

Ryan Touhey

Canada and India at 60

Moving beyond history?

On the occasion of the 60th anniversary of diplomatic relations, the Canada-India relationship is being re-examined in Ottawa with a sense of interest not seen since the early 1950s. After the equivalent of a prolonged diplomatic ice age punctuated by periods of high optimism from both sides, India is increasingly on Canadian minds to an extent that was unfathomable as little as seven years ago. Indeed, emerging India is now referred to as a “key” priority country by the Conservative government of Prime Minister Stephen Harper.¹

As Ottawa elevates the importance given to India and as officials, business leaders, and educators display a keen enthusiasm in fostering linkages with their Indian counterparts, they are reversing a historical trend that has been more negative than positive for much of the past six decades. From 1976 until 2001, neither country was wholly committed to fostering closer ties with the other.

The key event that triggered the ice age was Indian Prime Minister Indira Gandhi’s decision in 1974 to test a “peaceful nuclear device” using

Ryan Touhey is a postdoctoral fellow with the Asia Pacific Foundation of Canada, specializing in Canada’s foreign relations with India. The views of this essay do not necessarily reflect those of the foundation. The author wishes to thank Paul Evans, Yuen Pau Woo, Ron Richardson, Mary Halloran, and David Meren for their helpful comments and insights.

¹ See <http://international.gc.ca>.

plutonium extracted from a Canadian-designed and -constructed reactor. It is a painful and lingering memory that reinforced the fact that throughout the 1950s-70s, both countries held starkly incompatible views on international relations and on nuclear nonproliferation regimes. Ottawa reacted far more harshly to the Indian test than New Delhi had anticipated and, during the next two years, both countries worked to salvage a relationship that had long been unravelling. These efforts to redevelop a relationship that eroded throughout the Cold War were futile. In the end, Canada looked to China and Japan as new economic and strategic partners in Asia and bilateral relations entered a period of prolonged drift.

Since 1991, a series of economic reforms and restructuring has led to India's impressive economic rise, and it remains a stable democracy in an otherwise troubled region. This has prompted successive governments in Ottawa to re-evaluate and adjust past attitudes and policies towards New Delhi. The common refrain in Ottawa these days is that India is a "priority nation" and that the Canadian government wants to broaden the overall bilateral relationship. New Delhi has signalled restrained optimism at Canada's interest.

A number of challenges lie ahead if Ottawa wishes to build a comprehensive relationship with India. Despite deeming India a "key priority," present signs suggest that the Canadian government has arrived at a crossroads and, in contrast to key allies such as Australia and the United States, is not wholly certain as to what it wants from India, apart from increased trade linkages. There are two options that the Conservative government can now pursue following the Liberals' decision to abandon the policy of isolating India in 2001 after the 1998 Pokhran nuclear tests. The first option entails Ottawa, along with the provinces and the private sector, emphasizing the primacy of trade and investment links above a broader political relationship. The second option is more ambitious. This will entail Ottawa cultivating a broader political relationship that acknowledges the importance of expanding a complex commercial relationship involving trade, two-way investment, and advanced cooperation in science and technology while developing political and security aspects of a more comprehensive relationship.

At this moment, the first option appears to be favoured by Ottawa. If so, bilateral relations will, over time, likely be conducted mainly through the private sector, with the government playing a facilitating role as compared to a leading role. The bilateral feuds of the past are slowly fading from pub-

lic and institutional memory. This is an opportune time to revisit and reassess the relationship to properly reflect new economic and geostrategic realities. The historical baggage carried from the past still contains the memories of the discord over Pokhran and other diplomatic disagreements. But Ottawa and New Delhi are walking down a path toward a new relationship. At this critical juncture, we need to recall the past as part of the process of transcending it.

THE SHADOW OF HISTORY: 1946-1976

Two historical leitmotifs have traditionally overshadowed Canada's foreign relations with India. The first is that Canada and India once shared a special relationship. The notion that there was a special relationship has dominated historical and contemporary discourse despite the fact that it is based on the overwhelmingly romanticized and idiosyncratic memoirs of a single former Canadian high commissioner to India, Escott Reid.² The second theme, intertwined with the first, and, à la Bollywood, centres on the mutual perception of betrayal in the bilateral relationship. In this script, both Canada and India have been aggrieved parties. Both believed that the other would or should align itself with its own foreign policy agenda. In the end, neither country lived up to the expectations of the other and this in turn spawned significant policy cleavages that eroded the bilateral goodwill created in the early years of the relationship.

With the encouragement of officials in the Department of External Affairs (DEA) and the interim Indian government, Ottawa announced in December 1946 that it would appoint a high commissioner to India. As the Second World War progressed, it had become clear that India would become independent after the war and could not be ignored by politicians and officials in Ottawa. The decision to create a post in New Delhi was a bold move for a country with limited diplomatic resources at the time and next to no experience in south Asia. Indeed, its first appointment as high

² Along with the historical misperception that Canada and India shared a special relationship during the early years, another recent survey has suggested that from 1947 to 1974, relations "were mostly cordial and co-operative, though largely uneventful." "Re-engaging India: Upgrading the Canada-India bazaar relationship," in Andrew F. Cooper and Dane Rowland, eds., *Canada Among Nations: Split Images 2005* (Montreal & Kingston: McGill-Queen's University Press, 2005), 172. The interpretations are misleading and have been nourished by the fact that until recently the field of Indo-Canadian relations has been dominated by the sympathetic writings of former diplomats, or academic studies that have eschewed archival research. See Escott Reid, *Envoy to Nehru* (Toronto: Oxford University Press, 1981), and *Radical Mandarin: The Memoirs of Escott Reid* (Toronto: University of Toronto Press, 1989).

commissioner, John Kearney, travelled to London for his initial education on India.

