consider something dormant, the assumption is that it may some day awake. An additional assumption here is that the issue will lead to convergence and allow Canada's India policy to pursue bilateralism positively — although, it is possible for the issue also to cause divergence. In this way, I argue that the Commonwealth and China are dormant issues.

Commonwealth

The nostalgia of remembering the momentous Canadian accomplishment of expanding the Commonwealth should not cloud the fact that the Commonwealth is not an active or important inter-governmental organization. The Commonwealth, unlike NATO or the G-7, is not effective

[360]Delvoie, *op cit.*, p. 22.
[361]*ibid.*, p. 22.

in binding its members, providing a common stance, and its loose structure and unpowerful membership preclude effective multilateral action. It is not surprising that India, Pakistan and Sri Lanka's hopes at the outset "for close consultation in defence matters" never materialized.[362] The two main Canadian accomplishments through the Commonwealth have been the Colombo Plan and sanctioning South Africa, both of which provided vehicles for better and deeper relations with India, but there are limits to the Commonwealth's importance for India.

In the 1950s and 1960s, India lacked the minimum infrastructure and domestic capabilities to participate in the post-agricultural world economy. Thus, the Canadian aid under the Colombo Plan was necessary. Yet by the 1970s, the Colombo Plan was defunct as a multilateral aid plan, especially due to the clout of international lenders, such as the World Bank and International Monetary Fund, and the aid-for-allies competition between the US and the USSR. With India's PNE, India-Canada relations became cold. In the late-1980s, there was a brief upsurge in Commonwealth activity because of Canada's inability to persuade the Americans and British to sanction the apartheid regime in South Africa. Although South Africa had already been booted from the Commonwealth, Canada's use of the Commonwealth and support by India provided a higher profile for Mulroney's crusade for black South Africans. Rajiv Gandhi and Mulroney both became good friends and tried to apply the weight of the Commonwealth on Britain, and indirectly on non-Commonwealth states to force global sanctions on South Africa. After the USSR fell, South Africa's apartheid regime soon followed, and Canada and India could claim some credit.

In contrast, the India-Pakistan wars have demonstrated the clear limits of the Commonwealth's ability to influence its members or to intervene between them. As Delvoie points out, Canada's primary interest was in keeping the Commonwealth together.[363] During the first war, there was an appeal by Pakistan for the Commonwealth which India rejected; I speculate that a Commonwealth mediation role was discarded when the second war broke out; finally,

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[362]Reid, *Envoy*, *op cit.*, p. 17.
[363]Delvoie, *op cit.*, p. 20.

Commonwealth mediation was thought of, again, but not pursued during the third war.[364] When Pakistan left the Commonwealth in 1972, it was clear the Commonwealth was a lame multilateral institution. Likewise, Canada could not be persuaded by the Commonwealth to follow: during the Colombo Conference of 1950, Pearson was impressed by Britain, India, Pakistan and Ceylon's reasons for urging recognition of Communist China's government as the Chinese state, and Australia, New Zealand and South Africa were ready to follow suit; Canada was not ready to do so, but Pearson felt Canada should not be the last onto the bandwagon.[365] However, Canada did not recognize China soon enough after the conference, so when the Korean war broke out, Canada's recognizing China would have greatly angered the US. Thus, the role of the Commonwealth as a forum to deal with problems between its members is nonexistent, nor can it force or influence members' policies to change.

Clearly, Canada's and India's use for the Commonwealth is limited to certain areas. Foremost of these, it is a neutral forum for discussing issues, without embarrassing the other state, as happens during bilateral official visits at press conferences. For example, in June 1977, at the Commonwealth Conference in London, England, Trudeau and Indian Prime Minister Morarji Desai met privately and Trudeau "learned first hand that India wants to resume the historic close relationship with Canada that chilled after 1974."[366] Nonetheless, the Commonwealth has no united cause or purpose to pursue; any recent pursuits have proven difficult. For example, unlike apartheid South Africa, the debate over the military junta in Nigeria has proven difficult because — pardon the pun — this issue is not black and white. In Nigeria, black Africans are repressing black Africans, killing indigenous peoples and assisting multinationals to profit from the state's repressive practices. In addition, there is a paradox: a destabilized Nigeria might embroil the whole West Africa region, while the strong Nigerian junta was able to stabilize the situation in Liberia.

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[364]*ibid.*, p. 22; in addition, one can point out the South Africa's apartheid policy was not changed by the Commonwealth, and South Africa was eventually thrown out/left.

[365]Reid, *Envoy*, *op cit.*, p. 65.

[366]Stevens, "Friendship renewed", *op cit.*; Robert Lewis, "Clark steps out — Chapter 1", *Maclean's*, January 22, 1979, 14-16.

The Commonwealth cannot solve the problems of or among its members. As for furthering Canada's foreign policy objectives vis-a-vis India, Canada cannot use the Commonwealth to berate India about its weapons policies, child labour policies or create some kind of transnational free trade with Commonwealth states. In his assessment, K. Subrahmanyam assess that "[the] Commonwealth link may linger on for some more time perhaps, becoming increasingly tenuous as Canada is drawn into the North American Free Trade Association and Britain into Europe [*sic*]", and, I would add, India is being pulled by globalized competition along with possible breakthroughs with its backyard foes, China and Pakistan, and friendships in Southeast Asia.[367]

China

China is one country about which Canada and India have at time converged in their views and interests. In the 1950s, Reid and others note, China provided Canada and India with a common purpose — to get Communist China recognized, seated in the UN, involved in world affairs, split from the USSR, and moderated in its views on the West. Reid and Pearson were aware of Nehru's good relationship with Chinese Premier Zhou En-Lai, and understood India's need for good relations with the other large Asian power.[368] From the very beginning, India, Canada and the West were well aware that China would win the race to modernize before India because India's democratic system would mean slower, difficult progression, whereas China's totalitarianism would force modernization swiftly and without opposition.[369] The more important issue for India was avoiding Indian-Chinese hostility on border issues, but Canada was not involved in this aspect. Instead, Canada saw India as a mediator to fend off American-Chinese hostilities. For example, in December 1954, Canada approached India to use its good offices to secure the release of American prisoners of war believed to be captured by the Chinese during the Korean war.[370] India approached China, but China rebutted the American claim, and India

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[367]Subrahmanyam, *op cit.*, p. 78.
[368]Reid, *Envoy*, *op cit.*, pp. 57-58
[369]*ibid.*, pp. 54-55.
[370]*ibid.*, pp. 61-62.

forwarded this response to Canada. The American response was not helpful: America was upset India had not sent the response to American officials but through Canada; they did not, Reid omits to mention, even thank Canada for its attempt to contact the Chinese through India; and, the American government and press attacked India for remaining neutral and not forcing the American case. Not surprisingly, Pearson and Reid were not surprised when Nehru was noncommittal to speaking with the Chinese over the Formosa, Quemoy and Matsus islands dispute between China and America.[371] On the question of China's admission to the UN, the Indian view was that US obstinacy on not replacing Formosa (Taiwan) with Communist China eventually led India to focus on other issues; for his part, Reid notes that he and Pearson did try to get around UN rules to get China seated at UN committees and the General Assembly, thus hoping to force Formosa off the Security Council, but this never materialized.[372]

However, in 1962, after the China and India war, a new view among Indians was that China was the greater enemy than Pakistan, and the later Pakistan-China treaty confirmed this. Thus, throughout the rest of the 1960s, India and Canada were not assisting each other vis-a-vis China-US. In 1988, both sides agreed to a Joint Working Group on border disputes, and non-commentary by China on Kashmir and India on Tibet; as well, since 1990, China agreed to India's call for bilateral solutions on Kashmir with Pakistan; and leaders from both countries have visited each other.[373] Indian trade with China, both known and unknown, has always continued regardless of the political situation, as certain economies straddle both countries borders. Meanwhile, on the Canadian front, Canada has placed China at the top of its foreign economic relations agenda, as seen in the 1994 Team Canada trip which led to $9 billion in contracts. Therefore, both countries might be able to offer each other more information and collaborate on working with China.

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[371] *ibid.*, pp. 62-63.

[372] *ibid.*, pp. 65-68.

[373] Surjit Mansingh. "India-China Relations in the Post-Cold War Era", *Asian Survey*, (v.34, n.3, March 1994), pp. 285, 299 & 298.

Subsumed/Sidelined

In addition to dormant issues, there are issues which have become subsumed by either concerted action or implicit neglect by the Canadian government. Unlike dormant issues which are not active and do not surface on their own onto the Canadian agenda, subsumed issues are ones the Canadian government purposely avoids for domestic and international imperatives and are issues of both divergence and convergence. These are issues which are presently sidelined from Canada's India policy, they may be discussed privately, or may some day hurl themselves back onto the agenda — more than likely not by Canadian officials' design or choice. While they are sidelined, they are nonetheless addressed by the Canadian government when necessary. This addressing can mean both cooperation and commitment from Canada, or stylistic and rhetorical divergence. In this way, I argue Sri Lanka, the Sikh/terrorism issue and nuclear proliferation are subsumed/sidelined.

Sri Lanka

The case of Sri Lanka placed Canada and India in similarly awkward positions because they were accused of being havens for Tamil rebels, and allowing Tamil supporters to provide funding (money, munitions or moral) to the Tamil tigers. Consequently, India and Canada have both curbed activities which would appear to show support for the Tamils. In addition, Canada voiced its support of the Indian IPKF, although the IPKF failed and withdrew when it became a target, while the 1995 request for Canada to mediate would probably have received Indian support. In the case of Sri Lanka today, the government has reasserted its authority throughout most of Sri Lanka, so Canada and India are not needed. However, the Sri Lanka conflict is not entirely over, but for now both governments are satisfied the issue has been dealt with and no need for a collaborative effort is warranted at present.

The Sikh issue

For Canada, besides the Tamilian activity, there is also the added complication of Sikh activity in Canada. Since the 1985 bombing of the Air India jet, Canada has cracked down on Sikh leaders and organizations suspected of being involved in terrorist activities or anti-India activities. With the 1987 extradition treaty, which resulted directly from the bombing incident, India and Canada have publicly put forth a face of substantive cooperation on the issue, but the limits of this were seen with Canada's inability to secure an intelligence-sharing pact with India; for whatever reasons, India was unwilling to agree to an intelligence-sharing pact, I speculate because of Canada's secret service's bungling of the investigations of suspected bombers and partly because of India's 'unorthodox' means of securing intelligence and acting upon it. Overall, Canada's India policy reflected practitioners concerns that good relations be maintained with India; Canadians, however, did not want Canadian laws, norms and practices bent to pursue Sikhs or serve Indian interests. Canada did not share the broad powers or consensus that the Indian government had to crack down on Sikhs (suspected or not), and Canada's laws required the police and RCMP forces to tread slowly and carefully — especially since the Canadian media was maintaining a watchful eye. Eventually, with the arrest and conviction of some Sikh extremists, India was satisfied and the Canadian government was relieved of some pressure, and the issue died down. A decade later, the March 22, 1997, *The Globe and Mail* noted Canadian Sikhs were now cooperating to expose extremists and to discuss the Air India bombing (a necessary factor has been the reduction of Sikh-on-Sikh threats and violence in Canada).[374] The Sikh issue has also fallen down to the bottom of Canada's India policy — a relief for both Canada and India. As with Sri Lanka, if separatist activity in Punjab erupts again along with a symbolically offensive attack on a Sikh holy place, the Sikh issue may again complicate Canada's India policy.

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[374]Appleby, "Air-India trail hot, RCMP assert", *op cit.*.

Nuclear Proliferation

This issue has been subsumed because of fundamental differences. The Indian PNE showed both governments they had different understandings about Canada's India policy. The Canadian reaction was overwhelming outrage with the Indian explosion; the Indian reaction was surprise at the Canadian reaction. By examining the different perceptions of the incident, it becomes clear why the nuclear issue has been subsumed. However, I note that nuclear issues surrounding India's debate to nuclearize its Agni missiles, India's use of RAPP I and RAPP II reactors for nuclear technology, and nuclear proliferation are very much on the minds of Canadian officials who do not want to see India or Pakistan nuclearize their arsenals. These officials and their political masters have tried and are trying to persuade India to act 'responsibly' and to come on side with the NPT regime; however, they also realize that maintaining a high-profile and public campaign against India is going to fail, complicate other issues and will only marginalize Canada's role. Thus, in looking beyond the PNE, one finds rhetorical mentions, but the issue is subsumed in favour of other priorities in Canada's India policy.

Canadian Reactions to India's PNE

On the Canadian side, the uproar involved many different comments. First, the idea that a country so impoverished as India was spending money — especially, Canadian aid money — to build a bomb was obscene. According to Delvoie, this objection was shared by the public and government officials.[375] In 1974, Edward Carrigan, in his angry editorial to the *Ottawa Citizen*, reported "[the] Indian nuclear program has already cost $1.56 billion".[376] As such, Trudeau also weighed in on this argument by stating, "[we] are very disappointed that India has spent all this money and brains in order to explode a bomb when their people are starving."[377] Indeed, in 1965, Indian Prime Minister Shastri had publicly stated that India's top priority was feeding its

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[375]*ibid.*, p. 32.

[376]Edward Carrigan, "India's militarism shouldn't be supported by Canadians", *Ottawa Citizen*, August 9, 1974.

[377]*London Times*, "Ottawa angrily hits back at Delhi's surprise nuclear test", June 1, 1974.

population, and India could not afford and would not want to build a nuclear bomb.[378] Second, the Canadian government believed that Trudeau and Indira Gandhi, who were pen-pals as well, had an 'understanding' regarding any nuclear explosion and agreed on the conditions of Canadian aid, as well as Canada's threat to cut nuclear aid if India exploded a bomb.[379] India's shrugging at the Canadian threat did not sit well with Canada. Finally, and most importantly, as Nossal states, "[the] decision by India to explode a nuclear device produced very negative reactions in Ottawa, mainly because of what the government of Pierre Trudeau saw a New Delhi's abuse of trust."[380] Regardless of whether the nuclear explosion was peaceful, the "vows" by Indian Prime Ministers Nehru, Shastri and Indira Gandhi had assured Canada that nuclear science would be used for peaceful purposes.[381] The Canadian governments vociferous reaction reflected the great angst that the Indian explosion had caused in the minds and hearts of key government leaders and Canadian public opinion.

India's Responses to the Canadian Reaction

On the Indian side, there were a number of counter arguments. First, although Canada did not draw a distinction "between legitimate peaceful uses of nuclear material and seemingly peaceful uses which would serve military ends", India did.[382] India made this distinction and stood its ground on this point, and Indians backed the government on it. Mrs A. Samuel, editor of *The Canadian India Times*, noted in her response to a *Globe and Mail* editorial that peaceful purpose include "digging mines ...[or]... prospecting for oil".[383] On the strategic front, *The Economic Times* wrote, "[the] fact that India does not lack the technological base of development

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[378]*The Globe and Mail*, "Canada must reassess its aid to India", May 22, 1974.

[379]Robert Trumbull, "Canada Says India's Blast Violated Use of Atom Aid", *The New York Times*, May 21, 1974; David Van Praagh, "Will PM question Gandhi on India's 'aggressive nuclear stance [*sic*]", *The Ottawa Citizen*, November 19, 1983.

[380]Nossal, "Canada's Strategic Interests in South Asia, 1947-1987", *op cit.*, p. 50.

[381]*The Globe and Mail*, "Canada must reassess its aid to India", *op cit.*

[382]Geoffrey Stevens, "Rumor of Indian A-test causes Canada concern", *The Globe and Mail*, July 29, 1966.

[383]A. Samuel, "India and the bomb", *The Globe and Mail*, June 3, 1974.

of the latest weapons against any contingency is a powerful factor for peace and against nuclear adventurism."[384] In fact, along with its PNE announcement, reports Bharat Mathur,

> the government of India made it explicit that the device was exclusively designed to use nuclear technology for the exploration of oil and gas, employ the technique for the exploitation of low-grade non-ferrous metals occurring deep inside the earth as well as in large-scale mining and earth-moving operations, and determine the cratering effects.[385]

Therefore, India's explosion explicitly served important development goals, and implicitly sent a clear message to her enemies and resulted in "India's entry into the international nuclear club" (without an actual nuclear bomb in its arsenal).[386]

Second, Canada clearly did not understand India's strategic situation. Arun Gandhi surmised in his article: "[when] India has to live within range of China's growing nuclear arsenal at Lop Nor and face the humiliation of having the American aircraft carrier Enterprise, with its nuclear arms menacing her shores, her nuclear ambitions should not come as a surprise."[387] Flanked by regional rivals China on the east and Pakistan on the west, India needed to show that it could meet threats by either side quite forcefully. Canadians, in contrast, enjoyed and benefitted from the US nuclear umbrella and defence programme without great cost, while India did not share such an arrangement with either Russia or China and had to bare its own defence costs. Moreover, while the US and USSR were willing to talk about nuclear and conventional arms reduction, they simultaneously were building better, more destructive bombs to replace them, as was China, which refused to negotiate any conventional or nuclear arms reductions.[388]

Third, India's role as a regional power is very different from Canada's; India, like the US in the Americas, saw its role as preventing foreign intervention in its region and maintaining regional order. As Tepper puts it, "[my] own colleagues like to speak of 'asymmetrical dyads' in international relations. India and Canada are opposites, in this regard. India is the large state with

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[384]Arun Gandhi, "A Slight Chill", *Winnipeg Free Press*, June 7, 1974.

[385]Bharat P. Mathur, "India's 'bomb' — Canada's reaction was 'hasty and unfortunate'", *The Ottawa Citizen*, July 26, 1974.

[386]*London Times*, "Ottawa angrily his back at Delhi's surprise nuclear test", June 1, 1974.

[387]Gandhi, *op cit.*

[388]*ibid.*

smaller neighbours in its region of the world. Conversely, Canada is the small neighbour in its part of the globe."[389] Therefore, India's security needs reflected a regional security approach, inherited from the British Raj and reflected the *Indira Doctrine*.

Fourth, from a legal standpoint, India argued it was not in violation of the 1956 reactor agreement, and this even Canada conceded. Thus, India was unduly characterized as violating Canadian agreements. Since India was using its own uranium, Canada could not dictate that the used uranium not be used for military or nuclear science purposes. This point was noted a decade earlier in 1966, when there was a rumour that India was preparing to explode a nuclear device.[390]

Fifth, in response to charges of large amounts of money 'wasted' on the nuclear programme, Bharat Mathur pointed out that "[the] total expenditure on India's nuclear energy program between 1951 and 1973 was $900 million."[391] Uma Shankar Bajpai, Indian High Commissioner to Canada, "pointed out that of the $190 million India spent on research and science its fourth five-year plan [1969-1974], 'only $56 million was spent on [India's] nuclear program'."[392] As for the fifth five-year plan, "[the] allocation for nuclear research ... is $621 million, or only 1.1 per cent of the total public-sector outlay."[393] As for the cost of the PNE, the official Indian cost was less than $400,000 US.[394] While these amounts were not small, neither were they extravagant. Nor could India be expected not to research nuclear science, and fall behind in both development and military technology.

Sixth, Canada knew the PNE was coming — it was just a matter of time. As Kapur pointed out in 1978, "India had often talked about Indian PNEs in the abstract in international fora, and ... Mrs. Gandhi had pointedly rejected the Canadian effort in 1971 to redefine the peaceful clause of the 1956 agreement"; Canadian officials were not only signalled India's intentions, but

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[389]Tepper, *op cit.*, p. 32.
[390]Stevens, "Rumor of Indian A-test causes Canada concern", *op cit.*
[391]Mathur, *op cit.*.
[392]*The Ottawa Citizen*, "India to give Canada answer on nuclear explosion", May 28, 1974.
[393]Mathur, *op cit.*
[394]*ibid.*; Patrick Best, *op cit.*

should have pursued policy accordingly.[395] In 1970, as Indian newspapers noted, Indira Gandhi had announced in the Indian Parliament her nuclear plans: "her government was not averse to using nuclear energy for engineering purposes, that the problems associated with underground tests were being investigated and that the official program did include nuclear explosions."[396] In addition, Pakistani officials and leaders had also urged Canada to consider seriously their concern that Canadian nuclear aid would help build an Indian bomb. For example, in 1971, Trudeau laughed off Pakistani President Khan's suggestion that Canadian nuclear aid would help India build a nuclear bomb, and Trudeau urged "that there were sufficient safeguards against India doing anything of that kind."[397] In 1968, David Van Praagh argued "[signs] are numerous that India is preparing to knock on the door of the nuclear club for admission."[398] Recently, release of secret cabinet documents in 1996, show that "[the] federal government was alerted by the United States and Britain as early as 1965 that India was developing an atomic bomb with Canadian nuclear technology", but Pearson decided not to press India because he could not breach or alter the 1956 contract, but did impose greater restrictions on new foreign reactor and uranium sales.[399] Thus, Indians did not understand the Canadian reaction, as they had signalled their intentions.

