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Advancing Canada-India Trade

Why a Comprehensive Economic
Partnership (CEPA) Matters

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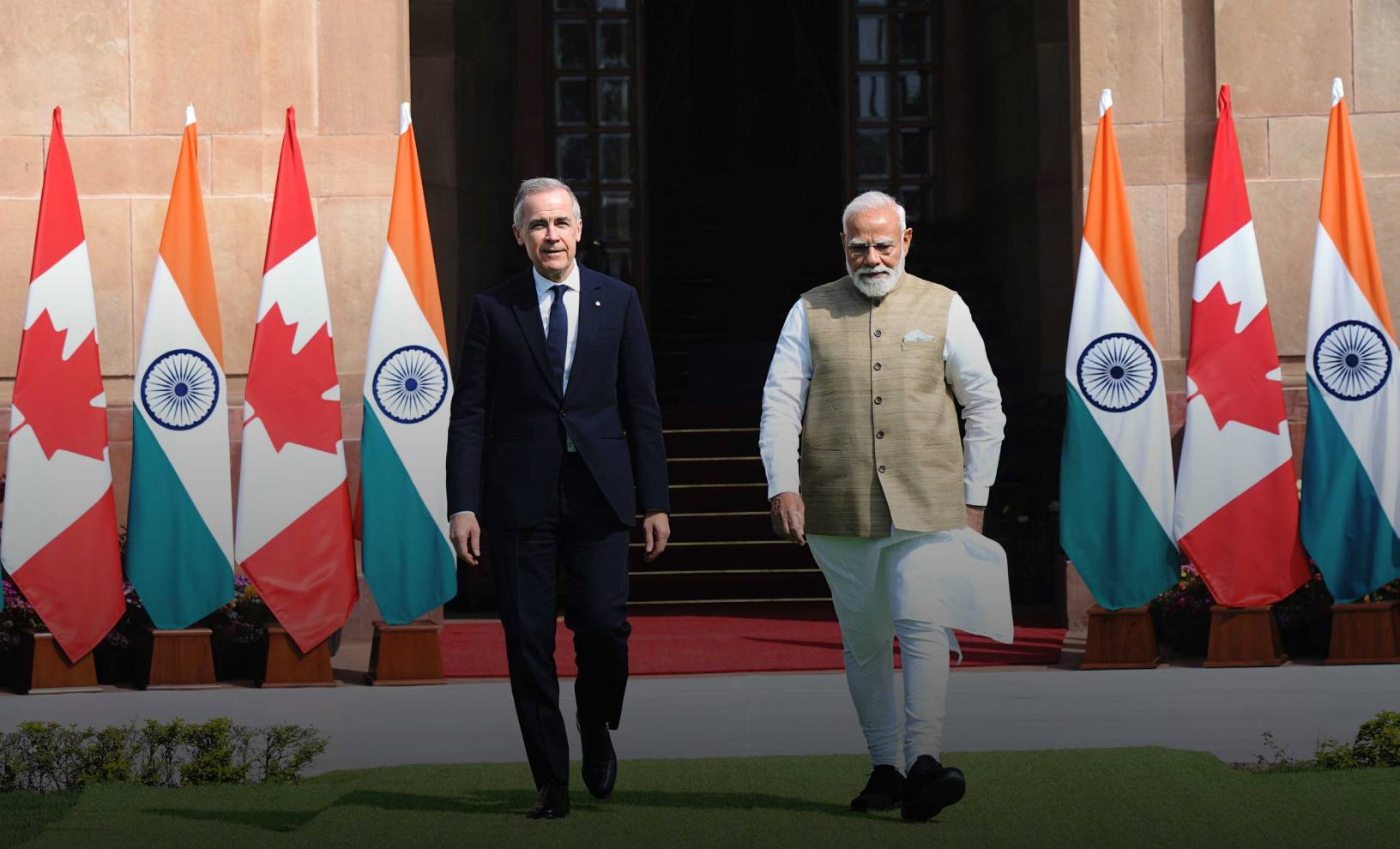


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Advancing Canada-India Trade:

Why a Comprehensive Economic Partnership (CEPA) Matters

EXECUTIVE SUMMARY

**By Tanya Dawar, Vina Nadjibulla,
and Suvolaxmi Dutta Choudhury**

Canada-India economic relations are at an inflection point. Following the diplomatic reset initiated in mid-2025, the two governments announced they were re-launching negotiations on a Comprehensive Economic Partnership Agreement (CEPA) during Prime Minister Mark Carney's four-day visit to India from February 27 to March 2, 2026. This announcement comes at a moment of profound upheaval in the global trading system, increasing tariff volatility, and accelerated trade diplomacy by Canada and India with other major economies.