Bilateral ties were initially characterized by close cooperation. India's political stability and future in the Commonwealth were the key issues in the relationship that Canadian politicians and officials grappled with from 1947-49. Prior to independence, future Prime Minister Jawaharlal Nehru suggested that he could not see any future for a free India in the Commonwealth because of Britain's dominant role in that organization and the elevated status of the crown over the members. But Nehru soon saw the security, trade, and political advantage of a continued Indian presence in the Commonwealth. He concluded that India should stay in that organization provided it could remain a republic.

The British government desired India's presence within the Commonwealth, and Prime Minister Louis St. Laurent and his secretary of state for external affairs, Lester Pearson, were willing to cooperate with the British in helping support a solution to achieve this goal.³ The DEA recognized that, for strategic and political purposes, it was more important to have India in the Commonwealth than outside of it, especially insofar as Soviet machinations in Asia were concerned.⁴ Ottawa was therefore willing to support a change in constitutional status for India so long as it did not jeopardize Canada's relations with the crown or lead to a common citizenship. At the April 1949 Commonwealth prime minister meeting in London the participants agreed that an Indian republic could remain. This decision revolutionized that body, turning it in a multiracial forum while keeping India aligned to a pro-western organization, albeit a loosely affiliated one, and Nehru recognized the supportive role played by Canada.⁵

Proponents of the "special relationship" theme also pointed to the warm reception awarded to Nehru during his first visit to Canada in late October 1949. Before arriving in Ottawa, Nehru travelled first to the United States. By all accounts the visit was a disaster, as Washington and New Delhi disagreed on the threat of communism in Asia. The Americans

3 For an examination of Canada's Commonwealth policy towards India from 1948-49, see Hector Mackenzie, "An old dominion and the new Commonwealth: Canadian policy on the question of India's membership, 1947-49," *The Journal of Imperial and Commonwealth History* 27, no. 3 (September 1999): 82-112.

4 Library and Archives Canada, RG 2 vol. 248, File 1-13 India, "Memorandum for the secretary of state for external affairs: India and the Commonwealth," 16 March, 1949.

5 Ryan Touhey, *Dealing with the Peacock: India in Canadian Foreign Policy 1941-1976*, PhD dissertation, University of Waterloo, 2006, 75.

thought Nehru to be naïve and arrogant, and he thought them to be excessively rigid and their worldview obtuse.⁶

By comparison, Nehru's brief visit to Canada was a success. The St. Laurent government and officials in Ottawa had placed increased importance on India's role in Asia and sought to cultivate a close relationship with Nehru as he enjoyed a meteoric rise as an international statesman.⁷ The change in atmosphere was not lost on Nehru. He wrote home that it was "odd and interesting to notice the marked difference between the US and Canada in many ways."⁸ This is not overly surprising. Nehru's predominantly British education and Anglophile sensibilities affected his predilection for Canada and Canadian officials, many of whom shared similar Oxbridge connections. The politicians and officials were less rigid in their worldview and were interested in what he had to say. Nehru met with St. Laurent and Lester Pearson, and believed that the environment enabled him to speak frankly, and he did so, stressing that Russian imperialism, not ideological communism, posed a greater danger to the world.

Within weeks of the visit Canadian officials had begun preparation for the Commonwealth foreign ministers conference in Colombo, Ceylon. The January 1950 Colombo conference was significant for numerous reasons. It introduced a number of key Canadian officials, such as Escott Reid and Pearson, to the plight of south Asia—particularly the endemic poverty—and allowed them to become better acquainted with the participating Asian officials. Only one member of the Canadian party, Arthur Menzies, had lived and travelled in Asia. No SSEA had previously travelled to Asia, and

6 The American secretary of state, Dean Acheson, recalled in his memoir that his meeting with Nehru had "made a deep impression on me. I was convinced that Nehru and I were not destined to have a pleasant personal relationship. He was one of the most difficult men with whom I have ever had to deal." *Present at the Creation: My Years in the State Department* (New York: W.W. Norton & Company Ltd., 1969). A similar view was held by George McGhee, assistant secretary of state, who thought that the Anglophile Nehru "came to America with a chip on his shoulder toward American high officials, who he appeared to believe could not possibly understand someone with his background." See George McGhee, *Envoy to the Middle World* (New York: Harper & Row, 1983), 47.

7 Touhey, *Dealing with the Peacock*, 76. Ryan Touhey, *Dealing with the Peacock: India in Canadian Foreign Policy 1941-1976*, Ph.D dissertation, University of Waterloo, 2006, 76.

8 Letter from Jawaharlal Nehru to V.K. Krishna Menon, 24 October, 1949. See S. Gopal, ed., *Selected Works of Jawaharlal Nehru* 13 (New Delhi: Jawaharlal Nehru Fund, 1992), 410.

Pearson and a number of his officials such as Reid and Douglas LePan were shaken by the poverty that they encountered in their travels throughout the region. Their impressions shaped the DEA's position in successfully lobbying the Department of Finance and cabinet to support what eventually became the Colombo plan for aid and development assistance. This marked Ottawa's first foray into the field of development aid, and over the next 25 years India became the main recipient of Canadian aid.