Finally, Canadian assessments were considered hyperbolic by Indians. *The Toronto Daily Star* noted that experts estimated India could produce 200 kilograms of plutonium a year, which meant 35 small bombs, which India contended was insignificant compared to the thousands the nuclear countries produce and had in stockpiles.[400] In relative terms, India was far behind the five nuclear powers, and Canadian seriousness was overplaying the importance of India's PNE. Just as Canada had the nuclear knowledge it acquired through involvement in the American and British nuclear programmes, but stated it would not pursue nuclear weapons, Canada should trust India, as one commentator put it: "I am afraid the reaction in the West to India's nuclear implosion is

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[395]Kapur, "The Canada-India nuclear negotiations", *op cit.*, p. 313.
[396]Gandhi, *op cit.*
[397]John Gellner, "Pakistan Fear of India", *Commentator*, February 15, 1971, p. 6.
[398]David Van Praagh, "Nuclear benefactor or patsy", *The Globe and Mail*, August 3, 1968.
[399]Jeff Sallot, "Ottawa alerted on India in '65", February 7, 1996.
[400]*The Toronto Daily Star*, "India violated nuclear pledge Ottawa says", May 21, 1974.

partly based on the feeling that Indians are probably not mature enough to handle such devices as are the Americans or British. It should be pointed out in this connection that the leaders of the Indian Government in the past have shown a great amount of maturity and responsibility in matters involving world peace."[401] The Canadian reaction, as well as others, gave India, as former Indian Ambassador to the US Nani Palkhivala put it, "the bitter lesson that one explosion activates international reaction but a series of explosion anaesthizes it. One blast brings discredit, while a sequence brings prestige and power."[402]

For Canada, the incident required a tough stance to counter the finger-pointing, especially the clamourings by American and Pakistani leaders and officials.[403] The government was determined to terminate the agreement signed in 1956, but went about it in a very dubious manner. When the agreement lapsed in May 1976, the Canadian government was relieved of its obligations, and so did not have to bother with the agreement initialled in March, but this tactic was certainly not appreciated in New Delhi.

Later Nuclear Issues

As a result of the PNE, Kapur's 'cold freeze' set in and Canada's India policy went into a period of 'benign neglect'. The issue again came to the fore during Trudeau's 1983-84 'peace initiative' when at the November 1983 Commonwealth meeting, Trudeau proposed to secure signatories for the NPT, mostly from the developing countries. However, states Delvoie, "he ran into the unshakeable resistance of Prime Minister Indira Gandhi, who was unwilling to see the Commonwealth do anything more than publicly endorse Trudeau's efforts to restore political

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[401]Samuel, *op cit.*

[402]Nani A. Palkhivala, "India and the Challenge of the Future: Politics, Human Rights and Development", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary), p. xxiv.

[403]Mark Gayn, "Pakistan says Canada's aid helps India toward A-arms", *The Toronto Daily Star*, January 8, 1971; David Van Praagh, "PM told Canada is helping India to build A-role", *The Globe and Mail*, January 8, 1971; *The Globe and Mail*, "Bhutto condemns Ottawa's role in helping India build A-device", May 20, 1974; Ross H. Munro, "Canada bears responsibility for A-test, Pakistan claims", *The Globe and Mail*, May 21, 1974; *The Globe and Mail*, "End all nuclear aid to India, Pakistani official urges Canada", May 29, 1974; Bruce Garvey, "Out atomic safeguards too weak U.S. says", *The Toronto Daily Star*, June 18, 1974.

contacts among the nuclear powers."[404] Under the Mulroney government, the obligatory remarks were made urging India and Pakistan to sign the Nuclear Non-Proliferation Treaty (NPT), as seen during DEA Minister Clark's trip to India in February 1987.[405] In the 1990s, the nuclear issue, though commented upon, is subsumed to other priorities in Canada's India policy. Prior to Chrétien's Team Canada trip, acting on American intelligence reports cited a *New York Times* article which stated India might conduct a second PNE, Canadian officials requested the Indian government ensure any such PNE would not occur during Team Canada's mission.[406] Also during this mission in New Delhi, Chrétien "delivered a public plea to India's top leaders [on January 11, 1996] to renounce the spread of nuclear weapons", while standing beside Indian Prime Minister P.V. Narasimha Rao; however, during private conversations with Rao, Chrétien did not bring up the issue.[407] In 1997, a DEA release stated Canada was "deeply disappointed" that "India ... decided to block final agreement on the Comprehensive Test Ban Treaty (CTBT) negotiations ... at the Conference on Disarmament", which prevented sending the treaty for formal approval by the UN General Assembly.[408] To summarize the Indian view, Subrahmanyam writes of the nuclear issue: "[the] relationship could not stand the strain of Canada's commitment to the nuclear armaments policies of the North Atlantic Treaty Organization and India's determination not to be discriminated against by nuclear colonialism".[409] Overall, a Canadian Press writer's assessment best summarizes the legacy of the Indian PNE: "[the] nuclear issue is a touchy one still in India-Canada relations."[410] Consequently, the issue is subsumed, less obligatory statements.

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[404]Delvoie, *op cit.*, p. 35.

[405]*ibid.*, p. 35.

[406]Rosemary Spiers, "Embarrassment avoided — India assures Canada no nuclear test during visit", *The Toronto Star*, January 10, 1996.

[407]*The Toronto Star*, "PM urges India to sign arms treaty", *op cit.*.

[408]DFAIT, "Axworthy Express Canada's Disappointment with India's Position on the CTBT", *op cit.*.

[409]Subrahmanyam, *op cit.*, p. 78.

[410]*The Toronto Star*, "PM urges India to sign arms treaty", *op cit.*

'On the Table'

To consider an issue 'active', I assert an issue must consistently and regularly involve the two nations. An active issue for Canadian foreign policy is fishing, and consistent and regular meetings are held with the European Union and America over quotas or jurisdictions. However, no such situation exists with India. Consequently, I argue aid, trade and social and environmental issues are 'on the table'; that is, Canada's India policy continues to deal with them on an irregular basis through discussions, forums and the course of diplomacy. It is not necessary for these issues to be a point of convergence, but they are not issues which the Canadian government tries to keep under the table — although it may not discuss all of them with equal interest. Instead, these are issues which involve various sub-issues which the Canadian government is discussing with India or redressing on its own.

Aid

Aid is no longer a paramount concern for India. India is a recipient of foreign aid, and is also a donor to smaller countries, such as Bangladesh. For Canada, India is not only the largest single recipient of Canadian aid, but also an example of Canadian aid success stories. No author has written ill of Canada's overall assistance to India. Even of the Canadian nuclear aid to India, no author has argued that it was 'a mistake' for Canada to assist India, nor did any government, except for Pakistan — not even the USA — allege Canada was wrong to offer nuclear assistance to India. In addition, no author argued India would have been better off had it adopted the authoritarian-communist Chinese or Soviet model of development, or even that of authoritarian-capitalism, as in Indonesia or Singapore; respect for India's free, democratic tradition is evident. While aid is important, the process and goals by which Canada decides what aid, how much aid and how to deliver the aid are changing.

Relative (un)Importance

In terms of importance, Henry notes that in the 1980s,

> the UK has been the most consistent leading provider of ODA to India, with F.R. Germany consistently in second position after 1984. The most significant recent change was the emergence of Japan as top bilateral aid provider in 1987-88, having previously only once appeared in the leading three donors in the previous decade. The US has not been among the top three providers of bilateral aid to India since 1982, except for 1985.[411]

In fact, Canadian aid to India "peaked" at 90 million in 1984-85, and in the 1990s, Rudner notes Canadian aid has drastically declined, such that in 1922-93, it only totalled $42.4 million.[412] In relative terms, Canada's ranking is provided in Appendix 4, but more instructive is Rudner's point that, "Canada ranks eleventh among bilateral aid donors to India, and there is a substantial disparity between Canadian volumes and those of the leading donors, Japan, Germany, the United States, the United Kingdom, and the Netherlands."[413] Subnationally, "Canada's provincial governments contributed over $35 million to international development through local NGOs and institutions, and while a current breakdown by country is unavailable, India ranked historically among the leading beneficiaries provincially supported programs."[414] Overall, as of 1992-93, Canadian aid amounted to 1.4% of India's total aid.[415] Nonetheless, as Appendix 3 shows, Canadian aid year to year is not always indicative of a forgone trend. On the whole, Canadian aid must be kept in perspective and not overemphasized.

Goals and Directions

In considering aid policy, its goals and directions are crucial to understanding why Canadian aid is given. When Canada and India began their aid relationship, both countries were in a very different positions than they are today. Canada was a wealthy, industrialized state, while

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[411]Hay, *op cit.*, pp. 90-91.
[412]Rudner, "The Canada-India Nexus", *op cit.*, p. 40.
[413]*ibid.*, p. 42.
[414]*ibid.*, p. 42.
[415]*ibid.*, p. 42.

India was a very poor, mostly agricultural state. For Canada, the goal was to assist India with Canadian technology and resources, such as training engineers, building dams and giving a nuclear power plant (and also to fight Soviet propaganda and communism through alleviating poverty). From the late 1940s-1970s, Canada's aid program was altruistic in the pronouncements of Canadian and Indian leaders and officials, and served to develop India. Yet, Gupta asserts, "Canada's basic aim was to keep friendship with India to fulfill its foreign policy objectives. Canada ... realised that India's politico-administrative system coupled with the economic policy and strategy would always be helpful in Canadian Asian policy."[416] Other authors note this point, but balance it by stating India found an ally for aid and in world affairs in Canada, so the relationship helped both sides. However, after the 1974 explosion, the relationship changed footing and so did aid.

After the rejuvenation of relations in the mid-1980s, a new Canada and India emerged. Less did India need a hand-out, and more did India want hand-ups — technology, markets and expertises. At the same time, Canada became less able and willing to give a hand-out, but wanted a hand-in to business opportunities in India. Aid programs under the Mulroney government decreased in budgetary size, but trade assistance became available for many ventures and events.

In the 1990s, as Rudner states, CIDA and ODA have been "given six priorities: basic human needs; women in development; infrastructure services; human rights, democracy and good governance; private sector development; and the environment."[417] An implicit seventh priority is to facilitate trading relations. In 1992, CIDA's new India *Country Development Policy Framework* "defined its goals as the promotion of sustainable development, and the attainment of a more 'mature' economic and political relationship between India and Canada. Three priorities were identified: the initiation of a bilateral policy dialogue on India's economic and social reforms, support of environmental institution-strengthening, and promotion of industrial co-operation."[418]

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[416]S.D. Gupta, *op cit.*, p. 77.
[417]Rudner, "The Canada-India Nexus", *op cit.*, p. 35.
[418]*ibid.*, p. 40.

The launch of *Focus India*, CIDA-INC and the EDC/CIDA export credits and guarantees have taken greater prominence than other projects. Institutional and person-to-person links are increasingly stressed in Canadian aid overall, such that in 1992, CIDA's India framework explicitly adopted it. Besides priorities, ODA budget allocations are also signalling changes in ODA direction. In the 1992-93, CIDA's bilateral assistance mix was approximately 60 per cent to the energy sector, 36 per cent for rural development, and 2 per cent for institutional co-operation. However, by 1998, in accordance with the 1992 directives, CIDA will direct "76 per cent to the environment sector, 10 per cent to promote business linkages, 10 per cent for economic policy support, and 4 per cent for other initiatives."[419] The goal is primarily to "assist" India in economic, environmental and social policy development, especially on questions of women's involvement and gender inequity, but an explicit 20%, under business linkages and economic policy, will directly and positively assist Canadian business — and indirectly Indian business.[420]

Delivery of ODA

As well as changing direction, ODA is also being delivered differently. ODA had been delivered in accordance with India's state-run development even though, as Rahman and Balcome assert, "[an] inefficient public sector has been a constant drain on the public treasury and promised to be a bottleneck in the development process."[421] However, Gupta offers a reason for this: "Canada ... preferred the public sector in accordance with India's economic ideology till 1974. Thereafter Canada has preferred private sector [*sic*] due to her political and economic ideological reasons."[422] Accordingly, states Hay, "[while] previously bilateral aid was mainly government-to-government, now the private sector is playing a greater role. There is more direct involvement of NGOs and private companies in providing assistance".[423] Therefore, the main delivery is still

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[419]*ibid.*, p. 43.
[420]*ibid.*, p. 43.
[421]Rahman and David Balcome, *op cit.*, p. 7.
[422]S.D. Gupta, p. 72.
[423]Hay, *op cit.*, pp. 78-79.

government-to-government, however, it is diffusely disbursed and focussed more on building and funding the institutional linkages and policy development areas than large projects.

While bilateral aid is important, ODA is also delivered through multilateral agencies. According to Hay, "For India..., the aid related exports are ... in the 20 to 40 per cent category ... due to the fact that a much a larger proportion of Canadian ODA has recently been moving through multilateral channels and ... [India has a broad] range of commercial export opportunities."[424] Thus, besides export support, Canada is allocating a greater percentage of (diminishing) ODA to the UN and other intergovernmental agencies. However,

> in general, Canada's contributions to multilateral aid generate very few trade opportunities for Canada (many more for the US, Japan, EC, [Newly Industrialized Economies] and the recipient countries concerned) except in service activities such as engineering consulting. Much more Canadian trade is generated by CIDA's bilateral ODA, since there are a range of requirements to tie, in part, the sourcing to goods and services from Canada.[425]

So while the multilateral approach to aid delivery may be cost-effective, multilateralism does not generate trade opportunities or much publicity for Canada.

Technology Transfer

Indeed technology transfer exemplifies diversified (and diminished) ODA delivery. In the literature, one crucial point is implicit: technology transfer will take place due to and between private sector actors — business, NGOs, individuals. Clearly, the stress is not on infrastructure tangible technology transfer ODA (dams, power plants, agricultural scientific products), which requires large long-term monetary commitments, or bilateral negotiations and implementation. As well, Indian science and engineer have absorbed the infrastructure knowledge, so do not need this know-how. Instead, authors advance ways in which government can *facilitate* technology transfer, but direct technology transfer through ODA is limited. Facilitation of private sector technology transfer is preferred for the new areas of ODA — social development, financial systems, semi-

[424] *ibid.*, p. 95.
[425] *ibid.*, pp. 86-87.

conductor technology, global communications — where knowledge is more important than products. Examples of intangible technology transfer include creating the *Industrial Development Programme* and *The Professional Development and Training Facility*, supporting conferences and research projects, funding institutes or university programmes, and advising India on economic and social policy. Not surprisingly, as Henry points out, in the mid-1980s, the shift to joint ventures and technology collaboration was recognized in Canada's official development policy as having "greater long term possibilities."[426] Rudner's many examples of Canada underwriting Canadian trade with India and classifying it as 'aid' — of the state-firm-firm-state type — are also noted.[427] This occurs in tandem with greater emphasis on expanding trading relations. Therefore, the technology transfer has now become more of a trade issue than an aid issue.

ODA or DOA?

Quite possibly, Rudner's assessment best summarizes the future of Canadian aid:

> ...Canada's aid effort seems to have acquired a more pronounced public awareness, and perhaps greater goodwill for Canada in India, than the dollar value of the transfers themselves might warrant. In reality, however, Canadian aid transfers tend to be too small and too diffuse to acquire significant policy 'leverage,' or impact on India's development efforts. Recent cutbacks to Canada's aid budget, and the continued shift in geographic emphasis in favour of other countries and regions, imply that the Canadian donor profile in India is destined to decline still further.[428]

Regardless of the diminishing funds, changing goals, direction and delivery of ODA, it is not 'dead' — just different. Authors point to various massive infrastructure projects for India's ever booming economy and growing middle-class/consumer-class for which Canadian businesses compete, and the Canadian government offers guidance and assistance under the ODA guise. In addition, ODA to assist Indians socially through literacy and education programmes, or management or policy institutes help Indians as well and possibly more than building the

[426]Henry, *op cit.*, p. 103.
[427]See Rudner, "The Canada-India Nexus", *op cit.*
[428]*ibid.*, p. 42.

'monuments to our greatness and generosity', such as a dam or a powerplant. None of the authors argue that Canadians are opposed to helping others, especially Indians, but that various constraints — political and economic — have limited Canadian aid plans.

Trade — Problems ... with Solutions

Ostensibly, increasing trade between Canada and India is the most active foreign policy priority. As stated, the Foreign Affairs ministry now includes the International Trade ministry, along with high-level, high-profile Team Canada missions (see Appendix 5). Indeed, where between the 1950s-1970s aid and political multilateralism occupied active priority in Canada's India policy, the late-1970s to the present have catapulted trade and economic bilateralism and multilateralism to the top. As to how this works — or fails to work — in Canada's India policy is in need of examination.

Is (making) India important enough?

In considering the importance of South Asian states as trade partners, Choudhry infers two conclusions: "(a) while Canada-South Asia trade has grown, their trade with the rest of the world has grown even faster and (b) Canada and South Asia are not, and have never been, significant trading partners for each other" (as compared to Canada's relationship with ASEAN and China).[429] This is indicative of Canada-India trade since Wadhva points out that "[the] trade between Canada and South Asia has been dominated by Canada-India bilateral trade", while also noting that up to 1988, "the share of [India's] global trade with Canada or the share of India in Canada's global imports is well below 0.30 per cent."[430] For Canada, India's potential is not seen in the trading, foreign investment or collaboration figures (see Appendices 6, 9 and 10). In spite of this, Hadwen states that "in the boardrooms of Canada and the Government of Canada, South

[429]Choudhry, "Introduction", *op cit.*, p. 2; Wadhva, *op cit.*, p. 23.
[430]Wadhva, *op cit.*, p. 25.

Asia continues to have a high priority."[431] The question is why has Canadian business not taken off to, much less in, India?

Canada is late. When India began its boom, Canada was too busy being angry with it about the PNE. According to S.D. Gupta, in 1978, Canadian realization of India's potential led to opening paths of cooperation with Indian industries, but India remained a low priority.[432] It was not until the Mulroney administration that trade with India became an issue. According to Tremblay, "[for] Canadians, ... [ODA] distorted our vision of the market potential of South Asia. It gave us a false sense of domination with respect to control and access to these countries, while at the same time prohibiting us from understanding what the engines of growth for these countries were."[433] During the first part of the aid relationship, Tremblay asserts "*donors* have made *choices*" for India: feed the starving and build basic infrastructure. [434] Meanwhile, India matured to become a grain exporter, a large market and one of the leading dozen industrial states. Thus, David Holsworth warns, "Canadians who have been accustomed to thinking about India as a very large, poor country, difficult to do business in, will have to adjust their way of doing business very quickly."[435] Tremblay is more blunt: "India is a huge market and the potential is now hitting us with force."[436]

Tremblay states,

> [we] have realized several things. First, South Asians are consumers. Second, they have industrialized over the last fifteen or twenty years. Third, there is a large consuming middle class. Fourth, South Asia is an outlet for our idle factories, especially in heavy capital and infrastructural goods. And fifth, India is presently one of the most creditworthy countries in the international market."[437]

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[431]Hadwen, "Canadian-South Asian Issues", *op cit.*, p. 75.

[432]S.D. Gupta, *op cit.*, p. 77.

[433]Tremblay, *op cit.*, p. 24.

[434]*ibid.*, p. 24.

[435]David Holsworth, "Trade, Finance and Development: The Roles of CIDA, EDC", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary, 1988), p. 61.

[436]Tremblay, *op cit.*, p. 24.

[437]*ibid.*, p. 24; Mary Vandenhoff, "The Role of the Department of External Affairs in Canada-India Trade", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary, 1988), p. 64.

In addition, "[there] is a greater body of information available particularly in Canada" and "[there] is a substantial liberalization of import and industrial policies."[438] The various liberalization measures of the mid-1980s are detailed by Rahman and Balcome, who specifically examine licensing policy, foreign ownership, higher asset criteria for contravening monopoly legislation, and adjustments to sector policy.[439] For the 1990s, Prakash Sharma, notes major reforms are: widespread de-licensing for most industries; convertibility of the rupee and floating its value; expanding industries open to foreign investment, along with raising the foreign ownership percentages allowed; slashing the high tariff rate; expanding and automatic approval for 100% export-oriented and export-processing zones; and, easing restrictions on national (nationalized in 1973) and private banks, especially credit regulations.[440] Nonetheless, given both domestic and foreign economic constraints, "[by] any standards, India will continue to be a relatively 'closed' economy."[441] Yet there are opportunities.

Opportunities for Canada should, however, be kept in perspective. Rahman and Balcome caution, "it is unrealistic to expect that the Canadian business sector can achieve the same high profile that the larger advanced countries enjoy in Asia."[442] Indeed, "given the convenience of the U.S. market, not all capable Canadian companies want to do business in India".[443] Regardless, Rahman and Grant point out engaging developing countries, not only India, is necessary because they desperately "need technologies, machinery and equipment, managerial and market expertise, and foreign exchange", and because they "will play an important role in the realignment of the world's production systems", as they become the dominant producers through skilled and unskilled low-cost labour and markets much larger than the advanced countries.[444] Whether to

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[438]Tremblay, *op cit.*, p. 25.

[439]Rahman and Balcome, *op cit.*, pp. 29-32.