Two-way trade between Canada and India reached approximately [C\\$31 billion](#) in 2024. Yet the structure of that trade reveals both vulnerability and untapped potential. Canadian merchandise exports remain concentrated in a narrow band of agricultural and resource products, while services exports—especially education-related travel—have driven much of the recent growth but are now declining following immigration policy changes.

India, meanwhile, is rapidly expanding its preferential trade network with partners including Australia, the United Arab Emirates, the European Free Trade Association (EFTA), the United Kingdom, the European Union, the United States, and others. Without preferential access, Canadian exporters would risk a gradual erosion of their competitiveness in one of the world's fastest-growing markets.

KEY TAKEAWAYS

- 1. Canada-India trade, while substantial, is structurally imbalanced and under-leveraged.**

Two-way trade has been driven heavily by services—particularly education-related travel. However, merchandise trade remains modest relative to economic size, and Canada’s exports are highly concentrated in a narrow band of agricultural and resource products.
- 2. Canada’s services surplus with India is vulnerable to policy shocks.**

Services trade—especially travel linked to international students—has powered recent growth in bilateral trade. But changes in immigration policy and study permit reductions in 2024–25 have already begun to reduce Canadian services exports. A more resilient Canada-India economic partnership must shift toward higher-value commercial services, including digital, financial, engineering, and R&D collaboration.
- 3. Tariff asymmetry leaves Canadian exporters disadvantaged in India’s fastest-growing sectors.**

Canadian goods face Indian tariffs ranging from moderate (5–10%) to prohibitive (up to 125% on automobiles). Meanwhile, India has concluded trade agreements with Australia, the UAE, EFTA, the U.K., and others, granting competitors preferential access. Without a Comprehensive Economic Partnership Agreement, Canadian firms will continue losing market share in sectors where Canada is globally competitive.
- 4. Canadian provincial export strengths align closely with India’s growth priorities.**

Ontario’s advanced manufacturing and critical minerals; Quebec’s aerospace, forestry, and metals; British Columbia’s energy, copper, and LNG; Saskatchewan’s agri-food, potash, uranium; and Alberta’s energy and agri-food all have sectoral complementarities with India’s industrial, energy, and infrastructure expansion. The economic case for a CEPA is regionally grounded.
- 5. Investment ties are large but have been impacted by recent political tensions**

Canadian portfolio and pension investments in India remain significant but have slowed. Indian investment in Canada has declined sharply following political tensions and heightened scrutiny under the Investment Canada Act. A CEPA with modern investment protection provisions could help stabilize and expand two-way capital flows.
- 6. Energy and critical minerals could anchor a broader economic reset.**

The C\$2.6 billion deal to supply uranium to India, secured on March 2, signalled the two countries’ renewed energy co-operation, which also includes trade in liquefied natural gas (LNG), crude oil, clean fuels, and critical minerals. Translating this political momentum into commercially viable projects will help build trust and create tangible wins to underpin a wider trade agreement.
- 7. A CEPA is no longer optional—it is strategic.**

In an era of U.S. tariff volatility and China-related economic risk, trade and economic diversification has become a strategic imperative. India is negotiating trade agreements at speed with other major economies. Unless Canada follows through on the recent CEPA commitment, Canada will forfeit the opportunity to gain preferential access to the Indian market and risk strategic marginalization in one of the world’s fastest-growing economies.



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I. THE STRATEGIC CASE FOR A CEPA

The global trading environment has shifted dramatically. Supply chains are being reconfigured, geopolitical competition is reshaping economic policy, and traditional trade relationships are under strain. For Canada, excessive dependence on a single export market has become an increasingly visible vulnerability.

India is a compelling diversification partner. With a population exceeding 1.4 billion and an economy projected to become the world's [third largest](#) by 2030, India is expanding industrial capacity, infrastructure, energy consumption, and manufacturing output at scale.

Yet, without a trade deal, Canada will lack preferential access to the Indian market. Canadian exporters face [tariffs](#) ranging from moderate to prohibitive levels — including up to 125% on automobiles; high duties on agri-food exports such as pulses (30%), dried chickpeas (53%), and yellow peas (30%); and additional tariffs across industrial sectors, including forestry products (up to 10%), metals such as iron and steel (up to 9%), and advanced machinery and equipment (8-10%).

At the same time, India has now concluded or advanced trade agreements with Australia, Japan, South Korea, the UAE, EFTA, the U.K., the EU, and the U.S. These agreements are progressively reshaping competitive dynamics in the Indian market. For instance, Canadian lentils face a 30% tariff, while Australia benefits from a concessional [15% in-quota tariff](#) (up to [150,000 tonnes](#)) under the India-Australia ECTA, with 30% applied only beyond the quota.