As the negotiations for the Colombo plan were finalized across various Commonwealth capitals, Ottawa and New Delhi also became mutually engaged on security issues in east Asia. During the early stages of the Korean War, both countries communicated and cooperated frequently at the United Nations attempting to keep the conflict from escalating. It was at this juncture that the first leitmotif articulated by Escott Reid, the main promoter of the "special relationship," reached its pinnacle.⁹ Canada's third high commissioner to India, Reid arrived during the apex of bilateral ties. In Reid's estimation, Nehru's India was the most important country in Asia—if not the world—and he worked feverishly in New Delhi to strengthen Canada's political and economic links but with little success, as officials and politicians in Ottawa began to rebuff his overtures. Reid's tenure in India is arguably best remembered not as a golden era of a special relationship, but rather as the period that sowed the seeds of discord and apathy in the relationship that still linger, albeit to a diminishing extent.

And herein lies the second leitmotif in the bilateral relationship—that of grievance and betrayal. As the 1950s progressed, politicians and officials within the DEA increasingly soured on India and its cherished policy of nonalignment. These same individuals believed that India followed a double standard. India accepted western aid but criticized the west and its Cold War policies, while simultaneously ignoring the abuses of the Soviet Union, such as Moscow's brutal quelling of the Hungarian revolution. St. Laurent, Pearson, and John Diefenbaker all expressed frustration with Indian officials and with Indian foreign policy. This was exacerbated by the fact that none of these individuals ever felt fully at ease with Nehru and could not

⁹ See Reid, *Envoy to Nehru; Radical Mandarin*. Historian Greg Donaghy has written a sympathetic but convincing assessment of Reid's time in New Delhi. See "The most important place in the world: Escott Reid in India, 1952-57," in Greg Donaghy and Stéphane Roussel, eds., *Escott Reid: Diplomat and Scholar* (Montreal & Kingston: McGill Queen's University Press), 2004.

generate a warm rapport. Pearson and Diefenbaker were far more comfortable with the Pakistanis who they saw, in Pearson's words, as "more like ourselves."¹⁰ The result was that over time top-down political direction evaporated.

Two striking examples of this betrayal were the international commissions for supervision and control (ICSC) in Indo-China and the debate over nuclear nonproliferation. In 1954, Canada, India, and Poland were invited to participate on the ICSC that was intended to supervise the settlement that ended the war between the French, communist, and nationalist forces in Indochina, especially in partitioned Vietnam. Canada would serve as a representative of the west, Poland of the communist bloc, and India would be neutral so that the commission would ostensibly be "politically balanced." The commissions continued from 1954-73, and became a festering sore on Indo-Canadian bilateral relations, as Ottawa and India had misjudged the willingness of the other to compromise on key issues of difference.¹¹

Canadian perceptions of India were partly responsible for Ottawa's disillusionment. Many in Ottawa believed that shared educational ties through an Oxbridge education, similar legal traditions, and a shared colonial heritage would lead both parties to interpret the rules and findings of the ICSC in the same light. But the Canadians gradually realized that India had its own foreign policy interests in Indochina, with the Indians seeing the North Vietnamese not simply as communists but also as nationalists. To the Canadians, the Indians were aggravatingly partisan, often ignoring North Vietnamese transgressions while frequently siding with the Poles to report South Vietnamese or American violations of the agreements. As a result, the Canadians also became more partisan, seeking to expose North Vietnamese violations. A generation of young Canadian diplomats returned to Ottawa distrustful of the Indians, and they rose in the ranks of the DEA wielding influence on the direction of bilateral relations.

The sense of betrayal was also fuelled by a bitter disagreement over nuclear proliferation. In the spring of 1955, the Canadian government announced that it would transfer a reactor to India under the auspices of the Colombo plan, partly to secure India's loyalty as the Cold War heated up, and also for economic advantages, as Ottawa sought to carve out a niche

¹⁰ Touhey, *Dealing with the Peacock*, 213.

¹¹ See Robert Bothwell, "The further shore: Canada and Vietnam," *International Journal* 56, no. 1, (Winter 2000-2001): 89-114.

for itself in the nuclear export market. Good intentions, however, do not guarantee success. In late April 1956, Nehru and Reid formally signed the Canada-India reactor (CIR) agreement in New Delhi, but questions concerning the application of International Atomic Energy Agency safeguards, inspections, and the sale of uranium to India remained unsettled for the next three years, as both sides entered into a series of protracted discussions. After a final round of increasingly tense discussions, both sides agreed in November 1959 on watered-down safeguards. The arrangement was kept secret.¹² New Delhi's decision to retreat from its earlier position was not based on any great epiphany concerning safeguards. Rather, the Indians appeared to underestimate their ability to manufacture the necessary uranium rods and needed Ottawa to supply them.