[440]I. Prakash Sharma, "Prospects of Further Reforms in India", *Policy Staff Commentary*, n. 12, (Ottawa: Department of Foreign Affairs and International Trade, Economic and Trade Policy, December 1995), pp. 3-4; Rahman and Balcome, *op cit.*, p. 38.

[441]Rahman and Balcome, p. 43.

[442]*ibid.*, p. xiii; Rahman and Grant, *op cit.*, p. 19.

[443]Rahman and Balcome, *op cit.*, p. xv.

[444]Rahman and Grant, *op cit.*, p. 21.

produce or sell within India is the question — Canadian business must catch up to the other advanced countries or "risk falling behind in the race for global competitiveness" and market access (see Appendix 7 and 10).[445]

Collaboration or Discord?

Unlike Canada's trade with the USA, between whom $1 billion of trade is done daily and without much effort, Canada's trade with India has been and will be conducted as a deliberate partnership with considerable effort from both sides. As noted in the last chapter, "Canadian exports to [India] have been directed to governments and their agencies."[446] This pattern was the result of the Indian state's monopolized and centralized development programme. However, Rahman and Balcome assert, "this pattern may have been satisfactory in the past, [but] a continuation of this practice ignores the rapid growth of the indigenous business sector in India ... and their requirements."[447]

The major change is was "[the] emergence of the business sector as the principal collaborator in the Asian developing countries [which posed] a challenge to the Canadian business community", especially the emergence of small businesses in India.[448] Indeed, Rahman and Balcome assert "[in] many cases, the Asian economies have outgrown the 'statist' development stage ... [and increasing] reliance is being placed on the [indigenous] business sector as the engine of growth."[449] In the 1980s, Indian leaders recognized India's industrial base and growing middle-class were sophisticated enough to liberalize the economy, though slowly, and foreign participation was encouraged. In fact, Rahman and Balcome assert, "the Canadian business sector could be contributing more to the economic development of the Asian developing countries, and, in the process, garner greater market shares in Asia".[450] India's goal is development with collaboration

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[445] *ibid.*, p. 21.
[446] Rahman and Balcome, *op cit.*, p. xiv.
[447] *ibid.*, p. xiv.
[448] *ibid.*, p. xiii.
[449] *ibid.*, p. 1.
[450] *ibid.*, p. xiii.

with and between foreign and domestic business — the reward for Canadian business is market share in an expanding and booming market.

Another development is a growing domestic market for products India did not or cannot produce. Due to massive imports, in the 1980s, India's need for foreign exchange reserves, with or against which imports are bought, caused problems that could only be addressed by greater aid or greater foreign investment.[451] Since aid was diminishing, in 1991 India launched an economic reform programme to attract foreign investment by foreign companies and Indian expatriates to purchase imports to meet domestic demands. Thus, India needs foreign business to provide for its booming domestic market and bolster its foreign reserves.

As such, the best method for Canadian business to get involved is collaboration with an Indian firm — the joint venture. Unfortunately, as Appendix 9 shows, Canada's share of collaborations is very low. Of foreign collaborations in 1987, the US ranked first, followed by UK "with 122 projects; Japan with 71; Italy with 50; France with 44; Switzerland with 31; Sweden with 19; Netherlands with 16; and South Korea with 15"; as of 1988, Canada had 9 (see also Appendix 8).[452] Between 1981 and 1990, Rudner notes "[out] of the more than 5000 industrial agreements concluded by Indian companies ... a mere 52 were with Canada."[453] The importance of a partner in India cannot be overstressed. Rahman and Balcome assert that "[in] order to do better, the Canadian business sector needs to establish long-term relationships with its counterparts."[454] Participants in Beck's study noted "[Canadian companies] must find someone in India whom they can really trust and who is also knowledgeable", perhaps even "set up a whole network of Indian professional scouts".[455] Indeed, Nasierowski points out "a well-established local partner can reduce the time needed to enter the Indian market to between two and three

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[451]*ibid.*, p. 11.

[452]Vijai Kapoor, "Doing Business with India: Technology Transfer and Joint Ventures: Working within Indian Regulatory Requirements", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary, 1988), p. 5.

[453]Rudner, "The Canada-India nexus", *op cit.*, p. 38.

[454]Rahman and Balcome, *op cit.*, p. xiii.

[455]Brenda Beck, "Strengthening Canada's Trade Relations With India: The Current and Potential Indo-Canadian Contribution", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary, 1988), p. 18.

years."[456] Without partners, pitfalls include regulations, lack of market analysis, cultural misunderstanding and inappropriate business practices. Another pitfall is that Indian businesses are highly competitive, and Canadians should not underestimate them. For example, Mary Vandenhoff points out that for international tender projects by international development banks, such as the World Bank, and the Indian government, "the competition is very great and because India has such a very wide range of capability of its own, you find that the Indians, in fact, do win most of the bids and we really don't have much of a chance."[457] Thus, Canadian companies will have to find Indian firms that will work with them, and the Canadian government has done much in this area to assist Canadian business. Unfortunately, Canadian business's interest, investment and joint venture activities have "been minimal, despite considerable efforts by Canadian government agencies."[458]

Practice, Don't Preach

One important point that is repeated is that India does business differently. In addition, Nasierowski asserts, "India wants to do more business with the rest of the world, but on her terms".[459] Thus, Canadian business practices have to understand how India and Indians do business — India will not wait for Canada. Indeed, Rahman and Balcome pointed out a decade ago that "[countries] such as India have become 'spoilt markets' or, put another way, 'buyers' markets', deliberately fostering competition among those countries interested in trading with or investing in them. The days of imposing one's will, through aid and other financial incentives, on [India] is long gone."[460] A decade later, with liberalization, the rush of foreign investment has made this situation more evident.

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[456]Nasierowski, *op cit.*, p. 72.
[457]Vandenhoff, *op cit.*, p. 64.
[458]Rahman and Balcome, *op cit.*, p. xiv.
[459]Nasierowski, *op cit.*, p. 71.
[460]Rahman and Balcome, *op cit.*, p. 1.

Regardless of the short-comings of Indian business practices, having an internal market of at least 100 million middle-class consumers, or four times Canada's total population, "[predispose] the Indian business sector toward serving the domestic market."[461] Not surprisingly, Rahman and Balcome report "[the] business community [of India] did not express much enthusiasm for increasing exports", because the state and business are focussed "on increasing efficiency and competition in the domestic arena to meet the rapidly expanding needs of Indian consumers."[462] Indians may adapt to Canadian business techniques, but Rahman and Balcome urge "what is needed is a strengthening of the international business practices of Canadian companies and the Canadian government programs that assist these companies in doing business in Asia."[463]

Turning then to Rahman and Balcome's study of the Indian business community's perception of Canadian business, their group saw Canadian effort by business (and government) as too late, too little.[464] Also, they did not appreciate Canadians "[wanting] to make Indians conform to North American business practices."[465] As well, the Canadian effort has "no long-term marketing strategy and no follow-through."[466] In this vein, "[factors] frequently cited ... [are] the lack of aggressiveness, a lack of preparation and risk-aversion tendencies on the part of Canadian companies", which the authors assert is perceived as "a certain lack of professionalism."[467] This assessment is not surprising given Canadian business's answer to 'latecomers have to try harder in India' is 'why bother?'. Moreover, overall "direct interactions with the indigenous business sectors in the developing countries have been minimal."[468] Quite positively, the participants in a 1994 Conference Board proceeding encouraged cultural awareness

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[461]Rahman and Grant, *op cit.*, p. 10.
[462]*ibid.*, pp. 41 & 43.
[463]*ibid.*, p. xiii.
[464]*ibid.*, p. 64.
[465]*ibid.*, p. 64.
[466]*ibid.*, p. 64.
[467]*ibid.*, p. xv, 149.
[468]Rahman and Grant, *op cit.*, p. 13 & 1.

programs, classes and exchanges to assist Canadians in understanding Indians and their ways and encourage participation in India.[469]

One important impetus for understanding Indian business practices is the contract to do business itself. Many stories of failed or aborted contract, memorandums and understandings occur, and some are due to cultural factors. Beck calls this "cross-cultural misunderstanding", which may occur due to "differing basic assumptions about authority, management style, social responsibilities, profitability and the reasons cited for the the joint venture itself."[470] From this, it becomes important that Canadian business clarify everything, especially the legal content. According to the Conference Board,

> [failure] to focus on the hard legal content of the memorandum of understanding between the host government and the venture partners is cited as a major error made by foreign investors in India. While most Canadian companies include provisions for tax holidays, remittance terms and tariff rates, many forget to cover foreign exchange risks and inflation. Employment conditions, terms of investment and debt structuring, and the origin and suitability of supplies should also be specified."[471]

Thus, paying heed to the Indian cultural context is very important and can ensure against costly misunderstandings.

One method around the cultural problems is to harness the skills and knowledge of Canadians of Indian origins. "The Indian government has actively pursued investments by non-resident Indians (NRIs). Encouragements in the form of interest rate incentives have been provided for portfolio investments. Fiscal incentives and relaxed ownership regulations are in place for NRIs seeking to establish industrial units in India."[472] Thus, NRIs can be both excellent joint venture partners and fountains of information. However, Beck does not recommend sending Canadians of Indian origin to do business for a Canadian company because "persons of Indian origin returning to India as members of a client Canadian firm upset traditional status relationships

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[469]Conference Board of Canada, *Energy and the Environment*, (Ottawa: Conference Board of Canada, 1994) p. 10.

[470]Beck, *op cit.*, p. 11.

[471]Conference Board of Canada, *Energy and the Environment*, *op cit.*, p. 6.

[472]Rahman and Balcome, *op cit.*, p. 54.

and create significant jealousies"; as well, NRIs enjoy special banking, investment and tax privileges, and so may run into working relationship problems with their Indian, but less-privileged, counterparts.[473] Nonetheless, various NRI business and consultants are available and are employed or sub-contracted very successfully by American multinationals such as American Express or Citibank. An NRI can be both a liability and an asset, but is one way to decrease cross-cultural misunderstanding.

Another way is to prepare and deal without pretensions. Rahman and Balcome's note, "Canadians [in their study] are often surprised by the sophistication and expertise of their Indian counterparts."[474] In addition, Henry points out "[in] my experience I would describe the Indian negotiators as extremely well-informed, very astute, tough, but fair. My general observation of the Canadian negotiation style is that we tend to be fair, not so well informed, not so astute, and not nearly as tough minded, as our Indian counterparts."[475] In communication with Indians, Henry recommends "[one] must be frank, in fact, very frank. Canadians tend to want to be 'good guys' — the honest brokers. This may be acceptable at the United Nations but it does not work around the boardroom table."[476] By preparing and dealing (not patronizing), Canadian businesses will be taken seriously and not dismissed as lacking professionalism. The overall advice is Canadian business should 'practice Indian business techniques, don't preach Canadian business techniques'.

Long-term, High Risk, 'Lower' Return

Another problem is that Canadian business perceives India as a long-term, high risk, 'lower' return prospect. First, as Rahman and Balcome point out, "[in] the 40 years since its independence, India has enjoyed steady but unspectacular rates of growth. During the period from 1950-51 to 1973-74, gross domestic product (GDP) grew at an average annual rate of 3.4 per

[473]Beck, *op cit.*, p. 11.
[474]Rahman and Balcome, *op cit.*, p. 64.
[475]Henry, *op cit.*, p. 104.
[476]*ibid.*, p. 105.

cent; in the succeeding decade (1974-75 to 1985-86) the rate increased to 4.4 per cent."[477] While there are some double-digit growth areas, Indian growth rates have been realized and estimated between three and seven percent; this is uncompetitive compared to the Asian Tigers' double-digit growth rate and hefty profits on foreigners' investments. Second, investing in India is perceived as too risky. As Benny Lobo, a president of the Indo-Canada Chamber of Commerce, states "Canada has got to get over the idea that India is a 'bad risk' when it comes to investment, that it's a country Canadian businesspeople can't relate to."[478] The fear is that "window of liberalization may close", thus Canadian investments will be nationalized or redistributed domestically without recommendation, as happened to American investments in the 1970s.[479] Third, investing in India is a long-term process, and all authors and both countries' businesspeople recognize this; unfortunately, Canadian businesses prefer short start-up time and faster returns.

On the question of the time-line, Rahman and Balcome examine two approaches to investing in India. The fast-track approach, realizing that Canada is a relative newcomer to India, accelerates business links, as seen in Canadian government supported joint ventures.[480] In contrast, the step-by-step approach "takes the view that fruitful relationships evolve slowly and in stages, from trading relationships to long-term contractual arrangements, and finally to the establishment of joint ventures."[481] The fast-track approach has few successes, so they recommend the step-by-step approach to ensure realization of the project and its goals. Becks' study also states, "[patience] ... is extremely important."[482] Canadian aversion to the long-term may be the result of a related point made by Hadwen: "while the expectation is that Canadians would make long-term commitment to state trading agencies in the [South Asia] region, those agencies are often unable to or unwilling to make such arrangement with Canada. This situation has been aggravated by such factors as depressed international commodity markets and

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[477]Rahman and Balcome, *op cit.*, p. 7.
[478]*CA Magazine*, *op cit.*, p. 8.
[479]Rahman and Balcome, *op cit.*, p. 64.
[480]*ibid.*, p. xv.
[481]*ibid.*, p. xv.
[482]Beck, *op cit.*, p. 18.

fluctuations in foreign exchange rates."[483] This fear of commitment is sustained in the present climate. Thus, both sides need to encourage long-term commitments and appreciate their respective needs and historic experiences.

Most importantly, investment in India does turn a profit. Rahman and Balcome assert independent studies have proven that "foreign investment is profitable in India and the rates of return are similar to those in other countries of comparable safety."[484] One concern, that of lost investment, is solved by Canada's EDC; as Peter Foran, EDC's Asia Pacific Division general manager , stated "[what] we can do is insure the investment by Canadian companies in other countries. What we can take away are those political risks. The risk of expropriation, the risk that you might not be able to repatriate your profits."[485] A related concern is taxes; the progressive tax rates are steep and are a major dissuader of investment. Nonetheless, the nominal tax rate and actual tax will differ depending on the deals the Canadian company gets: tax incentives are available and growing, especially for joint ventures, research and development, specific urban areas and specific undertakings.[486] There is no double taxation, since a treaty to this effect was signed in February 1987.[487] Therefore, if Canadian business knew the above information more widely, their preconceptions may change and their 'fears' may subside.

Information Gap — Familiarity breeds Trade

The information gap is the "first and most important" of two major issues which has "to be resolved to improve Canadian business presence" according to Rahman and Balcome.[488] The criticism of Canadian business being unprepared and unknowledgeable about India is repeated by many authors, and also by Canadian and Indian businesspeople. Henry warns that "[you,

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[483]Hadwen, "Canada-South Asian Issues", *op cit.*, p. 76-78.

[484]Rahman and Balcome, *op cit.*, p. 55.

[485]Peter Foran, "A General Background to EDC", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary, 1988), p. 67.

[486]Rahman and Balcome, *op cit.*, p. 55-56.

[487]Karlekar, *op cit.*, p. 123.

[488]Rahman and Balcome, *op cit.*, p. xiii.

business,] should never approach a foreign market, particularly the Indian market, unless you are financially and psychologically prepared to make at least seven visits. If you do not know the country already, you should be prepared to make at least three trips to get a full understanding of the major players in your industry sector."[489] A few firms have "had to spend up to four years and some twenty trips to India just in the initial negotiation states."[490] However, information about India and Indian markets is readily available in Canada to Canadian business. For example, India boasts "over 5,000 public companies, second only to the USA", thus "both corporate profiles and information are not only available, but can provide valuable information on partners, industry trends, etc.[491] As such, business organizations, university libraries and government agencies possess works business can acquire or borrow. Nonetheless, government and business need to be partners in closing the information gap.

As a solution, Rahman and Balcome suggest: "[the] government's role might most effectively be the gathering and disseminating of general environmental information, whereas the business sector could assume the leading role in generating sector-specific information."[492] They point out that information is needed at two-levels: at first, general information about India — politics, economics, society — is needed; this is followed by "specific information about the demand and supply characteristics of particular sectors."[493] The authors recommend the government provide the first level as it is a 'public good' and helps others also, but business has "the responsibility of clearly defining their information needs to [government] agencies and indicating the way they would prefer to obtain the information."[494] In contrast, the second level is business's responsibility, especially "decisions regarding the viability of individual projects must be taken by each firm."[495] In addition they recommend 'store-front', on-site assistance in India,

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[489]Henry, *op cit.*, p. 104.
[490]Beck, *op cit.*, p. 18.
[491]Henry, *op cit.*, p. 105.
[492]Rahman and Balcome, *op cit.*, p. xiii.
[493]*ibid.*, p. xv.
[494]*ibid.*, p. xvi.
[495]*ibid.*, p. xvi.

with seed funding by government, but continual funding responsibility being business's. A major criticism, that of "the speed of service and the relevant business experience of some government officials" must be resolved through government and business dialogue, to ensure irrelevant and delayed information are not hampering trade.[496]

Besides general information gathering, there are other ways for government to fill the gap. Tremblay asserts, "[the] government's role is to provide businessmen with some tools. These include: staging fairs and missions, supplying information on the market, providing financing, and guaranteeing equal access to the market."[497] Another recommendation is creating "Enterprise India", along the pattern of CIDA's Enterprise Thailand and Enterprise Malaysia, whereby a central clearinghouse or 'single-window' operation would be co-established by India and Canada to provide Canadian business with information on both countries' cultures, opportunities, fiscal systems, environmental regulations, etc.[498] Thus, familiarity with India will breed trade.

Financing, Credit and Competitiveness

Rahman and Balcome's second important issue "relates to the perceptions concerning the uncompetitiveness of, and the lack of financing supports for, Canadian businesses."[499] "At the heart of the financing question are the potentially conflicting objectives of increasing Canada's commerce with the Asian countries while at the same time maintaining the financial viability of Canada's official export financing system."[500] They note three critical financial issues. First, the Canadian export financing system must match its international competition, while not destroying the system's viability or exports' benefits to Canada.[501] Second, Canada needs to meet demands for countertrade, which means India buys an import from Canada with exports to Canada of an

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[496]Rahman and Grant, *op cit.*, p. 22.
[497]Tremblay, *op cit.*, p. 25.
[498]Conference Board of Canada, *Energy and the Environment*, *op cit.*, p. 11.
[499]Rahman and Balcome, *op cit.*, p. xiii.
[500]*ibid.*, p. xiii.
[501]*ibid.*, p. xvi.

equivalent amount immediately or over a period of time.[502] India is insisting on countertrade in order "to relieve the pressure on scarce foreign exchange" and "to boost [its] sluggish exports."[503] In 1988, in dollar terms, Canada exported three times as much as imported from India, which does drain Indian reserves considerably, but the tables have been recently turning on this front. Nonetheless, for example, Canada should set up trade houses which especially benefit small- and medium-size exports.[504] Third, "Canada's export financing system should extend support beyond capital goods exports to technology exports"; they recommend a line of credit involving both the Canadian government and banks.[505] Another possible way to get around financing and partnership problems is to bid on internationally tendered projects, and arrange financing and partnership only after securing the project.[506] Moreover, the State Bank of India now has offices in Vancouver and Toronto, so Canadian businesses can find out rates of interest and regulations on and for financing.[507] The financing issue should and can be resolved by business and both governments, but would require some effort especially from the Canadian government.

The Wrong Example

For Canada, a major problem that none of the authors explicitly states is that Canadian businesses look at American experiences and say 'thanks, but no thanks'. American businesses, especially multinationals, have faced both vociferous verbal and destructive physical attack from Indians for many years, and have also seen their investments scuttled or nationalized by the various levels of government in India. The most recent sensationalized controversy was the 1995 cancellation of Enron Corporation's $2.9 billion power project, in which Maharashtra state politicians had a hand in scuttling the deal. They charged Enron "was going to make too much money on the deal", along with allegations of corrupt practices by Enron and the Congress

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[502] *ibid.*, pp. xvi, 47.
[503] *ibid.*, p. 47.
[504] *ibid.*, p. xvi.
[505] *ibid.*, p. xvi.
[506] Beck, *op cit.*, p. 18.
[507] Hadwen, *op cit.*, "Some of the realities", p. 28.

Party.[508] Moreover, "[many] Indians were delighted to see a big U.S. corporation cut down to size", such that there was no public sympathy for arbitrariness against Enron nor any cancellation compensation.[509] Due to the Enron controversy and others, American companies again felt that "they [were] not quite so welcome in India as [the Indian government] led them to believe", nor were top politicians, especially Congress party politicians who championed Enron's project, willing to fight for Enron or any other American company.[510] Given the importance Canadian business attaches to the American example, Canadian companies are reticent to invest in India.