The diplomatic reset initiated by Prime Ministers Narendra Modi and Mark Carney in 2025, followed by PM Carney's visit to India from February 27-March 2, creates an opportunity to anchor bilateral ties in a durable economic architecture. A CEPA would:

- Improve tariff competitiveness
- Strengthen investment protections
- Enhance regulatory co-operation
- Expand services market access
- Provide institutional guardrails for long-term economic engagement

II. THE CURRENT STRUCTURE OF BILATERAL TRADE



Figure 1; Source: [Trade Data Online](#), Government of Canada

Merchandise Trade: Concentration and Opportunity

Canadian goods exports to India have grown modestly over the past decade, reaching roughly [C\\$5.3 billion](#) in 2024. Imports from India, by contrast, have expanded more rapidly, exceeding C\$8 billion, widening Canada’s trade deficit.

Canadian exports are highly [concentrated](#) in a limited number of sectors—primarily pulses (lentils and peas), potash, coal, and mineral ores. The top five product categories account for more than half of total merchandise exports (see Table 1 in Appendix). This concentration exposes trade to commodity price swings, tariff changes, and regulatory shifts.

Indian exports to Canada are more diversified, spanning pharmaceuticals, electronics, textiles, seafood, automotive components, and petroleum products.

A [2022 study](#) found that the Canada–India trade opportunity was significantly under-leveraged, with Canadian exports

performing 242% below predicted levels in 2017–2019. Sectoral gaps were particularly pronounced in agri-food (56% below potential) and manufacturing (57% below potential). Economic modelling further estimated that a comprehensive Canada–India trade agreement could raise two-way trade by approximately [C\\$8.8 billion](#) annually.

The opportunity is significant, but it requires structural reform.

Services Trade: Strength and Vulnerability

Services trade has been the most dynamic component of the bilateral trading relationship. Canadian services exports to India increased from just under [C\\$1.16 billion](#) in 2014 to more than C\$14 billion in 2023, driven largely by travel exports linked to international students.

By 2023, Indian nationals accounted for roughly [21 per cent](#) of Canada’s travel services exports, representing a meaningful contribution to Canadian GDP.

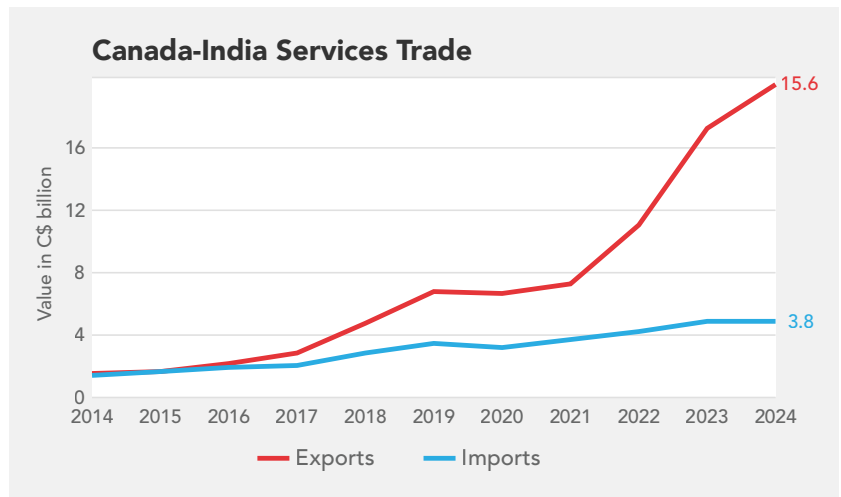


Figure 2; Source: [Statistics Canada](#), Government of Canada

However, changes in Canada’s immigration and study permit policies have begun to reverse this trend. Services exports declined by 8.4% between the [first three quarters](#) of 2024 and 2025, signalling the fragility of an education-dependent surplus.

To sustain growth, Canada–India services trade must diversify toward:

- Digital and cloud services
- Financial and insurance services
- Engineering and technical services
- Research and development collaboration
- Advanced manufacturing support services

India’s recent trade agreements with the U.K. and the EU prioritize services liberalization and professional mobility—areas where Canada holds competitive strengths but lacks preferential access.

III. INVESTMENT: SCALE, SLOWDOWN, AND STABILIZATION

Canadian direct investment in India has increased substantially over the past decade, reaching [C\\$5.63 billion](#) in 2024. Portfolio investment—largely driven by pension funds and asset managers—has expanded even more dramatically, totalling approximately [C\\$42.8 billion](#).

While India has become one of Canada’s largest Indo-Pacific investment destinations, two-way investment flows have softened in recent years. Canadian pension investment activity slowed beginning in 2021, particularly in the [finance sector](#). Indian investment in Canada declined sharply in 2023 and 2024, driven by political tensions and [divestment](#) from mining, oil and gas, and select manufacturing sectors. Heightened scrutiny under Canada’s Investment Canada Act, particularly in critical minerals and strategic sectors, was an additional source of caution.