The Canadian government soon suspected that India's nuclear program was not wholly committed to peaceful purposes. Despite these concerns at the official and political level, CANDU nuclear reactors were sold to India in 1963 and in 1966. Each sale involved arduous negotiations as Ottawa sought to play catch-up and impose stricter safeguards on the CANDUs that the Indians resisted. The Canadian government had some success achieving tighter safeguards but not to the extent the DEA negotiators had hoped. This was partly because Pearson believed that if the Indians were pushed too hard, New Delhi would go elsewhere and neither he, nor his SSEA, Paul Martin, were willing to risk alienating the Indian government. It also reflected the growing indifference Pearson paid to the bilateral relationship during his time as prime minister. India was never a foreign policy priority.¹³

Within months of the final CANDU sale, the Indian government expressed doubts about the merits of the forthcoming nonproliferation treaty (NPT), arguing that the treaty provided a double standard in favour of the current nuclear "haves." In 1968, the Indians declared that they would not sign the NPT. There was little Ottawa could do, despite repeated

12 Greg Donaghy, "Nehru's reactor: The origins of Indo-Canadian nuclear cooperation, 1955-59" in Christopher Sam Raj and Abdul Nafey, eds., *Canada's Global engagements and Relations with India* (New Delhi: Manak Publications, 2007), 275-76.

13 See Ryan Touhey, "Troubled from the beginning: Canada's nuclear relations with India during the 1960s," in Karthika Sasikumar and Wade L. Huntley, eds., *Canadian Policy on Nuclear Cooperation with India: Confronting New Dilemmas* (Vancouver, BC: Simons Centre for Disarmament and Non-proliferation Research, 2007).

attempts to persuade New Delhi otherwise. Nuclear cooperation, a prized ideal a decade earlier, had become a source of divergence rather than convergence.

The ICSC and nuclear safeguards were but two examples of Ottawa's and New Delhi's inability to find common ground when national interests were at stake.¹⁴ The ICSC hit its nadir between the summer of 1964 and the spring of 1965, as Marcel Cadieux (the undersecretary for external affairs) and Paul Martin criticized the Indians at the highest levels in both Ottawa and New Delhi. One stunning example of the impact that the ICSC had was that following India's decision not to sign the NPT Canada's high commissioner in New Delhi, James George, concerned that relations risked becoming stagnant, proposed annual bilateral consultations. George's proposal met fierce resistance in the DEA, led by officials who had served on the ICSC, and was quickly discarded. It was clear that officials in Ottawa had placed relations with India on the periphery. Their political masters did not object and the election of the Trudeau government in 1968 did little to change this. Trudeau was indifferent to India, channelling his energies towards China and, later, Japan. The result was a policy drift in Ottawa towards India highlighted by the fact that between 1955 to 1983, no SSEA visited India.¹⁵

Ottawa was shaken from its lethargy in May 1974 when New Delhi announced that it had successfully tested a so-called peaceful nuclear device. It was widely suspected that the Indians had extracted the necessary plutonium from the CIR. Nuclear cooperation had dwindled because of India's unwillingness to sign the NPT but Ottawa still supplied crucial parts and training for the CANDU reactors. And it was this remaining cooperation that the Trudeau government quickly targeted. Outraged and suggesting that the Indians had betrayed the CIR agreement, Ottawa announced that all nuclear assistance was suspended pending cabinet review. The Indians misjudged Ottawa's angered reaction, believing it to be sanctimonious. But they swiftly agreed to participate in a series of high-level discus-

14 See LAC RG 25 vol. 6790, dispatch no. 461, "Ronning to the SSEA," 19 May 1960. Ronning was Canada's high commissioner to India from 1957-64. In this dispatch, he cautioned Ottawa that relations were based on mutual ignorance. Neither country shared much common ground or could exercise influence on the other. The successes of the early years were, in his view, an anomaly.

15 Moreover, no formal Canadian review of bilateral relations with India occurred from 1956 until 1973.

sions that took place in Ottawa in August 1974 and New Delhi in March 1975. The talks appear to have produced a compromise that the Trudeau cabinet rejected in March 1976.¹⁶ A wounded relationship was effectively dead and bilateral ties were reduced to residual links of aid and immigration.

1976-2001: BILATERAL INDIFFERENCE

The period between 1976 and 2001 was one of prolonged bilateral indifference permeated by the collective and institutional memory of discord by officials on both sides. Immigration and the ongoing Canadian International Development Agency (CIDA) projects became the main societal and governmental links as both countries expressed tepid interest in the other. This slowly changed in the mid-1990s as Ottawa observed the improving Indian economy and sought to strengthen trade links. But progress was restricted by Ottawa's furious reaction to India's nuclear tests at Pokhran in 1998 and New Delhi's declaration that it was now a nuclear state.

Increased immigration from South Asia reflected the broadening multicultural direction of Canadian society, but it also had a darker undercurrent that illustrated another strain between Ottawa and New Delhi. A significant portion of the immigration was composed of non-Hindus, some of whom brought longstanding grievances against the Indian government to Canada. The most notable example of this were the Sikh militants in Canada who supported an independent Sikh homeland in India. Following a series of bloody sectarian clashes in India that culminated in 1984 some elements within the Sikh-Canadian community responded violently to these events and the result was the bombing of an Air India flight, departing from Montreal in 1985, and the death of all 329 passengers. This tragic event overshadowed bilateral relations in the 1980s. Although Ottawa and New Delhi cooperated in the aftermath of the Air India bombing, New

16 For a detailed examination of the DEA and Trudeau government's reaction to the Indian test see Touhey, "Dealing with the peacock," and Mary Halloran's assessment in "Mrs. Gandhi's bombshell: Canadian reactions to India's nuclear detonation, 1974-1976 in Canada's global engagements and relations with India" in Christopher Sam Raj and Abdul Nafey, eds., *Canada's Global Engagements and Relations with India* (New Delhi: Manak Publications, 2007).