Accordingly, Canada should consider some, not all, of the American experience and look to countries similar to Canada. First, as Hadwen points out, both Canadians and Indians share distrust of multinationals, especially American multinationals. Not surprisingly, Sharon Moshavi points out that, "[most] of the challenges have been against American companies, which bear the brunt of Indian worries about cultural imperialism. Japanese and German companies, in contrast, encounter few such problems."[511] Second, regardless of their problems in India, Americans and American companies still continue to open businesses and do voluminous trade, such that America remains India's largest bilateral trade partner — over $4 billion in 1988 (pre-reform) alone.[512] Consequently, American perseverance and risk-taking in the Indian market is the real lesson. Third, Canada should look to the Japanese and German examples, not American. Canadians have their greatest asset in being 'not Americans', and need to emphasize and exploit this difference.

Specifically, Henry makes a case for analysing the German experience in technology transfer as an example Canada could follow. "Germany has the largest number and the most successful technology transfer agreements in India."[513] More importantly, the German businesses

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[508]Moshavi, "India's Pols May Be Turning Against Foreign Business", *op cit.*, p. 44.

[509]*ibid.*, p. 44.

[510]Sharon Moshavi, "Get the 'Foreign Devils' ", *Business Week*, October 23, 1995, p. 48; Moshavi, "India's Pols May Be Turning Against Foreign Business", *op cit.*, p. 44.

[511]Sharon Moshavi, "Get the 'Foreign Devils' ", *op cit.*, p. 48.

[512]K. Natwar Singh, "Keynote Speech", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary, 1988), p. xvi.

[513]Henry, *op cit.*, p. 107.

are mostly small- and medium-sized, so Canada can learn by Germany's example. Henry is backed by Nasierowski's brief notation about Indo-German joint ventures, which have experienced minor and serious problems; however, he notes in a survey of 130 German ventures, "97% of German partners and 81% of Indian partners would still make the decision to create an Indo-German joint venture."[514] Therefore, Canadian business and Canada's India policy should not look to the American examples, but to the European and Japanese examples to ideas on how to operate in India.

Joint Ventures and Technology Transfer

So far, as Choudhry points out, ODA has been "the main vehicle of industrial collaboration and transfer of technology."[515] Now, the private sector is to be 'the main vehicle'. In this light, Henry asserts that Canadian small- and medium-sized businesses "represent one of the best opportunities for substantial technology transfer in the form of joint ventures or technology collaborations, particularly with India. ... India is one of the few countries in the world where companies of this type can contemplate an effective technology transfer."[516] Henry notes that India has many small niche markets that Canadian companies can deftly prosper in, if they get involved. Nonetheless, Henry notes that "people and capital" are primary constraints on Canadian joint ventures, especially "knowledgeable senior people capable of devoting the time and effort to the research and negotiation of these joint ventures and technology collaborations."[517] At the same time, Dalal points out that India is not a passive participant in this:

> [a] study of search process in the transfer of technology from advanced industrial countries to India shows that out of 246 firms surveyed, in the case of 172 firms initiative was taken by Indian firms against 74 firms where initiative was taken by foreign firms. Since Indian firms and entrepreneurs in the early decades since independence were familiar with firms mainly form the U.K., West Germany, France, Japan and the U.S., the firms from these countries were approached and

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[514]Nasierowski, *op cit.*, p. 74.
[515]Choudhry, "Introduction", *op cit.*, p. 1.
[516]Henry, *op cit.*, p. 100.
[517]*ibid.*, p. 101.

> had a built-in lead over other industrially advanced countries including Canada ....[518]

Problematically, Choudhry notes "that private Canadian firms are not very aggressive purveyors of technology to South Asia", and Hadwen points out "Canada is still regarded as a country which is dependent for technology ... on the United States".[519] Consequently, Canadian businesses will have to act aggressively to woo Indian businesses for ventures and to add Canadian businesses to their lists of potential partners. Rahman and Balcome also assert "business sectors in Asian countries will increasingly seek external links in the form of technology transfers from the advanced countries and reciprocal trading arrangements to provide market outlets for their products." Technology transfer vehicle is an important and profitable segway for Canadian business into the Indian economy.

All Systems Ago ... Not Away, Just Slowly

The Indian state and its systems are slow — painfully slow in Canadian terms. The Indian state is almost 'omnipresent' in the Indian economy. In some cases, this is implicit: "[ownership] of business houses reveals an interesting fact. In many cases, the majority shareholders are the state-owned development financial institutions and the nationalized commercial banks".[520] More likely, the state's presence is felt in a "maze of regulations, administered at the discretionary authority of bureaucrats, [all of which result in] enormous delays and stifled entrepreneurial spirit, while the unpredictable interpretation of policies and guidelines has led to a high degree of uncertainty."[521] The Indian bureaucracy at federal and state levels is big, and even Indian leaders recognize that it needs to be severely reduced. Natwar Singh, former Indian External Affairs Minister, accepted the criticism as valid, "[we] are fully conscious of the bureaucratic hurdles that stand in the way of enterprising Canadian entrepreneurs seeking to enter our market. I would like to acknowledge our failing in this regard but assure you that we will streamline these processes so

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[518]Dalal, *op cit.*, p. 113.
[519]Choudhry, "Introduction", *op cit.*, p. 1; Hadwen, "Canada-South Asian Issues", *op cit.*, p. 80.
[520]Rahman and Balcome, *op cit.*, p. 34.
[521]*ibid.*, p. 15.

that any willing Canadian partner will find us ready to enter into prompt and business-like dealings."[522]

Nonetheless, like Indian business practices, the state will not change overnight or dramatically. The bureaucracy is fat and a fact, and will remain so regardless of reforms. The Indian business community points out that the entrenched bureaucracy, the single largest employer in India and the world, the vested civil service interests and the state's 'facade of socialism' will be preserved.[523] For a business to invest and prosper in India, it needs "persistence, patience and a willingness to put up with what in Canada is called bureaucratic meddling."[524] In addition, although India has a common law legal system, Hadwen notes, "Canadian and ... Indian legal systems are, in fact, quite dissimilar."[525] Similarly, accounting and financial practices are different. As for corruption, Hadwen recommends "the best course of action for any Canadian concern operating in India is to proceed in a straightforward and legal manner."

Nonetheless, the Indian government has attempted reforms. Corruption crackdown, though not necessarily effective, is nevertheless underway. 'Single-window' concepts have been adopted for various approvals, as well as "specific schedules for the issuance of various approvals", but delays and procedures remain complex relative to usual Canadian business experiences.[526] Another avenue is to enlist Canadian agencies in navigating the bureaucracy; for example, the "EDC has gained some knowledge of the Indian approval system including the key departments involved in approving off-shore borrowing. These same departments have become very familiar with EDC in terms of our financing, particularly with the flexibility that we can apply to our financing."[527] Canadian business should consider what experience and expertise government agencies and agents can share with businesses, but it remains up to business to pursue

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[522]Natwar Singh, *op cit.*, p. xvi.
[523]Rahman and Balcome, *op cit.*, p. 41.
[524]Nasierowski, *op cit.*, p. 71.
[525]Hadwen, "Some realities", *op cit.*, p. 29.
[526]Rahman and Balcome, *op cit.*, p. 53.
[527]Foran, *op cit.*, p. 68.

their own dealings. In summary, Canadian businesses should 'grin and bear it', just as the Germans, Japanese, British and the Americans do so profitably.

Choosing Targets

One consistent point is that Canadian businesses cannot operate pervasively in the Indian economy. In general, Rahman and Balcome assert, "[it] will be important to identify those sectors where the Asian countries have specific needs and Canadian business has a dynamic comparative advantage."[528] As such, many authors offer many target industries, sectors and markets — business niches. Rahman and Balcome recommend focussing on the high-tech area: "[in] the coming decades, there will be a shift to knowledge-intensive high technology and high value added industries", more specifically, "sectors such as telecommunications, computer software and biotechnology." [529] Besides the new technology areas, vacated ODA areas are also targets for Canadian business. Tremblay notes, "[based] on India's economic priorities, primarily as they are set out in that country's plan, [the government has been] been devoting substantial capital to promoting Canadian capabilities in the areas of energy, oil and gas, telecommunications, and electronics."[530] Indeed, in the oil and gas sector, the "EDC and CIDA ... have finalized working protocols to put into place a line of credit to finance Canadian exports of oil and gas related products and services."[531] Broadly, "[there] is also substantial Indian interest in the Canadian engineering and natural resources industries."[532] Specifically, Tremblay adds the medical technology sector and automotive sector, and ports and grain handling equipment are also areas for "substantial opportunities".[533] As well, there is opportunity "[in] aircraft, in locomotives, in control and navigation systems for airports, in computer systems for airports ... [and] railway

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[528]Rahman and Balcome, *op cit.*, p. xiii.
[529]*ibid.*, p. 29 & xiii.
[530]Tremblay, *op cit.*, p. 26.
[531]*ibid.*, p. 27.
[532]Rahman and Balcome, *op cit.*, p. xiii.
[533]Tremblay, *op cit.*, p. 27.

freight management, and in port handling facilities."[534] The Conference Board's symposium notes "[the] energy sector offers unique possibilities for co-operation. India, [in 1994] with a population of 880 million, has the electrical generating capacity of 72,000 megawatts. ... In contrast, Canada has a generating capacity of 120,000 megawatts for a population of only 26 million."[535] Hadwen points out "Canadians have very great expertise in urban mass transportation. There will soon be an enormous urbanization of South Asia with the result the new rapid transit facilities of an original kind will be required in the immediate future."[536] Clearly, there are niches to be filled, meaning Canadian business has opportunities.

Team Canada, 1996

An important event, therefore, to consider is the massive and concerted effort which the government placed into the Team Canada mission of 1996. In light of the above problems, an important question is whether or not Team Canada missions in fact do much to assist, specifically, trade with India, but more generally, trade with foreign countries and regions. To begin, for Canadian businesses inside India and for small- and medium-sized businesses in Canada, the trip offered an opportunity to meet Indian politicians and business leaders, and gather information about a market and country that many Canadian businesses knew very little about. In addition, many observers noted that India, not China, held the greatest long-term potential of investment returns, as well as protecting signed-contracts through an established Indian legal system and the importance of English as the *lingua franca* of trade within and outside India.[537] In addition, Alexander Stuart, Chairman of Electrolyser Corp, noted that the prime minister's presence lends a high profile to the mission and Canadian business, and most importantly conveyed "that we're

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[534]Joe Clark, "Inaugral Speech", *Canada-India Opportunities — Selected 1988 Conference Proceedings*, ed. Ashis Gupta, (Calgary: University of Calgary, 1988), p. viii.

[535]Conference Board of Canada, *Energy and the Environment*, *op cit.*, p. 9.

[536]Hadwen, "Canada", *op cit.*, p. 78.

[537]McKenna, "Team Canada seeks gold on Asia trade mission", *op cit.*

really serious" about doing business with India.[538] Chrétien, himself, remarked after the signing ceremony on January 11, 1996, "[today's] signings signal loud and clear that Canada is back in India — and we are here to stay."[539]

This particular trade mission to India was historic for two main reasons. First, it was the first bilateral trip by a Canadian prime minister to India since former Trudeau's visit to India in 1971.[540] Second, as Chrétien's third Team Canada mission, he entrenched the idea of trade missions as vehicles for bilateral relations and trade; the last such mission by *another* prime minster was Trudeau's trip to China in the mid-1970s.[541] On the home front, for the business sector, the Team Canada approach directs the attention, for example, of Canadian banks to India; executives hoped senior bankers would now take notice of investment and lending opportunities to Canadian businesses looking to India.[542] For the government, Barrie McKenna of *The Globe and Mail* notes that "[exports], which have been driving the current economic cycle, are seen by policy makers as one area where government can make a difference — or at least, be seen to make a difference."[543] Government is seen as actively pursuing trade, and helping to create jobs and investment opportunities for Canadians. Chrétien clearly stated this in remarking, "[these] contracts mean jobs".[544] A mission official commented, "it's not getting away from domestic problems or priorities, it's actually helping solve problems and achieve our goals."[545] As for actual numbers, McLaren asserted that approximately 12,000 jobs are created with every $1-billion in exports.[546] In this way, the Team Canada mission serves Canada's national interest, too. From those on the Team Canada mission, then, it becomes obvious that the mission is a resounding success and has many direct and indirect benefits for Canada and for Canada-India relations.

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[538]McKenna, "Team Canada off again", *op cit.*
[539]Stackhouse, "Trade team signs Indian deals", *op cit.*
[540]John Stackhouse, "PM's trip one of recovery", *The Globe and Mail*, January 8, 1996.
[541]McKenna, "Team Canada off again", *op cit.*
[542]Stackhouse, "Trade team signs Indian deals", *op cit.*
[543]McKenna, "Team Canada off again", *op cit.*
[544]Stackhouse, "Trade team signs Indian deals", *op cit.*
[545]McKenna, "Team Canada seeks gold on Asia trade mission", *op cit.*
[546]McKenna, "Team Canada off again", *op cit.*

While those on the trip had positive assessments, criticisms of the mission were also running in tandem with those positive reports. Many of the criticisms were not specific to this mission, but used the India mission as a microcosm for criticizing the entire Team Canada approach. One criticism is that trade missions cover a broad spectrum of economic relations, and also political issues, and therein the results are just as thin. Mark Drake, president of the Canadian Exporters Association, holds that industry specific missions are much better, and offer more concrete results.[547] A *Globe and Mail* January 8th editorial emphatically echoed this: "Does the presence of the Prime Minister and premiers really result in more deals being signed, or would a high-level private mission, focused more on business and less on photo opportunities, be just as successful?"[548] Trade missions, then, are not considered necessary to creating or closing deals: "[many] business executives said the Prime Minister's visit was not necessary to close deals but to build long-term relationships between Canadian and Indian industry."[549]

Likewise, another criticism is that few new businesses are actually invited. In deciding who is invited, DFAIT compiles a list with input from Canadian embassies and business associations. When the invited are chosen, "[the] aim is to find companies that are already active in those countries or have been doing considerable legwork toward a possible deal."[550] However, Mark Drake cautions that these missions are only for the well-prepared and those who can wait for a long-term return.[551] Given this, Team Canada missions do not expose new businesses to India, nor is it best for doing so.

Another problem is that the deals are rarely firm. The deals that are signed during the media-show dubbed the 'signing ceremony' are usually worked out and signed long before the mission arrives, and in fact it is a staged re-signing ceremony that the public sees.[552] As of the Friday before the Tuesday take-off date for the mission, many companies had not secured their

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[547] *ibid.*
[548] *The Globe and Mail*, "The snow alert from India", January 8, 1996.
[549] Stackhouse, "Trade team signs Indian deals", *op cit.*
[550] McKenna, "How to become part of the mission", *The Globe and Mail*, January 2, 1996.
[551] *ibid.*
[552] McKenna, "Team Canada off again", *op cit.*

deals and were still negotiating.[553] Over that weekend, "trade officials ... were scrambling to finalize even a few big deals for the Prime Minister to witness." On the day of the signing, January 11, $200-million in deals were still being finalized.[554] Of thirty-one agreements totalling $444-million, "only $244.5 million ... were commercial contracts, and the bulk of that accounted for by Bell Canada International Inc.", which signed a $200-million deal with the Tata Group of India for regular and cellular phone service.[555] In addition, of the $2.9 billion signed on January 13, only $700-million were firm contracts. This criticism also notes that of the touted $9 billion deals reached with China in 1994 resulted in only $2.3 billion as firm contracts by 1996.[556] Most disheartening is that the value of the deals signed in India carried a disclaimer from the government itself: "the government of Canada takes no responsibility for the accuracy of this information", for most of the deals were still in negotiation at their signing.[557] The actual value of the deals and whether or not they will be fulfilled is neither furthered nor assured by the Team Canada mission.

Another criticism considers the financial cost of such trips. In terms of cost, the 1995 budget of $24-million for fairs and trade missions has been criticized, by an independent consultant, as money wasted and no results obtained.[558] *The Globe and Mail* was even more direct: "[at] a time when Ottawa is cutting all kinds of services ... it is worthwhile wondering whether this money is well spent."[559] To dismiss the mission as a vacation on taxpayer's moneys is not the point of this criticism — instead, it asks whether or not there is a better way to spend this money to generate Canadian economic interest abroad and foreign economic interest in Canada.

On the human issues, such as human rights, child labour, environment devastation and women's rights, the critics charge that the trade agenda suppresses the Canadian inclination to speak out on these issues. Officials for the Prime Minister stated he would raise the issues, but

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[553]McKenna, "Team Canada seeks gold on Asia trade mission", *op cit.*
[554]Stackhouse, "Trade team signs Indian deals", *op cit.*
[555]*ibid.*
[556]*The Globe and Mail*, "The snow alert from India", *op cit.*
[557]John Stackhouse, "Indian deals herald 'new era'", *The Globe and Mail*, January 15, 1996.
[558]McKenna, "Team Canada off again", *op cit.*
[559]*The Globe and Mail*, "The snow alert from India", *op cit.*

"trade will be primary focus and the Prime Minister isn't intending to do anything that would publicly embarrass his hosts, such as meeting with human rights activists."[560] Clearly 'trade regardless' becomes the criticism.

Finally, as for raising Canada's profile, Indians point out that Canada remains a minor partner when compared with other states, considered a branch plant of the U.S. and is seen as "not as advanced as the U.S., Germany or Japan."[561] John Stackhouse of *The Globe and Mail* has commented that "the relationship in the 1990s has turned to commerce, where ties are promising but still weak"; Canada is the 11th-largest foreign aid donor and trades more with each Thailand, Malaysia and Indonesia than India.[562] Accordingly, the critics of the mission argue that the success of such missions is exaggerated, and the results never seem to materialize as trumpeted during the euphoria.

Social and Environmental Issues

Human Rights

Like Canadian's fascination with India, concern over India's social and environmental issues goes back quite a distance. Between 1947-1980s, I would speculate Canadian observers in Kashmir, who have been continuously present for over twenty-years, have probably made reports as to Indian (and Pakistani) human rights violations during times of heightened tension. In addition, scholars and journalists have written of the practice of *sati* (voluntary-female-spouse-self-emolation and involuntary-female-spouse-emolation), the plight of indigenous and tribal peoples, free speech issues, women's and children's rights. However, human rights was not important in Canada's India policy. It was not until the 1970s that the government of Canada began to examine human rights as an issue between Canada and India. As Dobell has stated, Bangladesh's

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[560]McKenna, "Team Canada seeks gold on Asia trade mission", *op cit.*; Stackhouse, "Finishing touches put on Indian deals as Chrétien arrives", *op cit.*

[561]Stackhouse, "Finishing touches put on Indian deals as Chrétien arrives", *op cit.*

[562]Stackhouse, "PM's trip one of recovery", *op cit.*

secession prompted the first human rights issue between Canada and India on the treatment of 10 million Bangladeshi refugee in Indian camps.[563] This was followed by concern, mostly among the Indian community, over India's declaration of a State of Emergency between 1975-1977. Still, the human rights issue died down as did the rest of Canada's India policy after India's PNE.

Sikh Human and Civil Rights

After a decade, human rights issues again came to the fore when Canadian Sikhs publicly expressed outrage at Indian troops storming the Golden Temple in 1984 and India's handling of the Sikh secession crisis. Allegations of torture and death-during-custody were made by Amnesty International, but Amnesty International was barred from entering Punjab to investigate.[564] Even if Amnesty was allowed in, Dalbara Singh Gill, a lawyer and human rights activist in Punjab, pointed out "documented cases of rapes and illegal detentions " could not be prosecuted because the security forces were immune under Indian special security laws.[565] Indeed, Dobell notes that the media reported the violations factually, "and the elite press considered that the Indian government handled problems in the Punjab with some restraint."[566] As for the Canadian government, because of the complication of Canadian-based Sikhs' alleged involvement, rather than speaking out against detainment without trial in Punjab, Canada acted against Sikhs in Canada to address Indian charges that Canada was a haven for Sikh terrorists. For example, on March 25, 1986, John Best wrote that 2,800 Indians, mostly Sikhs, faced deportation because of the Mulroney governments decision "to resume deporting east Indians living here in defiance of Canadian law."[567] He went on to note Sikh leaders claimed that many relatives applied for refugee status in Canada fearing they faced jail, torture and/or death if they returned to India, especially

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[563]Dobell, *op cit.*, p. 133-135.

[564]Robert Matas, "Cut aid, Punjabi rights group urges Canada", *The Globe and Mail*, October 11, 1989.

[565]*ibid.*

[566]Dobell, *op cit.*, p. 134.

[567]John Best, "Selfish deal with Delhi suspected", *London Times*, March 25, 1986.