Delhi could only express frustration that Canadian authorities had not moved earlier to confront this new problem.¹⁷

Bilateral indifference continued into the 1990s as India recovered from the assassination of two prime ministers, and New Delhi focused on salvaging a sagging economy while patching up sectarian wounds. But this slowly changed, largely because of the successful implementation of economic reforms by then-Finance Minister Manmohan Singh that began to transform the Indian economy. The impressive economic growth fostered by Singh's economic reforms was noticed in Ottawa, prompting the minister of international trade, Roy MacLaren, to lead a major trade mission to India in 1994, the first of its kind from Canada to India on such a scale. The mission reflected a newly developing belief in Ottawa that India was no longer a peripheral international player. Soon after, the newly christened Department of Foreign Affairs and International Trade (DFAIT) published a trade-themed document entitled "Focus India: Building a Canadian-India trade and economic strategy."

To ensure the Indians understood where Ottawa's interests lay, Prime Minister Jean Chrétien led a sizeable "Team Canada" trade mission to India in January 1996. Consisting of seven provincial premiers, two federal cabinet members, and with representatives from 204 companies, the mission was designed to serve a number of purposes, such as raising Canada's profile in India and creating new contacts at governmental and private-sector levels, while emphasizing Canada's industrial and technological abilities. The mission was regarded as a success on the trade front, sparking a further spate of ministerial and private sector visits into 1997. But Chrétien's foreign policy advisor, James Bartleman, observed that the visit had not led to a "breakthrough in Canadian-Indian relations," citing the continued grievances that remained from the 1974 test.¹⁸ The theme of betrayal still resonated at high governmental levels.

Still, tension had eased sufficiently for Foreign Minister Lloyd Axworthy to travel to India acting as head of a delegation of parliamentarians and business people. Axworthy acknowledged the revitalized place India had in Canada's worldview during a speech in Kolkatta. He exclaimed

17 While sectarian relations in the Indo-Canadian community are fairly harmonious, some fissures still remain. See *The Vancouver Sun*, "Sikh, Hindu Groups unite to foster friendship," 17 August 2007, B7.

18 James Bartleman, *Rollercoaster: My Hectic Years as Jean Chrétien's Diplomatic Advisor 1994-1998* (Toronto: McClelland & Stewart, 2005), 226.

that India “is emerging as one of the major world players of the 21st century. Canada recognizes this, and we want to give India the priority it deserves in our foreign relations.”¹⁹

But this tune quickly changed. During Axworthy’s tenure, relations hit a new low. The Indians had long abandoned Nehruvian-style foreign policy under Indira Gandhi for a tougher, more realist approach to security and defence issues. The nationalist Bharatiya Janata Party (BJP) government expanded on this theme. Within the first six weeks of its election in March 1998, the BJP conducted a series of underground nuclear tests on 11 and 13 May. The action fuelled a bout of sabre-rattling as a stunned but defiant Pakistan reciprocated with its own round of tests, generating concerns about an arms race on the subcontinent and, worse, a possible nuclear war between the two foes.

Reaction in Ottawa harkened back to 1974, as Ottawa shrilly denounced the tests, and Axworthy sought and won cabinet support to swiftly mobilize the government against the BJP’s actions. The angry official response was accompanied by a series of targeted measures. Ottawa announced the recall of its high commissioner; CIDA aid worth \$54.5 million over five years was cancelled; talks on trade expansion were suspended; all military exports to India were banned; Ottawa opposed nonhumanitarian loans to India by the World Bank and announced that it opposed New Delhi’s bid for a permanent seat on the United Nations security council. Moreover, Ottawa sought to rally G8 and international support against the tests, warning that the Indian and Pakistani tests represented a severe challenge to the nonproliferation regime and threatened regional stability.

The sanctions were, in the end, more detrimental to Canada than India. Ottawa’s strategy left little space for compromise. Axworthy’s dedication to nonproliferation essentially demanded that India abandon its nuclear weapons program. As in the past, neither side would compromise. Canada’s influence with India, weak to begin with, was reduced even further, showing the limitations of Ottawa’s ability to project soft power diplomacy. Bilateral political relations entered into another, albeit brief, period of calculated neglect and this undermined the efforts at trade promotion initiated earlier in the decade.

19 DFAIT, Statements 97/1, see “Notes for an address by the honourable Lloyd Axworthy, minister of foreign affairs to the partnership summit of the confederation of Indian industry,” Calcutta, India, 10 January 1997, wo1.international.gc.ca.

TIMES CHANGE: RAPPROCHEMENT 2001-06

With Axworthy's retirement from politics in 2000, coupled to India's continued economic rise, Ottawa adjusted its approach. It was evident that Ottawa's response to Pokhran had achieved no tangible result in influencing India's nuclear weapons policy. Furthermore, as was the case in 1974, the bulk of Canada's allies, particularly in the G8, had either eased their own sanctions or abandoned them in favour of resuming normal relations with India. In a major policy reversal, the new minister of foreign affairs, John Manley, announced on 21 March 2001 that Ottawa wished to "pursue the broadest political and economic relationship with India. Canada will encourage bilateral ministerial visits, resume full CIDA programming in India, including industrial cooperation, and provide support to culture and sports."²⁰ The government still expressed deep concern about the proliferation of nuclear weapons but appeared to be following the American strategy of compartmentalizing the disagreement so that other facets of the bilateral relationship, particularly economic, could be developed and pursued.²¹

The BJP's positive response to the change of tone in Ottawa culminated in a joint statement in October 2003 in New Delhi by then-prime ministers Chrétien and Vajpayee. The overly optimistically titled "Partners for the 21st century" articulated that both countries had common interests and were committed to augmenting the volume of trade and investment. Security discussions were to be enhanced along with civil society linkages. Moreover, Canada's representation in India was to be increased through the creation of a consulate general in Chandigarh and the appointment of a trade representative in Chennai.²² There was also talk of formalizing an annual dialogue on bilateral and global issues at the foreign minister level—an idea that had been debated (and quickly scotched) by Canadian officials 35 years earlier due to the acrimony generated by the Indochina commissions. To date, no such annual forum has been created.

20 DFAIT, news release 35/01, see statement by the minister of foreign affairs on re-engagement with India, 20 March 2001, <http://international.gc.ca>.

21 This included the resumption of Canada's longstanding history of military exports in 2002 to India that had been banned following India's nuclear testing. The ban was lifted and India purchased \$2.7 million of ship machinery components, but some restrictions were maintained.

22 See joint declaration by India and Canada, 24 October 2003, www.geo.international.gc.ca.

When Chrétien departed from office in November 2003, his successor, Paul Martin, sought to build on the progress begun earlier and visited New Delhi in January 2005. His discussions focused on review of bilateral relations, and international and regional issues, particularly Afghanistan and India's ongoing dialogue with Pakistan. Canada's participation in the Afghanistan conflict and India's geopolitical interests in the region afforded the two countries common ground to discuss global security issues in a way not possible since the Korean War.

The change in Ottawa's tone was noted. Then-High Commissioner Shashi Tripathi enthusiastically remarked that, "over the last two or three years, we have moved into directions that are new. There is a depth and breadth to our collaboration that's mind boggling...the future looks good."²³ While it is questionable how much "depth" there is in the contemporary relationship, Ottawa's efforts have borne some fruit in fostering new areas of bilateral cooperation while strengthening others.

2006 TO THE PRESENT: THE CONSERVATIVE ERA AND THE CHALLENGES AHEAD

The election of the Conservative minority government in 2006 has not reduced the tempo of efforts since 2001 to re-evaluate and expand relations with India. Ottawa, with the support of new driving forces, is responding to India's economic and geopolitical transformation. The Harper government has made India a "key priority" and through doing so is showing a desire to move further away from the historical spite of the past in setting course for a new foreign and trade policy agenda that seeks to strengthen relations, especially economic, trade, and investment relations. Within months of the 2006 federal election, Conservative MP Deepak Obhrai floated the possibility of a Canada-India free trade agreement. This idea has gained traction in Ottawa as Ted Menzies, parliamentary secretary to the minister of international trade, recently raised the possibility of an Indo-Canadian free trade agreement in New Delhi on 12 March 2007. This visit was followed by International Trade Minister David Emerson's visit to New Delhi in April.²⁴

23 Peter Schneider, interview with Shashi Tripathi, Indian high commissioner to Ottawa, *Embassy Magazine*, 11 August 2004.

24 The new Indian high commissioner, R.K. Narayan, is keen on cultivating trade ties, noting in an April interview that he is "pleased to learn of Canada's interest in partnerships with India in economic matters, and lauded recent high-level visits to India by Canadian politicians, saying this is an indication of awakening interest in his country," *Embassy Magazine*, 11 April 2007, www.embassymag.ca.

There are two examples that point to Ottawa's interest in pursuing this direction. Firstly, Ottawa has taken an active interest in further developing the embryonic science and technology (S&T) cooperation agreement initially proposed by India and supported by the Martin government. Secondly, both countries concluded a foreign investment protection act (FIPA) in June 2007. In November 2005, both countries signed a joint declaration to enter into a S&T agreement. The agreement is designed to encourage the development of cooperative activities in science and technology for peaceful purposes between government research institutions, companies, and universities and colleges. And Ottawa has initiated several bilateral workshops to enhance bilateral collaboration in areas such as alternative energies; health biotechnology; and food technology.

Meanwhile, the FIPA is intended to strengthen economic relations between the two countries. Ottawa is rightly modest about the anticipated initial impact, noting that two-way foreign direct investment—estimated to be approximately \$528 million—will remain relatively meagre in the short term.²⁵ There are some encouraging signs. Major Indian firms such as Birla and Essar Global have been purchasing and investing in Canadian companies. This hints at the strong potential for growth. The FIPA negotiations represent the first time that Ottawa has attempted to carve a foothold to secure improved access for Canadian firms in what it now views as a priority market.²⁶

In addition to governments and private businesses, a key driver of the new approach is the Indian diaspora community. The Indo-Canadian com-

25 DFAIT, media inquiries bureau, 13 July 2007. It should be noted an Asia Pacific Foundation survey conducted in 2004 found that "Canadian firms sold 2.5 times more in services to their Indian clients and had investments that were at least 2 1/2 times greater than official figures reported by Statistics Canada." Nizar Assanie and Yuen Pau Woo, "What works, what doesn't in the Indian market," Asia Pacific Foundation of Canada, Vancouver, 2004.