Punjab.[568] As stated, in 1988, Clark's notice to the premiers and other officials about certain Sikh organizations, angered the Sikh community, and was not appreciated by the Canadian public because it violated the civil rights of Sikhs by labelling and libeling them unfairly. In addition, the Indian media and officials often argued Canada hid behind its laws to avoid rooting the Sikh terrorist from Canada. To satisfy India and subdue the issue, Canada curbed and monitored suspected Sikh terrorists and activities, but this was not a *quid pro quo* for India addressing alleged human rights and civil rights violations

Child Labour

In the 1990s, those looking to India with concern are largely non-Indian-descendants, but have concerns about India's problems. While various articles and pieces have brought other concerns about India's social and environmental problems, no single issue has attracted near the attention given to the child labour issue in 1996. Although "Amnesty International's 1995 report accused India of holding thousands of political prisoners without trial, and said police torture and murder are routine", the focus was on child labour.[569] According to Ed Broadbent, former president of the International Centre for Human Rights and Democratic Development and former federal New Democratic Party Leader, an estimated 17 million to 55 million child labourers toil away in India.[570] Nonetheless, child labour came to the fore as a result of the combination of the Trade Mission and the media attention on 12-year-old Thornhill, Ontario, grade 8 student, Craig Keilburger, founder of *Free the Children*. Founded in April 1995 after he read about the murder of 12-year-old Pakistani former child labourer and anti-child labour activist Iqbal Masih, Keilburger's organization urged the Canadian government "to ban imports made by children and to pressure Third World leaders to introduce mandatory schooling in their countries."[571] As a

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[568]*ibid.*

[569]Spiers, "Embarrassment avoided — India assures Canada no nuclear test during visit", *op cit.*

[570]Ed Broadbent, "Memo to Team Canada: Don't forget the working conditions", *The Globe and Mail*, Thursday, January 4, 1996.

[571]Nomi Morris, "A 12-year-old conscience", *Maclean's*, December 11, 1995, p. 29.

result, for example, in December 1995, *Maclean's*, a national Canadian weekly magazine, ran a lengthy article entitled "Kids at Work" which exposed the child labour practices in developing countries. During the Team Canada mission in January 1996, Kielburger stole the spot light from Chrétien during his India visit, and stories about child labour and children's plight ran alongside Team Canada stories. For example, on the January 12 front pages of *The Toronto Star* and *The Globe and Mail*, both ran stories of a declaration signed between Keilburger and 10-year-old Indian, Asmita Satyarthi, calling for an end to child labour and the ensuring of primary education, ahead of Chrétien's efforts.[572] As for Chrétien, he did discuss the issue with Prime Minister Rao during the trip but made no commitments for Canadian support for enforcement or bolstering the education system.[573] After his India trip, in a meeting with Chrétien in Pakistan, Kielburger urged Chrétien "to place more emphasis on Canada's foreign aid budget on basic education than on economic projects such as hydroelectric dams, which have been a focal point of the Prime Minister's trade mission to South Asia."[574] Kielburger's trip did much to deflate the cheeriness and good image that Team Canada tried to put forth, and brought an important and controversial issue to Canadians.

The Big Picture

While the above are snips of social rights issues, it is instructive to turn to Thomas Homer-Dixon's *Maclean's* article, to understand Indian social and environmental issues in a broad analysis.[575] Homer-Dixon begins by explicitly showing what Rudner calls 'the Asian Duality':

> [There] is one India — an India of poverty and crowding, often disparaged, occasionally feared and usually ignored by the rest of the world. There is another India, however, that is receiving much more attention now, especially from Western business leaders. This India has a rapidly liberalizing economy, a six-per-cent GNP growth rate and a booming middle class estimated to be 150 million

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[572]Rosemary Spiers, "Young Crusader puts child labour on PM's agenda", *The Toronto Star*, January 12, 1996; John Stackhouse, "Youngster's child-labour plea upstages PM", *The Globe and Mail*, January 12, 1996.

[573]Stackhouse, "Youngster's child-labour plea upstages PM", *op cit.*

[574]John Stackhouse, "Chrétien 'vague' on role for Canada", *The Globe and Mail*, January 17, 1996.

[575]Thomas Homer-Dixon, "The Two Indias", *Maclean's*, January 22, 1996, pp. 14-16.

> strong. The second India — the 'new' India as many optimists see it — is visible in all the country's urban centres. ... [However, fully] 74 per cent of India's 930 million people live in the countryside, and at least 250 million have insufficient income to meet their basic food needs of 2,200 calories a day.[576]

The main point Homer-Dixon makes is that there are two very different and widely separated Indias: one for the well-to-do and another for the barely-alive. He argues this is partly the result of a struggle between India's three main economic strategies: the Gandhian village-based economic strategy that was abandoned; the Nehruvian strategy of "state-directed heavy industrialization" and "massive infrastructure projects" which dominated economic strategy between 1947 to the 1980s; and, economic liberalization and privatization begun under Rajiv Gandhi in the mid-1980s and thrust forward due to India's 1991 debt crisis.[577] However, this is but one of the causes or issues of many which India must grapple with. India's population is growing at a "relentless" two per-cent population growth rate (10 million per year or one-third of Canada's population).[578] As for women, India's females have an above 60 per cent illiteracy rate, while female infanticide (and wife-burning) "is distressingly common."[579] Violence, corruption, caste, class and communal conflicts, organized and random, are also common and persistent. At the same time, India's boasting of a democratic system among massive poverty, according to Homer-Dixon, is hollow given that democracy in many parts of India is thwarted by "political enforcers", stolen or stuffed ballot boxes, and intimidation of and violence against voters.[580] Hunger, disease, environmental degradation, and violence against the weakest members of society is clearly evident alongside the 'new' India. Overall, India has many, many problems in the social and environmental areas.

In spite of all this, Homer-Dixon concludes "much is going right in India, but much remains gravely wrong."[581] While there are both environmental and social problems, there is movement towards rectifying them. Homer-Dixon notes, for example, that the third economic strategy has faced opposition within India, but "there appears to be a broad and deep commitment

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[576]*ibid.*, pp. 14-15.
[577]*ibid.*, p. 15.
[578]*ibid.*, p. 16.
[579]*ibid.*, p. 16.
[580]*ibid.*, p. 16.
[581]*ibid.*, p. 16.

among the country's political and economic elites to continued reform."[582] Internationally, there is greater and resilient interest to engage Indians and India in building the country, thus bolstering those pushing for liberalization from inside India. Regardless of India's problems, Homer-Dixon does not throw his hands up in distress. Given that India does have social and environmental problems, perhaps the most important point is implicit in Homer-Dixon's work: both sensitivity and understanding for the Indian context and hope for the future are necessary from those outside India.

Passing Fads or Passing Facts?

The above points to the main issues that have been on and off the Canadian agenda. A clear pattern that emerges is that Canadian interest is not sustained toward any single directive or goal. Instead, Canada has shifted its focus each decade to a different issue. For example, a year after the Team Canada initiative and Kielburger's notoriety, the child labour issue has faded from the media's gaze, and human rights columns rarely focus on this. Instead, the nebulous social gap issue (incomes, urban/rural, caste) appears to be coming to the fore. To say social rights and environmental issues are 'on the table' is correct, but Canada does not have any particular goals in its India policy, as it does for Nigeria or Burma. Thus, on this topic, issues come and go apparently like fads, without a concerted effort, and India's problems become passing facts.

A New Agenda?

In examining the above thematically, like Dobell did in his article, I have been able to identify issues that have demised, are dormant, have been subsumed/sidelined and are active. The use of this will be demonstrated in the next chapter. By the identifications, the questions posed in the chapter two can be answered with the analysis of this chapter.

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[582] *ibid.*, p. 16.

CHAPTER 5:

Evaluating Options within Contexts

Three Questions Reiterated

To reiterate, this chapter will ponder the three questions posed in chapter two in light of chapters three and four. First, is niche diplomacy viable and useful in Canada's India policy, and if so, which niches should Canada pursue? Second, is the focus towards international trade in Canada's India policy a result of business pressures, or a pursuit of the Canadian state's interests? Third, will the America factor remain a crucial determinant in Canada's India policy?

America — Gone, but Not Forgotten?

Starting with the third question, I argue: 1) Canada's foreign policy is generally now freed of American encroachment in some areas; 2) Canada's India policy is not as dominated by America because of America's changing relationships with Pakistan and India; and, 3) Canada's India policy should be more concerned with Indians' perceptions and the Canadian business communities' perceptions of the American context or example. However, all this must also be tinged with some recognition that 'freedom' in Canada's policy may be in 'style' more than in 'substance' — more so for high security issues, and less so for geosocioeconomic issues.

Pursuing Economics, Downplaying Politics

Canadian foreign policies freedom from American encroachment is partly the result of the easing of the international global context, such that Canada need not keep silent to conform to US global security policy. Clearly, Canada's security policy is impinged on by the US indirectly, such

as pursuing nuclear non-proliferation and missile control instead of the more lofty goal of global disarmament to which the US would not agree, and impinged on directly through Canada's involvement as junior partner in NORAD. However, the ascendancy of economic priorities globally has weakened America's ability to punish its opponents or defecting allies. For example, soon after China's suppression of the Tiananmen Square protest in 1989, Japan, Canada and others resumed trading with China, and the US was forced to follow or lose trading ground. Specifically for Canada, the latest such defiance of the US is championing trade with Cuba and rallying against the 1996 US Helms-Burton anti-Cuba law. This law prevents businesspeople trading with Cuba to enter Canada — a clause American President William J. Clinton has rendered impotent by executive order — and allows Americans of Cuban-origin to sue American and foreign companies for properties expropriated by Cuban President Fidel Castro's government and sold to or used by these companies. Concurrently, Canada places economic sanctions (selectively) against states such as Nigeria or Burma, where the US has some interests, and so Canada indirectly brings negative attention to US multinational companies. However, the American response now is very different from the very negative American government and corporate responses Canada received in the 1980s for indirectly putting the spotlight on American multinationals working in South Africa, therein with the brutal apartheid regime; the attention resulted in companies exiting South Africa due to numerous share-holder revolts and pull-out threats by churches, unions, universities, pension and mutual funds in America, and eventually South Africa's lack of foreign investment helped cause the fall of apartheid. If overall, Canada's foreign policy is less encumbered by the US, is this trend part of Canada's India policy?

Friends become Foes, Foes become Friends

Yes; the trend is part of Canada's India policy. However, the reasons for this change in Canada's India policy are not of Canada's own doing, but, I assert, because of America's changed relationship with Pakistan and India. Looking first at Pakistan, during the Cold War, Pakistan was useful to America: first, as a committed ally in South Asia against Russia and, if necessary, India; second, as a mutual friend in bringing together the US and China; and, third, as an arms conduit for Afghanistani rebels during the Soviet occupation of the 1980s. However, with the Soviet withdrawal, America wanted to yank Pakistan's leash, but found it could not for, I argue, four reasons. First, and foremost, Pakistani and Afghanistani drug trafficking in the 1980s, to support Afghanistani rebels, has created a lucrative drug business, especially in heroine, which Americans are using more of; for the impoverished and the opportunistic, drugs mean (big) money, so the business continues to boom, and American pressure to stop the drug-running through Pakistan has been unsuccessful.[583] Second, Pakistan's US-assisted terrorist training camps against India and the Soviets in Afghanistan are now also training anti-US terrorists; US pressure to stop terrorism export from Pakistan is also unsuccessful. Third, with the death of long-time dictator President General Zia ul-Haaq, America lost a ruthless ally who accomplished America's bidding; the retrenchment of democracy has seen the feudal traditional landowners loyal to America displaced by wealthier, more powerful and resolute drug traffickers who do not want to see a crackdown on drugs to America. Fourth, America no longer dictates Pakistan's strategic calculus; Pakistan refuses to accede to the NPT until India does, but America cannot force Pakistan, much less India, to accede because of American military or economic aid. The America-Pakistan amity is weakening and the drug-running and Islamic-terrorism-exporting aspect has made Pakistan into somewhat of a foe of the USA.

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[583]Raju G.C. Thomas, *South Asian Security in the 1990s*, (Adelphi Papers 278; London: International Institute for Strategic Studies, 1993), p. 8; John Stackhouse, "The lords of Pakistan trade farm lands for future", *The Globe and Mail*, August 8, 1997.

At the same time, the India-USA enmity is also weakening. On the security front, Indian-American joint naval exercises were conducted in May 1992, and the Indian military is pushing for greater coordination with American forces. America is recognizing India's military and naval presence in South Asia and the Indian Ocean, and hedging bets on cooperation — which Pakistan fears — in case Chinese opportunism in Asia requires US action.[584] On the economic front, America's trade with India is growing: America has been India's number one trading partner (at least top five) for over a decade; American foreign investment in India, though less than America's other foreign investments, is substantial. Since the 1991 reforms in India, American companies are returning and investing in India because reforms and new opportunities are continuously, though slowly, proceeding, and anti-Americanism is slowly diminishing — especially among the burgeoning middle-class. As well, India's glut of engineers, scientists and computer engineers (one of the largest pools in the world) is not domestically absorbable, and so many are leaving for American science facilities, computer companies and universities. On the multilateral front, America and India have fought over Afghanistan, the NPT and the CTBT, but no longer is this sustained and continually open. Part of the reason, I speculate, is that America now implicitly shares India's understanding of being a big state bullied or shamed by multilateralist institutions, such as the WTO or the UN. While multilateralism worked for the US when America had no economic rivals and loomed the Soviet threat to get its way, this has changed with the fall of the USSR and the rise of the Europe Union, Japan, China and the Asian Tigers. Nowadays, American unilateralism is becoming a major public complaint of the Western bloc, which charges that the US should follow rules, even if contrary to US domestic political interests, that everyone else must follow — after all, they had to follow America's rules during the Cold War. Therefore, the American-India enmity may be changing into a thawing friendship.

Given this, Gupta's point about America setting Canada's India policy parameters is no longer valid. However, Kapur's point about positive US views bolstering convergence between

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[584] *ibid.*, pp. 11 & 9.

Canada and India are definitely true. Canadian government support for India's dialogue with Pakistan, talks over Kashmir and reforms for foreign investment has not been hampered by an opposite reaction by the US. As well, Rubinoff is quite right that Canadian and American policies are becoming congruent. Overall, Canada's India policy is less affected by American encroachment now, although it does help that Americans see India positively. However, the America problem is no longer a problem as much with America, as it is with Indian perceptions and Canadian business perceptions.

"Um-ree-kaa"

Regardless of whether Canada's India policy is 'America-free', Indians generally do not differentiate between America and Canada. The common Indian term 'Um-ree-kaa' refers directly to America but includes Canada for a large majority of Indians — even some of the well-to-do, well-educated, business and cosmopolitan sector. Even if the difference between Canada and the US is known, Hadwen notes, "virtually all South Asians believe Canada is dominated in all areas by the United States."[585] Gupta, Kapur and Rubinoff, as stated, concur in relating Indians' perception that the US 'calls the shots', while others point out that culturally and linguistically we are considered Americans, and thought of as second-rate purveyors of, or second-rate players in, American business and technology. Canada's India policy needs to expose Indians to Canadian achievements and emphasize Canada is different.

Agreeing with Ann Medina, an eminent Canadian journalist, Canada's needs 'soft power' — knowledge, ideas, technology and values that are Canadian and relate Canada — that will give Canada a 'seat at the table' in India.[586] In my assessment, the best way to gain soft power in India is through television. This method is quick, cheap and broad-based. Obviously, Canadian shows such as *Street Legal* or *Traders* are good, but they are too similar to American shows to appear distinct. I would recommend, for example, running the Canada Post television advertising about

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[585]Hadwen, "Canada-South Asian Issues", *op cit.*, p. 86.

[586]Ann Medina, "Canada's Information Age", *Canadian Foreign Policy* (v.4, n.2, Fall 1996), pp.71-86.

Canadian accomplishments (basketball, pipe organs, War of 1812) on India's television stations and Asian stations broadcasting into India (which also raises Canada's profile in Asia generally); or, a *NewsWorld* station geared to Asia-related issues in or as seen from Canada — a broadened version of the *The Pacific Rim Report*, for example, which is hosted by Ian Hanomansingh, a South Asian-decendant Canada. Another method is to sponsor, as Canada is doing, academic conferences and projects in India which show differences between Canada and the USA. Most importantly, Canadian foreign policy in India needs to be marketed to officials and the public as 'the Canadian way', as opposed to how it is perceived in India as 'the Canadian way because America allowed it'. This is not an intentional insult by Indians, but a lack of information problem for Canada.

Mislearnings

The other problem is Canadian business, itself, which is fixed on America. First, its primary economic focus is America, with very few Canadian companies interested in even looking elsewhere. Since many other countries would trade places to get Canada's access to the American market, Canadian businesses assume they do not need to expand their trade horizons and are highly sensitive to American economic policy and well-being; not surprisingly, when the American economy suffers, Canadian businesses are also in trouble. However, trade is not a finite pie, and Canadian business can increase and diversify trade without losing ground in America. Second, Canadian business takes the negative examples of American business, rather than the positive, and bases its notions on this. Clearly, fears of nationalization, patent-disregarding, anti-multinational activity, low short-term return, 'unAmerican' business practices, government meddling and bureaucracy were clearly noted in chapter four as negative images of India. However, Canadian businesses have not taken heed of American companies flocking to India, risk-taking in untested markets, relentless and repeated pursuit of government infrastructure contracts, establishing long-term relationships, positive outcomes from years of ground and networking and desire to do business regardless. For Canada's India policy, there is little it can do

about this except sponsor organizations and conferences which show business benefits and opportunities in India, and or showcase positive American, German, Swedish or Dutch examples. Indeed, the general indifference or anti-government attitude of the business sector means the government should not waste a lot of effort convincing Canadian business they rely too heavily on the American example.

Business

In turning to the second main question, the above section alludes to the fact that business has not hijacked Canada's India policy agenda, nor are business interests maintaining trade with India as a priority. In fact, as Rahman and Balcome have pointed out, Canadian businesspeople assert that no amount of government effort will replace or force a business effort and commitment to business in India, as well as noting business's fundamental belief that 'the less government role the better'. I argue that vis-a-vis Canada's India policy: 1) Nossal's context of modified statism explains the government's role; 2) Rotstein's context of business populism explains business's role; as a result, 3) Pratt's context is not proven by *this* policy area.

Government's Role

As has been demonstrated, the Canadian government from Mulroney onwards has made a considerable effort to encourage business linkages with India through both trade and aid programmes, and put a lid on issues that would hamper these trade relations. As well, Nossal's point about governmental politics is seen in how the human rights and strategic elements of foreign policy are secondary to the trade aspect. The international trade agenda has taken an increasingly important role, such that even CIDA's aid is now directed at it or vacating areas for business opportunities to emerge. In looking at Nossal's points about the parameter-, agenda-, policy- and administrative-setting foreign policy levels, business has not played a key role at any level with respect to India. As such I argue Canadian business's indifference to Canada's India policy means government has to take the lead. Where Canada ranked as a top trader with India, it

is far from that position now, and business is not trying to regain lost ground. Part of the cause, as stated, is that Canadian business has a limited relationship with Indian business, so it cannot compete with the Americans, British or Germans, nor has Canadian business developed Indian government contacts to facilitate its entry into a still state-permeated economy. In addition, countries such as Israel, Belgium, the Netherlands and Sweden have pulled ahead of Canada, but Canadian business does not care. The Canadian government's repeated assertions about the Indian market's potential have not spurred business interest, nor has the use of government-led missions done so. By comparison, the China and Southeast Asia campaigns by government have received greater interest, but even in these countries Canadian business is not a player. Clearly, Nossal's point that the state practitioners are acting in the state's interest is seen in DFAITs efforts to promote the wealth of opportunities and trade with India — in spite of business not being moved by this effort. Therefore, Nossal's context explains the government's actions to counter business indifference, but it does not explain business's lack of role in a trade-priority India policy.

Business's Role

Indeed, Rotstein's business populism best contextualizes Canadian business's role with respect to Canada's India policy. First, Rotstein's point about America dictating financial opinions and examples need not be repeated, as it was well-demonstrated above and in the previous chapter. Second, Rotstein's assessment of Canadian business as 'passive and reticent' was seen in Rahman and Balcome's study (three years after Rotstein's piece), in which Indians complained Canadian business lacks aggressiveness, commitment and willingness to take risks, and so Indians lack interest in Canadian business. As well, there is no 'collective entity' that Indians can relate to, as they might to IBM, GM or Coca-Cola as being American. Third, in concurrence with Rotstein, there is no large scale public diplomacy vis-a-vis India; a campaign similar to China, which was spurred by major Canadian companies and ex-Hong Kong businesspeople, is not underway. At the same time, broad business support in government initiatives to India has not occurred; in contrast, exactly the opposite has occurred as both business and media have criticized Team

Canada and other missions. This leads to Rotstein's third point that Canadian business is a harsh critic of the Canadian-interest pursuits in Canadian foreign policy. Assessments of the Conference Board works and the Team Canada materials suggest DFAIT should be limited to gathering general information for business, increasing export financing, supporting trade fairs, and, possibly, subsidize classes on or travels to India for business to learn about India, its markets and business practices. Thus, Rotstein's conclusion that business relies on the state to further business's interest in the foreign policy, but criticizes the policy whenever its sees fit, appears as the appropriate assessment. Business collects the benefits of extensive government information gathering, support for conferences, export subsidies or foreign contacts, but criticizes government for spending money inappropriately, meddling in business affairs, and not doing what business needs most (such as more export financing). Overall, Canada's India policy shows business as both adversary of the Canada's India policy, as well as opportunists of the policy's benefits.