26 Trade statistics between the two countries suggest mixed results. While trade volumes have improved in Canada's favour between 2002-06, Canada's share in India's trade has been decreasing since 2002. India's share in Canada's trade has shown paltry growth. In 2002, Canada exported \$655 million to India while importing \$1.3 billion. In 2006, Canada exported \$1.5 billion to India and imported \$1.9 billion. On the negative side, Canada's share in India's trade has been decreasing while India's share in Canada's trade has shown paltry growth. See trade data online, Industry Canada, May 2007, www.strategis.ic.gc.ca.

munity is increasingly playing a role in helping solidify economic and cultural linkages, although it remains less influential than its American equivalent. Immigration from India had been restricted under a system of negotiated quotas in the early 1950s but the quotas were opened up under the Diefenbaker government. This had a profound impact. In 1962, only 529 immigrants arrived from India. But between 1968 and 1984, 126,129 Indians immigrated to Canada. Today, next to China, India is the second largest source of immigration to Canada. Between 2001 and 2005 139,994 immigrants from India came to Canada with immigration increasing from 30% in 2005 from 2004.²⁷ Immigration will continue to play a pivotal role in Canada's cultural and economic relations with India as the size and political awareness of the diaspora strengthens. The number of Indo-Canadian politicians in provincial and federal legislatures is at a high, as are the number of active Indo-Canadian stakeholder groups taking a vested interest in the development of bilateral ties. And, in the domain of cultural industries, the recent success of Indo-Canadian-produced films—including Deepa Mehta's *Water* and Vic Sarin's *Partition*—and the literary successes of author Rohinton Mistry indicate the weaving of Indian culture and Indo-Canadian artists into the Canadian cultural mainstream.

This is not a case of one-way traffic. Canada's post-secondary education institutions are showing increased interest in India as a source of students and partnerships. During the past three years, there has been a rush amongst post-secondary institutions and provincial trade delegations visiting India due to the significant economic and demographic allure of recruiting from the enormous pool of Indian students who are unable to obtain a place within the competitive Indian system but still wish to pursue higher education.

Increasing awareness of Canadian educational opportunities in India is only one aspect of this issue. From an economic perspective, stronger educational partnerships can contribute to bilateral trade and investment relations, and, most importantly, to increased productivity and competitiveness. Canadian institutions can also benefit from the lucrative possibilities afforded through the international knowledge economy of creating new research, exchange, and curriculum partnerships with Indian institutions. Institutions including Simon Fraser University and York University and several commu-

27 See www.asiapacific.ca.

nity colleges are designing innovative new arrangements with Indian counterparts and bringing in third-party support from the private sector.

But there are challenges. As has often been the case in the history of the trade and investment relationship between the two countries, educational institutions are uncertain how to enter into what is a complex market while negotiating a foreign regulatory regime that is still difficult to penetrate and understand. And almost all institutions that presently have some linkage with India raise the issue of Canada's VISA processing times as a deterrent for prospective students interested in Canadian opportunities. Canada also suffers from a lack of "market recognition" in contrast to key competitors from Australia, Britain, and the United States who benefit from nationally integrated strategies, significant government resources, and major private and institutional investments. The vague perception that most Indians have of Canada has been exacerbated by the woefully inadequate amount that Ottawa spends on public diplomacy purposes there.²⁸

However, even with an infusion of fiscal resources, Ottawa's efforts to orchestrate provincial and individual post-secondary educational cooperation in India are hampered by the lack of federal jurisdiction in this area. Ontario, Quebec, and British Columbia have shown a tendency to "go it alone" in dispatching education missions, suggesting that the provinces are ahead of Ottawa on this front. It is estimated that anywhere from 90,000 to 120,000 Indian students annually travel overseas to pursue higher education. Of this figure, approximately 6,500 come to Canada. By comparison, Australia, one of the most successful nations in establishing an educational presence in India, benefits from a coordinated and centralized national strategy. As a result, 35,000 to 37,000 Indian students are currently enrolled in Australian schools. Education needs to be seen as a larger part of Ottawa's economic expansion and public diplomacy goals in India with far greater coordination than presently exists.

The litmus test that will illustrate to what extent Canada and India have successfully exorcised their historical demons rests with whether they can work past their longstanding schism on the NPT file. Recently, two of Ottawa's closest allies have come to terms with India on this matter. Events are moving astonishingly quickly and Ottawa may find itself in an awkward

28 For 2007-08, the Department of Foreign Affairs and International Trade has been allotted \$1 million to spend on public diplomacy projects. Of that share, the Canadian high commission in India will receive \$50,000. In 2006, the figure was zero.

position of having to play catch-up as it did with negotiating nuclear bilateral safeguards with India in the 1960s.

The recent and controversial US-India civil nuclear cooperation deal is in many respects more about Washington's desire to improve overall bilateral relations with India and reflective of India's emergence as an emerging world power.²⁹ The pact still has to be approved by the US congress and India requires clearances from the nuclear suppliers group of nations (of which Canada is a member) that governs global civilian nuclear trade. But already Australia has expressed its support for the US-India deal. Canberra has announced that it will negotiate a uranium trade pact with India to help the latter meet its burgeoning fuel demands. However, first India will have to successfully conclude its nuclear partnership pact with Washington and then Canberra will expect India to agree to international inspections of its nuclear power plants.³⁰ This marks a profound change in Australian policy that in the past only permitted uranium sales to NPT signatories, but the decision to proceed with the sale is motivated by the calculation that bilateral relations will benefit considerably from the uranium trade. And Canberra has adopted the intriguing tactic of connecting the deal to curbing global warming, reasoning that a little bit of sugar helps the medicine go down.