Not Bed Buddies

As well, Canada's India policy also casts doubt on Pratt's context. On the point that government serves the business interest, it was noted Team Canada's main benefit is to government, not business, as the appearance of action on the issue of jobs — whether or not jobs are actually generated — and helping those doing business with India — regardless of whether financial institutions (especially the Royal Bank and Bank of Montreal) actually take notice — means votes and campaign contributions. The mission did not ensure any more deals or trade, and even after the mission, deals that were signed were still in limbo, while no significant boost in trade has been reported. In addition, Pratt's assertion that a 'government-led consensus' goal did not materialize. The various efforts, especially Team Canada, have not created consensus with business; the cost of the trips, the lack of focus, the better use of monies for export subsidies or trade shows, and the list of 'already trading in India' companies (or wherever Team Canada is going) are criticisms made by businesses, and then reported by the media. Indeed, the preference for business is not government-led consensus, but for government to get out of the way. As well,

some businesspeople who went for the first time, were disgruntled by the lengthy photo-op sessions and lack of actual business-related events, while the child labour issue clouded the whole trip; some businesspeople wrote of their awakening to the underbelly of the Indian economy and Kielburger stole the show from the government. Thus, Pratt's sociological argument for an 'intimate relationship' does not parlay into business wanting to hop into bed with government on Canada's India policy. Instead, as Nossal has argued, DFAIT defines the Canadian state's priorities and interest, while as Rotstein has argued, business both quietly benefits from and vocally criticizes the foreign policy.

Niches

Turning to the first, and final, question on the viability and utility of the niche approach, I argue niche diplomacy is the best course for Canada's India policy. First, a massive diplomatic effort — security, economic or otherwise — is not viable with respect to India. Second, India's various interests do not require Canada's constant attention, as say Japan might due to its economic importance for Canada. Third, Canada's influence on Indian policy-makers is limited, so Canada's India policy should exercise influence — inform, advise and persuade India in its policy choices — where it can have an impact. Fourth, 'public diplomacy', in which all sectors of Canadian society engage India, is necessary for Canada to develop any profile among Indians; lack of Canadian presence and identification has bred ignorance of Canada among Indians, and having three or four government outposts is not sufficient. Therefore, Canada should choose areas in which India can be engaged in the Canadian interest and can also be engaged by non-governmental actors. The areas for engagement must be areas in which Canada's India policy shows understanding of Canada's interest and the Indian situation, and is reinforced with Canadian action.

Traditional Diplomacy *versus* Niche Diplomacy?

The first question to be addressed is whether niche diplomacy is different from traditional diplomacy. The answer to this is that niche diplomacy continues certain elements of traditional

elements, but also contains different elements. On the continuity side, first, government officials are still the purveyors of foreign policy. These officials decide which policy areas the government pursues, and how, but also decide which will not be addressed by the government. Second, as Cooper has pointed out, Canada will be revitalizing traditional diplomatic activities, as he recommends one-off endeavours, facilitation of dialogue and mediation of disputes. Third, international power structures are implicitly noted in the niche approach. Niche diplomacy recognizes that Canadian power in the international structure is limited, as compared to the US which can, for example, force the sides in the Bosnian dispute to Dayton, Ohio, to sign an agreement and can use NATO muscle to enforce the Dayton Accords. Thus, Canada can only exercise its influence and diplomatic skill until the impact of international structuration defines the limit. These elements, I think, are carried forward.

Still, there are differences. First, the heightened place of, use of and reliance on public diplomacy is very necessary for niche diplomacy. Cooper and Potter urge the involvement of non-governmental actors, while Ross has pointed out that non-governmental actors have led the consensus which has foresaken security issues. For niche diplomacy to truly work, and not become *de facto* isolation, it demands popular Canadian participation in areas the government cannot directly participate, can only facilitate or needs support from Canadian popular support, but also in traditional security areas. Such areas include trade, infrastructure aid, child labour, women's rights, peacekeeping, refugee assistance and union rights, but traditional security areas include landmines or terrorism. For example, while the government focuses on the niche diplomacy issue of landmines, the public support for and involvement with foreign anti-landmine groups or hospitals in landmine-ridden areas is necessary; while the government assists India with trade reform laws or taxation regulations, Canadian business needs to get involved in bidding for government infrastructure contracts or opening joint ventures. Government needs to indicate what Canadians should do and vice-versa, not the traditional way of Canadians passing judgement on government policies without alternatives or ideas and government 'going it alone'.

Second, as Potter asserts, there have to be areas for government involvement and areas for facilitation. Traditionally, if government takes on an issue in foreign policy, there is government effort to bring that policy into force. With niche diplomacy, I urge that facilitation in certain areas, such as union rights or women's rights, is necessary as the government cannot force real change. In Indonesia, for example, in response to calls for greater union rights, all workers have been unionized with the government-run union. If a grassroots movement assisted by Canadian unions and labour can be facilitated, only then can there be real change and results in accordance with the spirit of union rights — and not technical, salutary gestures by foreign governments.

Third, while recognizing the international power structure, an issue-oriented approach allows Canada the ability to punch above its weight and sustain a leadership role. Agreeably, any veto or dismissal by the US does much to deflate Canadian initiatives, but this does not take away from the basic power of Canada to champion an issue and take on a leading role. Examples of this are the NAFTA and WTO, both of which the US (for domestic and state-interest reasons) had difficulties in accepting outright, but Canada was able to lead in championing them and eventually agreement was reached. In addition, in the landmine's case, Britain and America have recently come on side, but Canada's championing of the issue has given it center stage on this issue. Whether or not key states such as China, India and Russia come on board will depend on Canadian diplomatic skills both in persuading those states and persuading the US to persuade others. As well, as Cooper has urged, the coalition-building Canada pursues has to be an absolute, not expedient, commitment because of the risks of defection, and in this way, Canada's championing specific issues, as opposed to joining disparate coalitions, give it a greater leadership role and limelight. Given Canada's credibility and diplomatic ability, Canada can lead (with limits) where it lacks structural power, instead of just partnering up with other states.

In this manner niche diplomacy is different. Most notably, Canada can fully lead the charge and build bigger and broader coalitions, whereas during the Cold War, superpower nods or nays determined survivability of non-superpower led initiatives that were major global initiatives and

agreements. Overall, then, niche diplomacy contains both continuity and change from traditional diplomacy.

Traditional Security and Human Security — Weighing the Continuum

Besides the diplomatic aspect, consideration has to be paid to niche diplomacy and its relationship with traditional security and the new 'human security', which encompasses the geosocioeconomic issues. Most importantly, I assert that both traditional and human security are part of a dual-axis continuum as seen in Appendix 13. First, on the horizontal axis, I assert three categories of security — 'traditional'. 'combination' and 'human'. Second, on the vertical axis, that is, time axis, I identify the issue-areas germane to each of the three categories. As such in Canada's India policy, I show that there were niche areas for cooperation, but also areas for discordance, historically and place them on this continuum, as well as look to the future.

During the 1940s, traditional security convergence issues were communism, China and moderation of blocs, and the UN, while Kashmir was point of divergence. Infrastructure development, Commonwealth consolidation, immigration and India's independence fell in the combination category as convergence points because they assisted India's human security dimension, provided Canadian support against communist insurgency in India and cemented Canada's diplomatic relationship with India.

In the 1950s, the Colombo Plan and nuclear aid were clearly combination issues, as they straddled India's massive infrastructure development programme as well as indirect action to fend off communism in India. On the traditional security front, India and Canada converged against the Pakistan-US alliance and the Korean War, and generally worked together in the UN, but began their paths toward divergence over the Hungary incident and the Indo-China issues.

In the 1960s, Canada offered assistance to India after the India-China war, but divergence continued over a second Kashmir war and the Indo-China commission. As well, infrastructure development became more of a human security concern as India's democracy was entrenched, and

Canada began working on, for example, nuclear reactors purchased by India and agricultural science.

In the 1970s, traditional security divergence was pervasive after the PNE, including the India-USSR agreement, Bangladesh's secession, India's rebuking of Canadian multilateralism (such as Trudeau's peace initiative or the UN resolutions on Bangladesh). In parallel, human security divergence on civil rights during Emergency and the treatment of East Pakistani refugees also emerged. The convergence on human security was in food and agricultural aid.

In the 1980s, there was divergence on Soviet occupation of Afghanistan (which I have not discussed because it was not a formative issue) on the traditional security front. However, the category of 'combination' grew greatly, with convergence on the Sikh issue, terrorism, an extradition treaty, Sri Lanka and its Tamil rebels, the IPKF role in Sri Lanka, South Africa and a focus on bilateralism, while human rights violations and Canada accepting refugees whom India considered criminals were points of divergence. Meanwhile trade took hold and grew as a human security convergence issue.

In the 1990s, with the Cold War over, traditional security issues such as nuclear proliferation/NPT, landmines, CTBT and a Security Council seat are all points for divergence. Not surprisingly, multilateralism and the UN are also points of divergence, but these are now in the combination category because both are part of processes to solve or regulate problems in many facets of human existence above the national level. However, Canada's engagement of India on issues such as terrorism, drugs, arms smuggling, Asian triads, the APEC Regional Forum or refugees to Canada are or will prove to be areas for combination category convergence, but largely through bilateral channels. On the human security side, this category also has points of convergence in trade, environmental problems, social development, immigration and the 'Two Indias' problem, but divergence is noted on the child labour issue, Canada's role in the G-7 and some world economic regimes (based on perceptions that Canada does not have a 'right' to be there or is part of a regime bullying India).

The continuum, as explicated above, shows that traditional security and human security issues are not mutually exclusive, but fluid and that some issues can straddle both areas. Another point to note is that while in the 1940s and 1950s combination category issues, such as development, were weighted more as traditional security because of their use to fight communism, this category of issues in the 1980s and 1990s are weighted more to Canada's domestic security concerns, such as terrorism, Asian triads or even trade to make jobs for Canadians. In terms of niche diplomacy, this time-line clearly shows a selective engagement of India but along the traditional and human security continuum. I do not agree that niche diplomacy is *only* applicable with respect to human security issues, as there are traditional security areas for Canada's involvement or, at the least, niche diplomacy identifies areas *not* for Canada's involvement. More importantly, it focuses and delimits those areas that straddle both traditional and human security, thus allowing for Canadian action. This is necessary if Canada is to engage a country like India which occupies only select foreign policy areas, priorities and concerns. In turning to the present day, I will examine select issues and also point out Appendix 12 which shows what I consider are areas for niche diplomacy and saying 'no'.

Security

In the areas of the international security and the regional security vis-a-vis South Asia, niche approach diplomacy correctly argues Canada should limit its engagement. Partly, this is the result of reconsidering the collective security notion, in which a threat to peace anywhere is a threat to peace everywhere. Mostly, the questioning of prioritizing security is the result of Canada's comparative lack of resources, small forces and the US guarantees for our security. In Canada's India policy, I argue geostrategic security does not constitute an effective area for Canadian engagement of India, however Canada's domestic security needs necessitate engagement of India.

Kashmir

In dealing with the India-Pakistan rivalry over Kashmir, Canada's general preference for multilateralism, which has shown the limits of Canadian influence on India, is not useful in Canada's India policy. Canada's involvement did not and does not provide for any solutions nor does it further specific Canadian interests. Instead, both sides have been alienated by Canadian actions and/or inactions — as they self-servingly perceive it — regardless of Canada's genuine and sincere motives. Since Canada's mediation capability, confidence-building expertise, peacekeeping and academic knowledge-base about India-Pakistan are known among leaders of both countries, Canada should only involve itself, as in the past, if *both* sides request this — the failure of singular requests to the Commonwealth and Security Council have proven that *both* countries need to support any measure to resolve their issues. Where Ross has argued that Canada should be at a level of capability to participate in a US- or UN-led mission to separate Indian and Pakistani forces in case of a war, I argue intervention in such a situation is very unlikely.

First, India would not allow it. India would swiftly absorb all of Kashmir and settle the score quickly, as happened with Bangladesh — the successive India-Pakistan wars have all been of decreasing duration and increasingly favoured India — and reassure its Muslim population — which is the second largest in the world and greater than the population in Pakistan — that it will respect Kashmiri Muslim's religious and political aspirations within the Indian federal system. Second, China would probably veto a massive international force build up so close to its borders — especially due to Tibet, given China's previous experience with the UN forces in Korea. Third, Pakistan, clearly the underdog and unlikely to win a long war, would favour foreign intervention *on its side*, but any bilateral war would mean it would be defeated, and since India can afford to restrain itself, Pakistan would have to weigh heavily a massive assault on India's western border. Fourth, given US reluctance to get involved, Pakistan is neither important to US economic or strategic interests, nor would the US bank-roll defending Pakistan, which cannot afford partisan multilateral intervention like the Kuwaitis or Saudis could during the Gulf War. Not surprisingly,

in 1997 alone, numerous moves to normalize diplomatic relations, increase trade relations and begin dialogue on Kashmir have begun, and Canadian officials have stated their support. Most importantly, are Canadians willing to send in troops into a war situation where chemical and nuclear weapons may be used? While debates rage within India and Pakistan about weapons development, nuclearization and deployment, and the future of Kashmir, Canadian efforts to influence the governments have not been successful. As such, Kashmir is not an issue for Canadian niche diplomacy. Canada's India policy should continue urging India and Pakistan to solve Kashmir along the Simla Accord framework.

Nuclear India

On the nuclearization of Indian weapons, Canada faces a similar problem. The latest news reports show the security and nuclearization situation between Pakistan, India and China is tense and difficult to resolve unless the three players themselves are willing to discuss the issue. As of August 2, 1997, India's *Deccan Herald* reported,

> [a] fierce debate is on in the higher echelons of power and among the capital's intelligentsia on whether or not the intermediate-range Agni-ballistic missile should be made nuclear-capable. Opinion is sharply divided over whether the Agni should be fitted with a conventional warhead or with a nuclear warhead. The on-going debate follows reports that Pakistan is trying to tip its missiles with nuclear warheads and by an open admission by China that it possesses a powerful nuclear-missile.[587]

However, the larger problem is the reciprocal nature of the nuclear issue: Pakistan will not nuclearize if India will not; but India will not until China agrees to dismantle her stockpile; but China would only do so if the US and the Commonwealth of Independent States (the former USSR states) as well as France and Britain agree to do so as well. Unless Canada is successful in pressuring the US, CIS, China, Britain and France to get rid of their nuclear stockpile, India will not concede to the 'nuclear colonialism' of 'anti-proliferation', nor will accusations cease of Canada hiding under the American nuclear umbrella. To attack the nuclear issue in Canada's India

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[587] *The Globe and Mail*, "The Local Story; India", August 2, 1997.

policy means a total nuclear ban and dismantling policy, which Canada could never succeed in pursuing. Thus, the nuclear issue is not a niche diplomacy area. While Ross may be right that international security risks need to be addressed by Canada, I assert arguing with India about its nuclearization will only marginalize Canada from any meaningful dialogue or role.

Not UNited

Another area of conflict will be over the openings for the UN Security Council. On August 7, 1997, Bill Richardson, the US's UN representative, announced he would begin a mission to garner support for an American proposal to add "Japan, Germany and three Third World nations [as] permanent members of the UN Security Council".[588] India's demand for reforming the Security Council to include more representatives of the world has included giving it a seat. As representative of the largest democracy in the world, containing almost one-fifth of the world's population, the *de facto* eighth nuclear power (before the Ukraine seceded from the USSR and pulled ahead of China), the most powerful state in South Asia and a member of the dozen largest industrial states, India has argued it deserves a seat at the Council permanently. However, Canada is also bidding for a permanent seat on the Council, not based on population nor power. Canada argues the criteria should be dedicated, constructive and consistent support of the UN, and such a criteria should determine who is allowed a seat. India's rejection of the UN motion on Kashmir in 1950, its' opposition to the NPT, CTBT and the latest Ottawa Process on banning landmines, and its nuclearization policy and preference for bilateralism, does not show India as internationally constructive, multilateralist or responsible. As well, India's ignominious status as the second poorest country and acknowledged wide-spread corruption do not make it a model state. For Canada, neither size nor nuclearization are criteria when compared to itself and others that have supported multilateralism, and built up the UN and its processes. Therefore, given this stark difference in views, the Security Council is not a niche for cooperation. Where some might

[588]*The Globe and Mail*, "U.S. pushes lower UN fee, larger Security Council", August 8, 1997.

assume Canada could help India secure a seat through its skills, Canada's niche diplomacy skills will be focussed on the Canadian effort to get a seat. It also shows two very different conceptions of security: India's conception is focussed on building its capacity, thus is power-based in its thinking, and asserts this power garners commensurate international recognition and positioning; Canada's conception is focussed on building multilateralist institutions, thus reigning in and enmeshing rogues or powers, and asserts this multilateralist-constructionism gives it credentials for more prominent and powerful multilateral roles. Clearly, Canada's India policy with regard to the Security Council will have to place Canada's interest ahead of India.

Security Levels

All this leads back to a crucial point that India's security imperatives exist at the state, bilateral, regional and international security levels. Thus, India sees itself as a powerful, cohesive, federated state, the predominant South Asian state, one of the dominant Asian states and also a great power, that is, less than the super powers but more than the middle powers. All of these designations are arbitrary and debatable, but they do need to be recognized in Canada's India policy. Gone are the days when Canada and India were just middle powers, and shades of gray have arisen. Even for Canada, its membership in the G-7 or formative role in the World Trade Organization make it a powerful 'economic security' actor. Thus, India's various traditional security planes do not make it possible for Canada's India policy to have definite niche for diplomatic activity. In the past few years, India's constant progress and changes in its security planes have been met with Canadian approbation; in addition to this, Canada can offer dialogue, third-party and confidence-building measures assistance, but little more. The main point I argue through the above examples is that Canada's India policy cannot redress Indian security given that India's context is very different and Indian policy is presently in a state of flux and fluidity. Unless India wants Canadian assistance, Canada's India policy should continue non-interference, non-involvement and non-friction.

Realities

In his esteemed assessment, Delvoie closes by suggesting Canada lead a multilateral coalition process to solve the issues of South Asian security. He notes the G7 countries have expressed interest in Pakistan and India solving Kashmir, as well the US has cut assistance to the Pakistan over the nuclear issue and blocked Russian military technology sales to India. From these, he asserts there is "a high degree of interest on the part of the major actors" which Canada could capitalize upon, as well as put forth proverbial 'carrots' to entice India and Pakistan.[589] I disagree with Delvoie. First, what he sees as US 'interest', 'concern' or 'preoccupation' is probably perceived as, at best, as meddling or, at worst, 'US imperialism' by Pakistan and India, without remedy of the underlying security issues in South Asia. Second, the process hinges on India's involvement, but the history of security issues in South Asia shows coalitions and multilateralism are not acceptable to India vis-a-vis South Asia, and the *Indira Doctrine* is still alive. Third, Canada has already unsuccessfully tried through multilateral and other channels, but has been politely rebuked by both sides. As it stands, even the regional South Asian Association for Regional Cooperation (SAARC) is proceeding slowly, so an externally imposed coalition solution is not feasible at all. Fourth, India has not been bribed to-date in accepting agreements or processes contrary to its interests or involving loss of Indian control, so I do not agree India can be enticed into an agreement. The best course, I argue, is for Canada to keep an eye on the situation and involve itself only if India requests involvement — without India, any movement will lead nowhere. It is not simply a question of avoiding confronting India in order to secure trade, but a question of not having a concrete alternative to offer based on Indian security needs. To do such, if requested, Canada should ascertain and maintain relevant and up-to-date information through involvement of officials and academics dealing with India and South Asia, but not with a specific eye to solve India's security imperatives. Therefore, for the present, geostrategic security is not a niche area for Canada's India policy.

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[589]Delvoie, *op cit.*, p. 42.

Canada's Security

While geostrategic security issues are not areas for engagement, security issues resulting from Canadian domestic security issues are areas Canada can pursue niche diplomacy. In the areas of terrorism, drug trafficking, the export of refugees for exploitation by Canadians (Indians and non-Indians), the Asian triads or gangs and arms smuggling, Canada and India need to work together. These problems are not solvable by only DFAIT. They do require cooperation between, for example, Indian and Canadian police, justice ministries, anti-drug squads, refugee organizations, social organizations and even, in some cases, religious organizations which are used as fronts for illegal activities. To curb these threatening activities in the domestic security area, more than broad multilateral initiatives, concrete bilateral initiatives are needed in the Canada-India case; for example, the Summit on Terrorism last year is a step, but it does not address the specific issue of Tamil or Sikh terrorists operating in Canada and India, which only the two countries can address amongst themselves. In these cases, pursuing Canada's security involves broader public diplomacy, committed engagement of India in dealing with a specific bilateral issue, and most definitely serves the Canadian interest — all elements of niche diplomacy.

'Tr-aid-hr'

Canada's foreign policy, in general, shows Canada to be a 'tr-aid-hr'. In order of priority, trade, aid and human rights are the issues in which Canada can effectively use the niche approach. In Canada's India policy, starting with human rights, as well as environmental issues, I argue Canada's India policy can engage issues such as women's rights or children's rights. A caveat is that engagement should not appear arrogant, blameful or miscontextualize an issue.

Thus, on the issue of *bonded* child labour, Canada can help through education programs assistance. If not through money, then through donating old books or foreign-work-exchange programs for unemployed or young Canadian teachers. At the same time, the context of the issue and possible ramifications should be understood as part of engagement. For example, Canadians

must realize bonded child labour occurs because children are sold for money to feed a family, and badgering for an end to bonded child labour does not solve the problems of hunger, housing, sanitation or abject poverty for those freed children. Similarly, prostitution is also prevalent, but not just because of poverty, but also because of there is history of a courtesan class in Indian society and religions (similar to the *geisha* of Japan). Thus, Indian responses to 'clean up' brothels have included brutal police action or mob attacks, as well as political and social action from the prostitutes to protect themselves. Canada's India policy should consider the ramifications of pointing fingers, and really focus on long-term solutions, especially education, not overnight quick-fixes to deal with social issues.

On the issue of women's rights, a long-term policy is empowering women and directing aid projects at them. There are numerous other such examples, including a mismanaged and heavily-in-debt fishing community in Kerala that was single-handedly rescued by the *village women*'s fiscal management and debt-repayment plan. Focussing on women in development and economic projects, I argue, Canada should concentrate on attacking female illiteracy (as Homer-Dixon pointed out) to counter both the population and poverty problem, which largely victimizes females. This is not an inexpensive proposition, but it is more helpful than planned parenthood programs or anti-female-infanticide programs which fail because the education-level of women is on average very low.

On the environmental side, CIDA has placed this area as its largest 1988 budget allocation and which means it foresees major environmental problems as India's major problem. Although Canada has not met and does not plan to meet the Rio Conventions on the Environment, India is much further behind; devastation from earthquakes, floods or monsoons, lack of or poor urban sewage systems, inappropriate industrial regulations, or smog in the major cities ensure Canada 'opportunities' to assist India to research solutions and build on Canadian knowledgeability. While I point to specific environmental problems, CIDA's 'environmental' area encompasses issues such as population problems, farming practices or lack of education about environmental devastation. Thus, problems in the above paragraphs might be addressed under the environmental

issues budget. In summary, using a niche approach will work with the long-run, but rest on understanding the Indian situation presently and more fully.

At the same time, the new aid programme has largely shed its costly infrastructure programs to the trade area. This means 'tr-aid' is another niche area of Canada's India policy. First, Canada has stopped funding large-scale infrastructure projects. Instead, businesses are assisted in competing for such projects mostly tendered by multilateral agencies or specific governments in India. Second, business is reticent to enter the Indian market, so government publicity is needed, but with cognizance that Canadian business is not a key player or wholly interested. Assuming Canada's economic interest is furthered in India, the *Focus India* programme is ideal in that it helps identify niche opportunities for business, Canadian assistance as well as providing general information about India; the use of an Internet website is particularly good to ensure inexpensive, consistent up-to-date and always accessible information just when a business needs it — solving Rahman and Balcome's speed, timeliness and amount of information problem (Appendix 11 identifies some areas for Canadian business activity). Third, Canadian government export credit and insurance guarantees are needed, especially since the economic and political situation in India is perceived by Canadian business and financial institutions as risky. Fourth, government subsidies or tax credits for courses on Indian business practices and accounting systems in India (and in Canada for Indian entrepreneurs) will have to be continued. Fifth, India's demand for countertrade means the Canadian government will have to identify, along with business, Indian imports Canada will take. For this, a central clearinghouse or list of goods or services needs to be created. Without such a list or clearinghouse, Canadian business cannot do countertrade as the Canadian market is very small and specific in its needs as compared to, say, the much larger US market. In all, Canada's India policy's trade-aid measures should heed Rahman and Balcome's caveat: "[the] role of government is necessarily that of a support mechanism; the initiative must come for the business community."[590] Where Potter recommends Canada stop

[590]Rahman and Balcome, *op cit.*, p. xvi.

business promotion in Western Europe and the US, I further recommend Canada should spend only on business support mechanisms especially trade fairs or export aid. Indeed, like leading the horse to water, the government cannot make Canadian business 'drink' from the well of Indian opportunities for "[ultimately], the Canadian business sector's own efforts will determine its success."[591]

No Money, No Impact — What's Really Lacking?

An important context for niche diplomacy, which Potter asserts, is 'fiscal austerity'. There is less and less money available — period. However, Canada's India policy problem was and is not money but lack of impact. Clearly, Canada's lack of general profile in India indicates money is not the sole issue. The problem is impact. With less money, can Canada make a lasting impression? Yes and no. No, in that Canadian government and business have failed to do so thus far since the declining budgets of late 1980s and early 1990s, but they also failed to do so when they did have the money. Yes, if Canada does it right. To do it right, Canada needs public diplomacy — not just government diplomacy.

First, talk is cheap — in the money sense — and gets Canada exposure. Canadians and Indians — officials and non-officials — knowledgeable about each other talking to each other, and the unknowledgeable, will greatly enhance Canada's prospects for being recognized by Indians and India. Exposure is necessary, and the best and cheapest way is word-of-mouth; Canada needs Indians to have a ground-root idea about Canadians. Thus, public diplomacy is definitely needed in this area for it to be inexpensive but pervasive. Second, seeing is believing — that is, Canadians. Co-sponsoring or part-subsidizing direct cultural, educational and business exchanges so Indians and Canadians actually see who each other are is very important and fairly inexpensive. Just as Indians lump us as Americans, Canadians see Indians as South Asians or Asians; neither stereotype helps Canadians or Indians. Third, do not waste money on Team Canada missions.

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[591] Rahman and Grant, *op cit.*, p. xi.

Business linkages in India are not a four-day affair, but years-long commitment — Canadian businesses know it, Indians remind us of it. Instead, money should be spent diffusely by giving grants for trade shows or seed money for a joint ventures. If Team Canada must have missions, take the five bank presidents who decide which country gets Canada's financial attention; until the banks are willing to support and risk investment in India — not in name, but in reality as they do with China or Southeast Asia — Canadian business simply cannot look to India. Fourth, using multilateral aid channels vis-a-vis India, though cheaper, is not conducive to publicity for Canada. In the aid area, Canada's multilateral assistance, regardless of how small or large, does not pay dividends, but has subsidized notoriety for Japan, Germany, the US and the UK. For Canada to benefit from its aid to India, it should keep multilateral aid to a politically-acceptable minimum, and rechannel those monies into bilateral aid. Fifth, Canadian concerns about social and environmental issues can be solved without building huge structures and massive supply inducements, but building India's social capital through literacy programs, and engaging political and social activists and NGOs. While, these examples do not cover every aspect of Canada's India policy, they do show Canada can spend less, and possibly accomplish more. Obviously a public diplomacy effort will be needed for successful niche diplomacy in Canada's India policy. A broad-government-only effort will not yield rewards in the new Indian context anyways. In an age of fiscal austerity Canada's India policy should focus on impact and not on largess.

Alternatives and Leverage

Two points that are crucial to niche diplomacy, are the need for alternatives and the need for leverage. First, alternatives are very crucial. For niche diplomacy to succeed by Canada exercising 'entrepreneurial will' and 'technical capacity', Canada must provide alternative options and policies to the issues it tackles. For example, in the area of child labour, Canada's social capacity and understanding of India must generate an alternative to the present problem of child labour. How do poor families relying on child labour income survive without the labour? In urging greater access to and mandatory primary education, where will the resources for teaching the children

come from and who will pay for it? On a security issue such as drug trafficking, is there an alternative to the riches of the drug trade and its all encompassing swallowing of Indians and their communities in this quick-money but violent business? Niche diplomacy means showing off certain skills and abilities on particular issues, but especially the skill of attacking an issue with a new ingenuity and imaginativeness — an alternative to the standard ways and solutions.

Second, leverage is important for the niche player to engage the other party or parties. For Canada, its leverage with India has declined considerably and there are few things Canada and India can 'trade-off' in diplomatic relations. For its part, India does not follow Canada out of deference or obligation. For Canada, trading-off as Delvoie earlier suggested, I assert would not work because there is little it can trade-off and little India would be willing to trade for from Canada. Canadian investment in India is negligible at present, its aid profile is in decline and it is not weighty in the core geostrategic security debates, such as the NPT or the CTBT. What leverage does Canada have? For one, it is not as preachy or self-righteous as the US, and Indians do appreciate this. As well, Canada's intellectual capacity to help India build its social capital is very much required by Indians — be it tax reform, economic liberalization or women in development issues. Nonetheless, Canada cannot dangle the proverbial carrot to make India move in a certain direction. Canada's leverage is minimal, but recognizing this, both Canadians and Indians do find areas for cooperation in certain security (such as terrorism) and geosocioeconomic areas (such as trade liberalization or women's rights) anyways. Part of niche diplomacy does require other states recognizing Canada's skills and abilities, and Canada awaiting, not pushing, those states to request Canada to exercise those skills and abilities. Leverage need not be proactive — or, as with the US, blatantly intrusive— and can also be held in abeyance till called upon by the other party or parties.

Testing the Eclectic

A recent *Globe and Mail* editorial, remembering the fiftieth anniversary of George Kennan's containment article, asserted that in the present day, "scholars and statesman are left

wondering what the theoretical foundation and ultimate goal of foreign policy should be."[592] Definitely this is the case among the Western bloc, but awaiting one theoretical foundation to follow is not prudent. Not since prior to World War II has the scholarly plane been open to many theories and schools, and the time for thinking and assessing should be used to consider seriously Canadian foreign policy options. By evaluating three contexts in light of Canada's India policy, I have assessed their abilities to assess and inform Canada's India policy and policy options. As such, they have shed light on areas which may have been subsumed under the older geopolitical dominated foreign policy agenda, or assessments intuitively considered valid for lack for examination. Clearly, India is but a small piece of the Canadian foreign policy puzzle, but it assists in evaluating the portrayals of Canadian foreign policy and its machinations, and provides for others to build upon or correct the assessments of the contexts I have put forth.

[592] *The Globe and Mail*, "Containment remembered", August 6, 1997.

CHAPTER 6:

Conclusion

In the preceding chapters, my thesis has reassessed Canada's India policy, with greater emphasis on the post-1990 period to differentiate from previous works, as well its primary concern was the Canadian foreign policy aspect of Canada-India relations. On the process side, my thesis laid out three contexts to be evaluated; put forth the formative and indicative history of Canada's India policy; utilized the critical literature assessments to distinguish demised, dormant, subsumed and 'on the table' issues; and finally re-evaluated three contexts and Canada's India policy to identify the contexts, or elements thereof, which I consider appropriate and point out policy which I see as valid pursuits given the appropriate contexts. Overall, contexts informing Canada's India policy, as well as to issues and areas to pursue, were noted, while non-starters were also identified. A key part of the research has shown greater understanding of India is needed in order to formulate a better policy, especially if Canada's India policy is focussed on certain issues and problems, and based on specific Canadian aptitudes or roles in international relations. Public preconceptions about India have to be discarded, as India has also changed; between 1984 and 1990, there was some change, but the dramatic changes have happened in the post-1991 reform years.

As the twentieth century dawns upon Canada, it can pursue one of two paths with respect to India. The first path sees the evidence that Canada does not really need India — economically, politically or socially — Canada should limit engaging India and maintain a facade of engagement for domestic political reasons. In this situation, the result would be isolation from India, showing an indifference for India. The clear message would be India is not important. In fact, short of the major Western bloc states and Japan, Canada is not heavily involved with any state in all three

policy areas, so India would not be an isolated case. This path is not favourable because Canadians would not accept isolation given that there is another path.

The second path involves engaging states in an intelligent manner with full cognizance of what Canada can and cannot accomplish and which skills and abilities Canada can utilize. My assessment favours this view not because Canada's India policy must engage India or else there is no policy, but because non-engagement will lead to marginalization absolutely. In arguing the policy should engage certain issues or skills Canada is capable of providing or guiding, I have argued for greater stress on getting results and greater impact. This also reduces marginalization by giving Canada a specific role — a specific spotlight — on an issue; Canada will have a big presence in one area rather than a small presence everywhere.

In addition, unlike security, which entangled foreign ministries in closed, high stake games, the ascendancy of trade has resulted in the need for public diplomacy. To conduct trade, one needs businesses, not foreign affairs officials. As well, the rise of social and environmental issues means that NGOs, local peoples and academics have to be brought into the process of consultation and policy making, and more importantly, policy delivery. The Canadian governments role as a facilitator for public diplomacy does not mean the foreign ministry does little, it means it does specific tasks, hopefully, better. In India's case, Canada's India policy definitely has tasks it needs to pursue with more care and analysis than in the past, but these tasks should be pursued to get Indians thinking about Canada and Canadians thinking about India. A major task of the foreign ministry will be to bring Canada out from under the American shadow in India, and make its presence known and felt where it can shine. Overall, the future of Canada's India policy is promising if Canada truly attempts to show Indians Canada in all its incarnations — foreign officials, business, academics, etc. — Canada is committed to a long-term engagement in which both countries can share and fulfill reciprocal interests.

APPENDIX I — Some Events between Canada and India

June 1947	Canada's first High Commissioner to India, J.D. Kearney, arrives in India
October 1947	India's first High Commissioner to Canada, Sardar H. S. Malik arrives in Canada
October 1949	Prime Minister Nehru formally visits Canada; this is the first visit to Canada by a head of state of an independent India
January 1950	Canadian Secretary of State External Affairs, Pearson, visits New Delhi
February 21, 1954	Prime Minister St. Laurent formally visits India; this is the first visit by a Canadian head of state to an independent India
October 25, 1955	Pearson, now Canadian DEA Minister, visits Calcutta
September, 1956	A delegation of geologists and geophysicists, led by the Indian Minister of Natural Resources, visit Canada
December 22, 1956	A two-day visit by Nehru in Ottawa
November 18, 1958	Canadian Prime Minister John Diefenbaker visits India for six days
March, 1967	A four-day visit to India by a Canadian trade mission
Late, 1964	Indian Prime Minister Lal Bahadur Shastri visits Canada
June 26, 1967	Indian President Zakir Hossain visits Canada for six days
January 11, 1971	Canadian Prime Minister Pierre Elliot Trudeau visits India
June, 1971	Indian External Affairs Minister Swaran Singh visits Canada
July 7, 1971	Three Canadian parliamentarians went to India to assess the plight of Bangladeshi refugees
October 7, 1971	Indian Vice-President Hidayatullah arrives in Montreal

June 17-24, 1973	Indian Prime Minister Indira Gandhi visits Canada for eight days on invitation of Prime Minister Trudeau; she visits eight cities, meets with Ontario, Quebec, Alberta and British Columbia's Premiers, meets with Trudeau, both PMs join a senior officials' meeting, and Gandhi address the Canadian Parliament on June 9
August 22, 1973	Canadian Defense Minister James Richardson arrives in New Delhi
July, 1974	Indian Foreign Secretary Kewal Singh visits Canada
October, 1977	Ontario Minister for Industry and Tourism Claude F. Bennett visits India
October 29, 1977	Indira Gandhi makes a brief stopover in Montreal
March, 1978	Canadian assistant deputy minister of Industry, Trade and Commerce, C.T. Charland leads a business delegation on a trade mission to India
January, 1979	Canadian Opposition Leader Joseph Clark and Tony Abbott, Minister of Revenue and Small Business, signify the first senior-level visit to India since 1974; in addition, Roy McMurtry, Ontario Attorney-General visits India
September, 1979	Indian Finance Minister, H.M. Patel, attends Commonwealth Finance Ministers' conference in Montreal
October, 1979	Indian Minister of State for Commerce, Arif Baig, visits Canada as guest of Ontario government
July 3-6, 1983	Canadian External Affairs Minister Allan McEachen arrives in India for a three-day visit
November, 1983	Trudeau, enroute to a Commonwealth conference, makes a stopover in India
December 16-22, 1985	A delegation of five parliamentarians and twenty industrialists accompany Canadian External Affairs Minister Joe Clark on his visit to India
February 5-11, 1987	Canadian External Affairs Minister Clark visits India for a week; he begins the first-ever Annual Ministerial Consultations with N.D. Tiwari, Indian External Affairs Minister
March 22-April 4, 1987	Five Canadian Members of Parliament visit India as part of a Canadian commitment to start regular parliamentary exchanges
Early 1987	A Provincial Minister from Punjab visits Canada

October, 1987	Indian Prime Minister Rajiv Gandhi comes to British Columbia to attend a Commonwealth conference
February 4, 1988	Canadian Minister of Transportation, John Crosbie, addresses an Indian audience at the Maurya Sheraton in New Delhi
May 10-11, 1988	Representatives of the Indian Departments of Energy and Coal, Economic Affairs and External Affairs are among the Indian delegates to an Indian-Canadian Senior Officials Consultations
May 13-17, 1988	Indian External Affairs Minister, K. Natwar Singh, participates in Second Annual Ministerial Consultations with Canadian External Affairs Minister Clark and gives opening address at the Canada-India Opportunities Conference in Calgary
October 1-3, 1991	Indian External Affairs Minister, Madhavsinh Solanki, visits Canada to meet with Canadian Ministers Barbara McDougall, External Affairs, Michael Wilson, International Trade, and Gerry Weiner, Multiculturalism and Citizenship
October 8-15, 1994	Canadian Minister for International Trade, Roy MacLaren, and over forty participants go on a trade mission to India
October 10, 1994	MacLaren delivers speech to Business Council of India and Indo-Canadian Business Club in New Delhi
March 11-16, 1995	Canadian Secretary of State (Asia-Pacific), Raymond Chan visits India to speak with Indian Minister of State (External Affairs), Mr. Salman Khurshid, and other ministers dealing with industry, finance and commercial ares, and delivers a speech to Indo-Canadian Business Council in New Delhi on March 14
June 12, 1995	Canada's new India strategy is released under *Focus India*
June 21-24, 1995	Indian Minister of State for Petroleum and Natural Gas, Satish Sharma, brings of delegation of Indian businesspeople to attend Alberta's *Intercan '95*, an annual oil and gas show, and deliver a speech at an Edmonton luncheon
January 9-14, 1996	Canadian Prime Minister Jean Chrétien and the Premiers of British Columbia, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, along with 309 Canadian executives visit India on a trade mission
January 12, 1996	Chan addresses Indo-Canadian Shastri Institute's "Conference on Managing Change in the 21st Century — Indian and Canadian Perspectives" in New Delhi

Sept 29-Oct 1, 1996	Inder Kumar Gujral, Indian External Affairs Minister visits Toronto and Ottawa, and meets with Pierre S. Pettigrew, Minister for International Cooperation and Minister Responsible for la Francophonie, Chan and Chrétien
January 10, 1997	Canadian Foreign Affairs Minister Lloyd Axworthy addresses Confederation of Indian Industry on the topic of "Canada-India Partnership: Prosperity and Security" in Calcutta
January 13, 1997	Axworthy officially inaugurates Canadian trade-contact office in Punjab

Sources:

Mitali Sinha, 20-23.

Department of External Affairs, "Official Visit to South Asia by the Deputy Prime Minister and Secretary of State for External Affairs, June 29 - July 8, 1983", *Communique*, n. 71, June 6, 1983.

Department of External Affairs, "Secretary of State for External Affairs visits India and Pakistan", *Communique*, n. 180, November 29, 1985.

Department of External Affairs, "Secretary of State for External Affairs visits Bangladesh and India", *Communique*, n. 3, January 15, 1987.

Department of External Affairs, "Parliamentary Visit to India", *Communique*, n. 49, March 18, 1987.

Department of External Affairs, "Address by the Honourable John Crosbie, Minister of Transport", *Statement*, n. 07, February 4, 1988.

Department of External Affairs, "Visit to Canada of Indian Minister of State for External Affairs", *News Release*, n. 102, May 13, 1988.

Department of External Affairs, "Visit to Canada by Indian Minister of External Affairs", *Communique*, n. 208, September 30, 1991.

Department of Foreign Affairs and International Trade, "MacLaren leads major trade mission to India and visits Bangladesh", *News Release*, n. 197, October 5, 1994.

Department of Foreign Affairs and International Trade, "Notes for an address by the Honourable Roy MacLaren, Minister for International Trade, to a luncheon co-hosted by the joint business council of India and the Indo-Canadian Business Club", *Statement*, n. 59, October 10, 1994.

Department of Foreign Affairs and International Trade, "Secretary of State Chan to visit India and Pakistan", *News Release*, n. 43, March 6, 1995.

Department of Foreign Affairs and International Trade, "Notes for an address by the Honourable Raymond Chan, Secretary of State (Asia-Pacific), to the Indo-Canadian Business Club", *Statement*, n. 15, March 14, 1995.

Department of Foreign Affairs and International Trade, "MacLaren leads major trade mission to India and visits Bangladesh", *News Release*, n. 197, October 5, 1994.

Department of Foreign Affairs and International Trade, "MacLaren welcomes Indian Energy Minister", *News Release*, n. 112, June 19, 1995.

Department of Foreign Affairs and International Trade, "Notes for an address by the Honourable Lloyd Axworthy, Minister of Foreign Affairs to the Partnership Summit of the Confederation of Indian Industry", *Statement*, n. 1, January 10, 1997.