Neither Canberra nor Washington is burdened with the same historical baggage on the nuclear cooperation front as is Ottawa. However, there are signals that Ottawa is overcoming its historic allergy to dealing with a nuclear India. It is evident that the gradual progress that has occurred since 2001 stems in part from an unofficial strategy of endorsing the American approach of "segregating its disagreement with India on nuclear weapons, while proceeding to improve bilateral relations in all other issue areas."³¹ By this approach Ottawa still acknowledges that its existing nonproliferation

29 Under the deal, all of India's civilian nuclear power plants will come under the supervision of the International Atomic Energy Agency. The agreement will allow India bilateral civilian nuclear cooperation with the Americans for the first time in over 30 years, giving New Delhi access to US nuclear fuel and equipment.

30 "Australia now willing to sell uranium to India, prime minister says," *International Herald Tribune*, 16 August 2007; See Greg Sheridan, "India to buy our uranium," *The Australian*, 26 July 2007.

31 See Ashley J. Tellis "What should we expect from India as a strategic power?" in Henry Sokolski, ed., *Gauging US-Indian Strategic Cooperation* (Washington: Strategic Studies Institute, March 2007), 235.

policy continues to prohibit full nuclear cooperation with India. Canada continues to call on India to accede to the NPT as a non-nuclear weapon state, although it is less vocal on the topic than in the past. However, it is uncertain as to what extent the Harper government endorses DFAIT's non-proliferation stance vis-a-vis India. During his address to a conference on Canada's bilateral relations with India held at the Department of Foreign Affairs in December 2006, the Foreign Affairs parliamentary secretary, Deepak Obhrai, avoided mention of India's nuclear weapons program.

This does not mean that Ottawa will abandon its support for the NTP. But the government is in a delicate position. If Canada chooses to oppose the deal at the NSG—where every member holds a veto—it risks not only jeopardizing recent bilateral gains with India, but will surely alienate Washington, which has made the India deal a high priority and where it enjoys bipartisan support. Some consideration to alternative arrangements must therefore be envisaged that will allow Ottawa to achieve its goals without compromising its nonproliferation values or India's great-power ambitions. Taking a longer view, Ottawa must consider whether maintaining the status quo on its nuclear policy with New Delhi will become detrimental to Canada's national interests if it wants to expand the relationship beyond commercial relations and build a comprehensive relationship that includes consultation and cooperation.

In recent decades, geopolitical considerations have not had the same cachet in Ottawa's relations with India as they have had in Washington or even in Canberra. While the 2005 Canada-India joint statement called for the need to pursue the broadest political and economic relationship with India, it appears that the economic aspect is more important than the strategic, and possibly more attainable. The Canada-India working group on counterterrorism, established in 1997, remains the only longstanding and annual fixture in the recent history of the relationship with an emphasis on jointly identifying security priority areas and sectors for specific cultivation.³²

Canada has an opportunity to engage with a democratic India on multilateral and regional security issues in a way that has not occurred since the Korean War. Canada's military, development, and diplomatic commitment to Afghanistan is noticed in New Delhi, which has its own vital interests in a stable, secure, and India-friendly Afghanistan. With the curtailment in

³² The CIJWGT is one of the few bilateral security related forums that India maintains even after the stormy reaction following Pokhran.

2006 of Canada's decades-old formal aid program to India there is one less mechanism with which to promote institutional partnerships.³³ Similarly, the once-valuable Commonwealth connection has diminished in importance.

Perhaps Canada, as with India's status in the Commonwealth, can work with likeminded countries such as Australia to support India's bid for membership in APEC. India was rebuffed in 1997 at the Vancouver summit and a 10-year membership moratorium was put in place.³⁴ Since 2001, APEC has broadened its traditional mandate of trade and economic liberalization and has added security, antiterrorism, tourism, and SARS issues to its agenda. All of these are matters of interest to Ottawa and New Delhi and, despite its failure to be admitted in 1997, there still remains support in India for the idea of joining APEC, even as it has surged ahead of other Asian economies since the Asian meltdown.³⁵

Current signals suggest that Ottawa is likely to focus on a number of trade, investment, and economic goals before cultivating a more multilayered relationship. There remains much to do even with this specific focus. For over a generation, bilateral relations between the two countries have been neglected due to historic differences. These differences are becoming less important, though vestiges, such as on the NPT, clearly still exist. In an era of Indian ascendance, getting New Delhi's attention will demand new resources and new attitudes on both sides. But as the bitterness of historical enmities recede, new possibilities have opened. The question now is where both parties intend to go from here.

33 In the early 1970s an impoverished India was receiving approximately 40 percent of Canada's total foreign aid.

34 After failing to support India's application to join APEC in 1997, Australia lobbied to have India admitted to APEC at the this year's meeting in Sydney, but Washington opposed it on the grounds that it would have to allow the entrance of one southeast Asian nation and one from Latin America to maintain a regional balance.

35 See Yuen Pau Woo, "A review of the APEC membership debate and prospects for India's admission after 2007," paper presented at the APEC study centre consortium meeting in Vina del Mar, Chile, May 2004.; See also "India and APEC," *The Hindu*, 13 January 2007, and "APEC membership can offer India many benefits," *Hindu Business Line*, 6 August 2007.