Office of the Prime Minister, "Visit of the Prime Minister of India to Canada — Joint Communique", *Press Release*, June 24, 1973.

Geoffrey Stevens, "Friendship renewed", *The Globe and Mail*, January 11, 1979.

APPENDIX 2 — Canadian Aid to India by Sector, 1951-1982

		Total Aid (Can$)	
1.	Food Aid	652,300,000	
2.	Agriculture	471,473,730	
3.	Power and Irrigation	194,905,526	
4.	Industrial and Commodity Assistance	178,583,000	
5.	Oil and Gas	78,925,000	
6.	Transport	62,004,000	
7.	Telecommunications	46,580,000	
8.	Mining	26,861,000	
9.	Transport — Air	9,300,000	
10.	Health	1,627,000	
		Total	1,722,559,256

Source:
S.D. Gupta, *India-Canada Relations*, Jaipur: Jaipur Publishing House, 1990, p. 80.

APPENDIX 3 — Canadian Aid, 1966-1980

(Rs. in crores)

Fiscal Year	Loans	Grants	Total	Difference
1966-67	11.9	68.3	80.2	
1967-68	18.4	45.5	63.9	-16.3
1968-69	29.7	48.2	77.9	+14.0
1969-70	39.4	10.0	49.4	-28.5
1970-71	46.5	34.6	81.1	+31.7
1971-72	49.4	27.8	77.2	-3.9
1972-73	55.3	5.6	60.9	-16.3
1973-74	47.6	12.3	59.9	-1.0
1974-75	45.4	32.6	78.0	+18.1
1975-76	28.4	44.1	72.5	-5.5
1976-77	16.5	51.4	67.9	-4.6
1977-78	27.0	16.9	43.9	+24.0
1978-79	19.7	3.6	23.3	-20.6
1979-80	17.8	13.6	31.4	+8.1

Source:
S.D. Gupta, *India-Canada Relations*, (Jaipur: Jaipur Publishing House, 1990), p. 94.

APPENDIX 4 — Canadian ODA Disbursements to India, 1984-1993

($ Million)

Country-to-Country Aid Programs

Fiscal Year	*Bgga*	*CF*	*NGO*	*ICDS*	*INC*	*FA*	*IHA*	*IDRC*	*Pgat*	*Bilat Total*	*Multi Total*	*R*
1979-80	x	x	x	x	x	19.9	x	x	x	42.6	x	5
1980-81	x	x	x	x	x	3.0	x	x	x	29.5	x	11
1981-82	x	x	x	x	x	8.8	x	x	x	42.6	x	6
1982-83	54.4	x	x	x	0.8	10.0	x	1.6	x	66.8	x	5
1983-84	x	x	x	x	x	x	x	x	x	x	x	6
1984-85	58.6	—	5.4	0.6	1.4	16.2	...	1.3	na	90.1	x	7
1985-86	32.4	—	2.4	0.8	1.1	13.4	...	1.4	.7	54.4	90.3	4
1986-87	27.9	0.3	6.6	1.5	1.6	30.1	...	2.0	.7	71.0	99.9	5
1987-88	48.5	0.5	6.2	1.5	1.8	14.1	.1	2.8	.5	76.1	105.2	8
1988-89	27.1	0.5	7.8	1.3	4.1	11.1	—	3.1	na	54.9	x	x
1989-90	22.0	0.5	4.4	1.8	3.0	.1	—	3.0	na	38.0	x	x
1990-91	9.1	0.5	4.8	1.2	3.1	.1	—	3.1	na	21.9	x	x
1991-92	17.0	0.5	7.1	2.1	2.7	14.1	—	2.6	na	46.4	x	x
1992-93	19.2	0.5	5.1	1.2	2.1	7.9	—	6.3	—	42.4	x	x

1992-93: Extra $63.7 million through multilateral channels, such as Asian Development Bank and United Nations Development Programme (UNDP)

(see next page for 'Legend' and 'Sources')

Legend

Bgga	Bilateral government-to-government assistance
CF	Canada Fund (ex-Mission Administered Fund)
NGO	Non-Governmental Organizations
ICDS	Institutional Co-operation and Development Services
ICP	CIDA Industrial Cooperation Program
FA	Food Aid
IHA	International Humanitarian Assistance
IDRC	International Development Research Centre
Pgat	Provincial government aid transfers
R	Canada's bilateral aid rank as compared to OECD members
x	Data not searched for
na	Not available
...	Less than $0.1 million
—	Not applicable

Note: Figures have been rounded to the nearest 0.1 million for consistency.

Sources:

Keith A.J. Hay, "Aid to South Asia in the 1980s", *Canada and South Asian Development: Trade and Aid*, ed.. Nanda K. Choudhry, (New York Brill, 1991).

Martin Rudner, "The Canada-India Nexus", *Canadian Foreign Policy*, (v. 3, n. 2, Fall 1995), p. 41.

APPENDIX 5 — Canadian Trade Missions

Canadian government trade missions and fairs:

- 1994-95 100 outgoing missions, 150 incoming missions
- 1995-96 65 outgoing missions, 135 incoming missions

Annual budget for trade missions and fairs sponsored by Foreign Affairs and International Trade

- 1994-95 $34 million
- 1995-96 $24 million
- 1996-97 $11.5 million

Ministerial missions in 1995:

- Jan 19-30 Trade Minister Roy MacLaren and Prime Minister Jean Chrétien led 200-plus companies to six Latin American countries
- Feb 26-Mar 17 Japan, Australia and New Zealand
- May 25-30 Mr. MacLaren led 30 companies on mission to Hungary, Poland and Czech Republic
- July 18-21 Sweden and Finland
- Oct 15-17 Germany
- Nov 6-7 Japan
- Nov 8-15 Mr. MacLaren led business leaders to Philippines and Indonesia

Sources:

Barrie McKenna, "Team Canada off again", *The Globe and Mail*, January 2, 1996

APPENDIX 6 — Trade Statistics

Two-way Trade between Canada and India

- 1950 $68 million
- 1987 $442 million
- 1988 $500 million

Total merchandise exports from Canada to India

- 1985 $489 million
- 1988 $391 million
- 1994-1995 $200 million (est.) — 24th place among India's trading partners

Exports to and Imports from India ($ million)

Year	Exports to India	Imports from India
1996	$342	$604
1995	$428	$541
1994	$259	$459
1993	$267	$354
1992	$510	$278
1988	$393.1	$205
1987	$270	$170
1981	$346.1	$107
1980	$352.5	$94.4
1979	$225.8	$93.3
1978	$245.8	$65.1
1977	$135.1	$55.6
1973	$130	$40
1972	$140	
1971	$140	
1970	$140	
1969	$140	

Note: Figures have been rounded to the nearest 0.1 million for consistency.

Sources:

Asia-Pacific Foundation. *Backgrounder: India*, (Vancouver: Asia-Pacific Foundation, 1997), p. 3.

M.C. Bhatt, "Canada-India Investment Promotion and Transfer of Technology with Special Reference to the Role of Joint Ventures in Retrospect and Prospect", *Canada and South Asian Development: Trade and Aid*, ed. Nanda K. Choudhry, (New York: Brill, 1991).

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Robert Matas, "Large contracts could hinge on Canadian ties with India", *The Globe and Mail*, Tuesday, May 11, 1988.

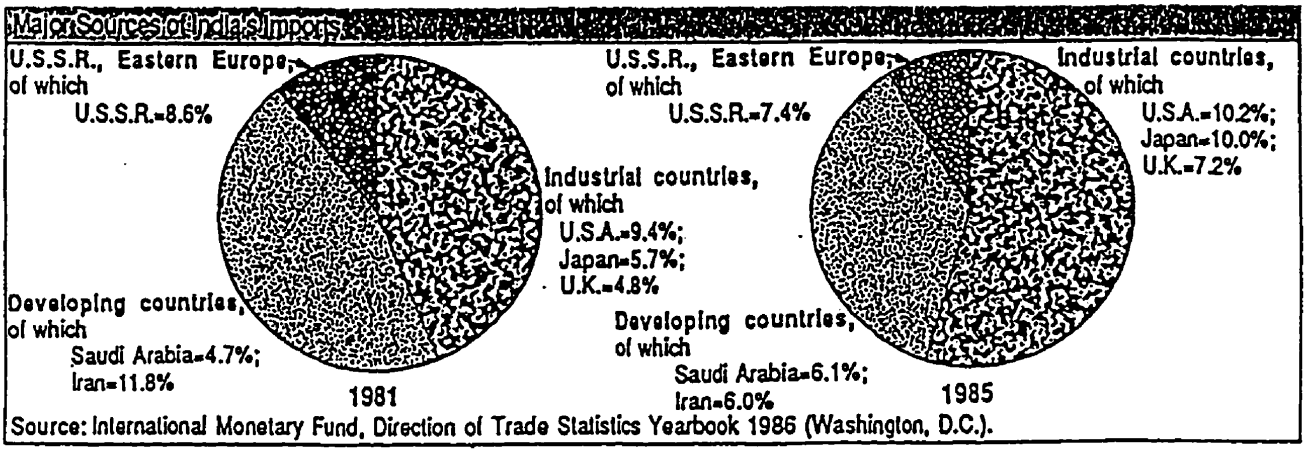
Martin Rudner, "The Canada-India Nexus", *Canadian Foreign Policy*, (v. 3, n. 2, Fall 1995).

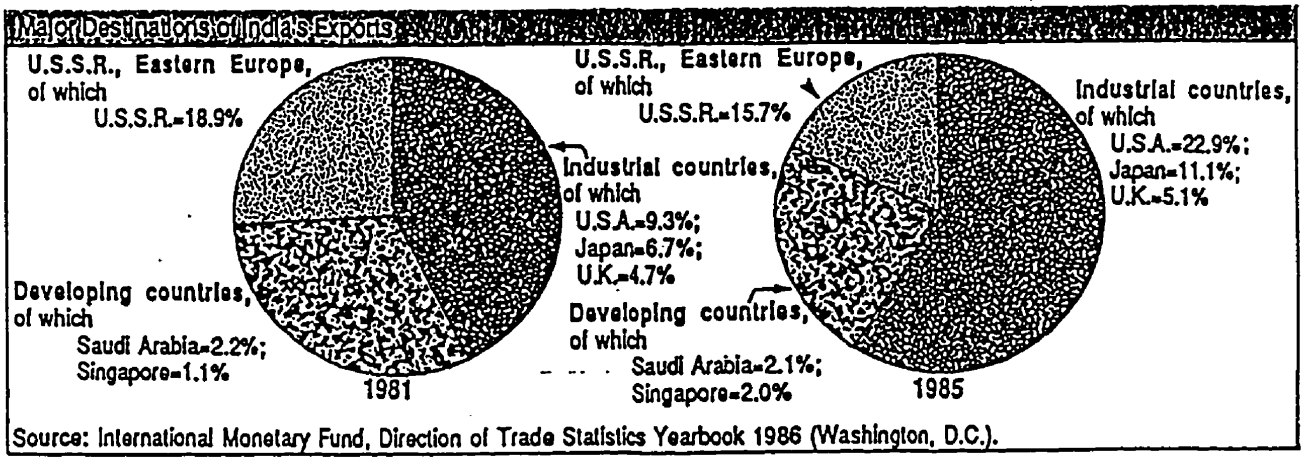
Ernest Waengler, "How our firms fare in India", *Financial Post*, April 20, 1974.

APPENDIX 7 — Where does India Import from and Export to?

Source:

Syed Rahman and David Balcome, "Chart 9" and "Chart 10", *The Asian Experience: Canadian Business Linkages with the Developing Countries — Volume I*, (Report 23-87; Ottawa: Conference Board of Canada, 1987), pp. 45 and 46.

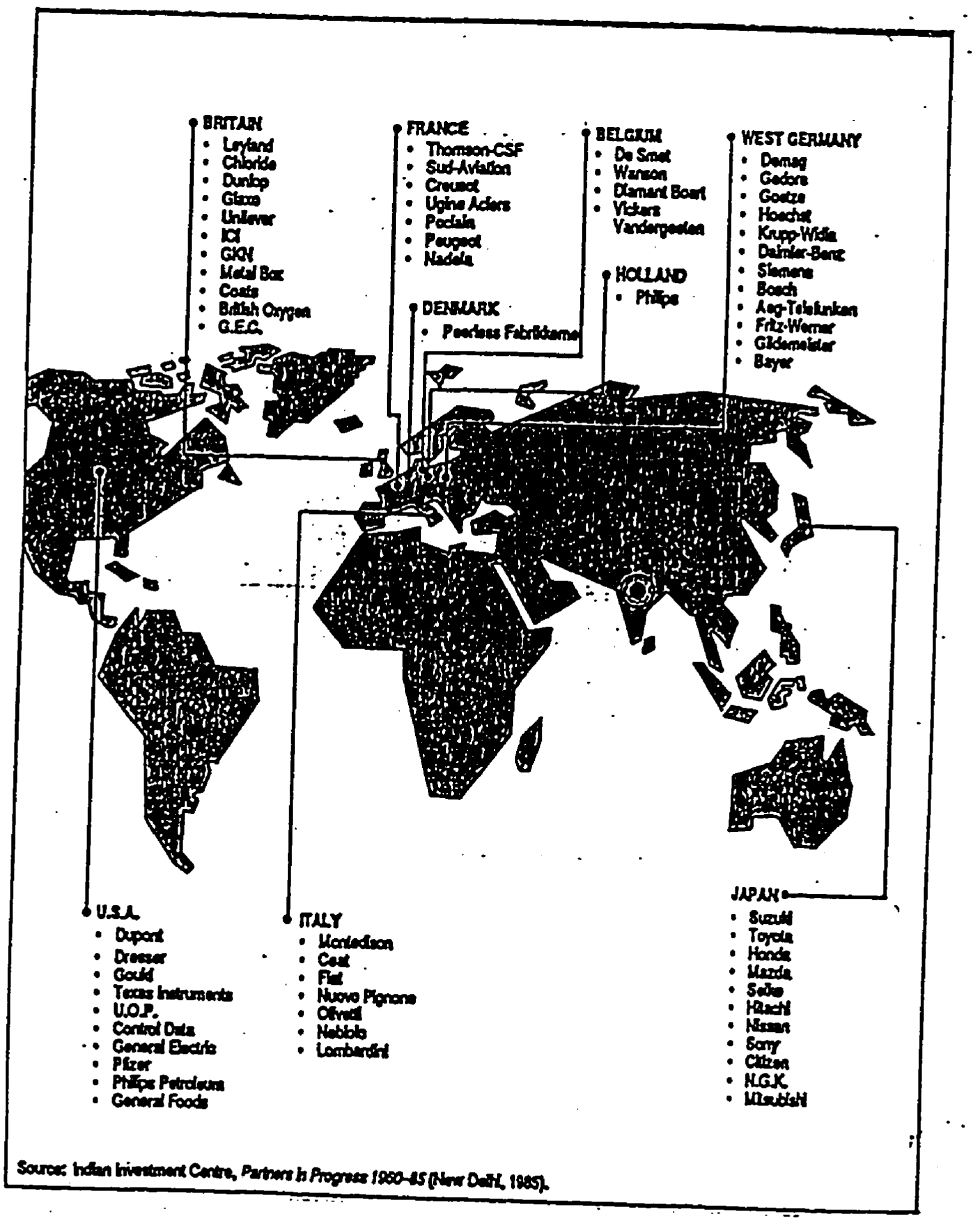




APPENDIX 8 — Leading Collaborators in India

Source:

Syed Rahman and David Balcome, "Exhibit 6", *The Asian Experience, The Asian Experience: Canadian Business Linkages with the Developing Countries — Volume I*, (Report 23-87; Ottawa: Conference Board of Canada, 1987), p. 52.



Source: Indian Investment Centre, *Partners in Progress 1980-85* (New Delhi, 1985).

APPENDIX 9 — Canadian Foreign Collaborations in India

Facts:

- 1947-88, over 12,000 foreign collaborations approved by India
- 1947-88, 118 foreign collaborations with Canada
- 1961-80, 54 foreign collaborations with Canada
- 1981-88, 66 foreign collaborations with Canada

Year	Total		Number of Financial Collaborations		Direct Foreign Invest (Rs. millions)	
	World	Canada	World	Canada	World	Canada
1981	389	2	57	1	108.71	.60
1982	590	1	113	—	628.06	—
1983	673	6	129	2	618.73	3.56
1984	752	8	151	2	1130.02	3.60
1985	1024	15	238	6	1260.66	24.70
1986	957	15	240	6	1069.52	13.80
1987	852	9	242	4	1077.05	6.70
1988	926	10	282	4	2397.57	2.60
	6163	66	1452	25	8290.32	55.46
		(1.1%)		(1.7%)		(0.7%)

Percentage figures show Canada's percentage of World total from 1981-88.

Sources:

Mahmudul Anam & Syed Sajjadur Rahman, "Economic Integration in South Asia: An Exploratory Analysis in Trade, Investment and Finance", *Canada and South Asian Development: Trade and Aid*, ed. Nanda K. Choudhry, (New York: Brill, 1991).

K.L. Dalal, "Transfer of Technology Between Canada and India", *Canada and South Asian Development: Trade and Aid*, ed. Nanda K. Choudhry, (New York: Brill, 1991).

APPENDIX 10 — State of Origin of Foreign Companies in India

Country of Origin	1981	1982	1983	1984
United Kingdom	133	129	128	128
U.S.A.	57	62	66	68
Japan	19	19	20	21
France	8	10	10	10
West Germany	7	7	7	7
Canada	6	6	7	7
Other	70	78	82	85
Total	300	311	320	326

Source:
Syed Sajjadur Rahman & David Balcome, "Table 5", *The Asian Experience: Canadian Business Linkages with the Developing Countries — Volume I*, (Report 23-87; Ottawa: Conference Board of Canada, 1987), p. 16.

APPENDIX 11 — Collaboration Areas and Opportunities In India By Sector

Trade	Investment
Indian Participants	
• Natural resources (especially wood products and metals)	• Natural resources (especially oil, minerals and metals)
• Energy (especially solar, thermal and hydroelectric)	• Agro-processing
• Specialized computer software	• Energy (biotechnology)
• Railways (especially containers and locomotives)	• Equipment manufacturing
• Specialty engineering	• Paper-packaging process
• Telecommunications	
Canadian Participants	
• Raw material processing	• Automotive Parts
• Energy	• Remote Sensing
• Construction	• Energy (especially solar)
	• Machinery (especially packaging equipment)
	• Telecommunications
	• Computer peripherals (especially floppy discs)
	• Other hi-tech items

Engineering Industries	Non-Engineering Industries
• Metallurgical	• Fertilizer based on natural gas
• Prime movers	• Inorganic chemical industry
• Auto ancillaries	• Other chemical industries
• Industrial machinery	• Man-made fibre industry
• Commercial office and household equipment	• Paint and dye industry
• Miscellaneous mechanical and equipment industries	• Paper industry
	• Rubber and synthetic rubber industry
	• Glass and glass products industry

Source:

Syed Rahman & David Balcome, "Table 37" and "Appendix 1", *The Asian Experience: Canadian Business Linkages with the Developing Countries — Volume I*, (Report 23-87; Ottawa: Conference Board of Canada, 1987), pp. 76 & 157.

APPENDIX 12 — Areas for Niche Diplomacy and Saying 'No'

	Niche	No
Security	• drug trade • terrorism • arms smuggling • Asian triads (domestic)	• Kashmir • nuclearization • Security Council seat (regional/international)
Social	• women's rights • child labour • education • social capital development • environment • cultural exchanges • supporting NGOs	• costly infrastructure • no: if no alternatives are developed or offered
Trade	• counter-trade • *Focus India* • joint ventures • facilitating contacts • export insurance • credit lines • trade shows • high-profile industry-specific missions	• Team Canada (too broad) • being 'middleman' • ensuring survival of business • making contacts for business

APPENDIX 13 — The Continuum of Traditional and Human Security Issues between Canada and India

	Traditional Security	'Combination'	Human Security
1940s	c Communism c China c Moderation d Kashmir	c Infrastructure development c Commonwealth c India's independence c Immigration c UN	
1950s	c Pakistan-USA c Korean War d Hungary d Indo-China	c Colombo Plan c Nuclear aid c UN	
1960s	c India-China war d Kashmir d Indo-China		c Infrastructure development
1970s	d PNE and nuclear aid d India-USSR d East Pakistan/ Bangladesh d multilateralism		c Food/agricultural aid d Civil rights d Refugees
1980s	d Afghanistan	c Sikh issue / terrorism / Extradition treaty c Sri Lanka/ Tamil rebels / IPKF c South Africa c Bilateralism d Human rights d Refugees	c Trade

1990s	d	Nuclear proliferation / NPT	c	Terrorism	c	Trade
	d	Landmines	c	Drugs	c	Environmental problems
	d	CTBT	c	Arms smuggling	c	Social development
	d	Security Council seat	c	Asian triads	c	'Two Indias' problem
			c	ARF	c	Immigration
			c	Refugees	d	Child labour
			d	multilateralism	d	G-7, some world economic regimes
			d	UN		

c : convergence; d : divergence

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