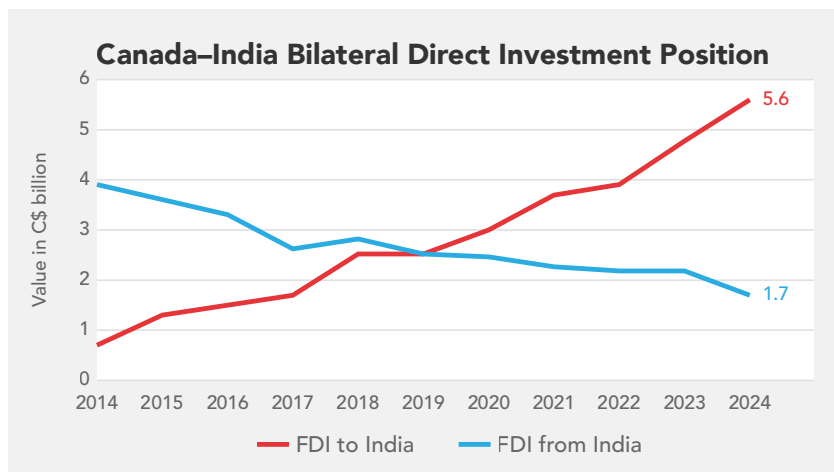


Figure 3; Source: [Statistics Canada](#), Government of Canada

With diplomatic re-engagement underway, investment sentiment appears to be stabilizing. A CEPA that includes modern investment protection provisions could:

- Restore investor confidence
- Clarify dispute resolution mechanisms
- Provide regulatory transparency
- Strengthen intellectual property rights protection to support technology and innovation partnerships
- Support long-term capital flows in energy, critical minerals, infrastructure, and innovation

IV. PROVINCIAL ALIGNMENT: SUBNATIONAL TRADE FLOWS

The economic case for a Canada-India CEPA is grounded in subnational realities. Canada’s top five provinces by total merchandise trade with India—in order, Ontario, Quebec, British Columbia, Saskatchewan, and Alberta—each has sectoral strengths aligned with India’s growth trajectory.

anchored in manufacturing and industrial inputs rather than primary commodities, led by metals and aluminum scrap, steel, copper, and lead (21.4%), electronics and machinery (14.5%), and forestry products (5.2%) — sectors that align closely with India’s infrastructure development and industrial expansion.

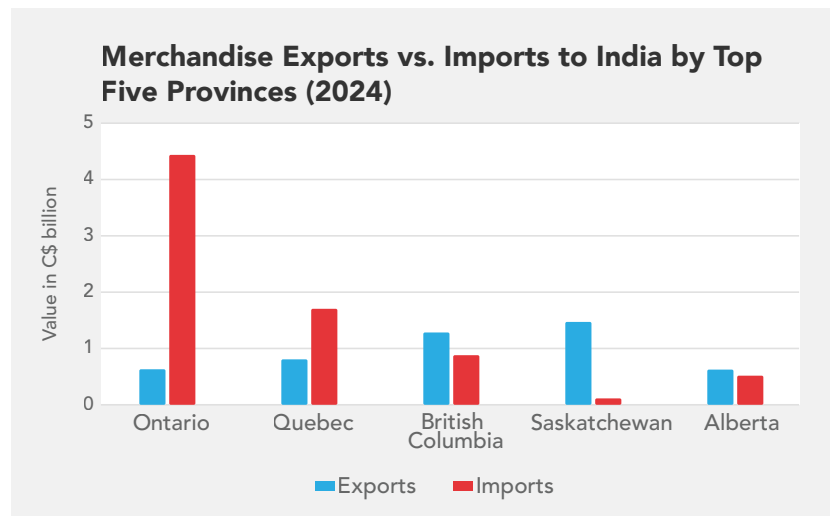


Figure 4; Source: [Trade Data Online](#), Government of Canada

ONTARIO

Ontario’s advanced manufacturing, critical minerals, gold, machinery, and automotive production align with India’s expanding industrial base.

Ontario’s trade relationship with India is characterized by modest export growth of roughly **16%** over the past decade, alongside a sharp 129% increase in imports, resulting in a trade deficit that has widened by approximately 173% — nearly tripling since 2015.

Ontario’s export profile to India is among the most diversified in Canada. The top 10 product categories accounted for just **41%** of provincial exports in 2024, compared to the broader national pattern where the top five products exceed 50%. Trade is

Ontario’s leading exports — representing roughly 25% of its exports to India — face **tariffs** in the 5-9% range, including 9% on media equipment, 8% on injection-moulding machinery, 5% on ferrous scrap of iron and steel, and 6.7% on lead-acid accumulators scrap. While moderate in absolute terms, these duties place Canadian exporters at a competitive disadvantage relative to countries benefiting from preferential market access.

Across Ontario’s key export sectors, Canada’s major competitors either benefit from existing trade agreements with India — including Singapore, Japan, the UAE, and the U.K. — or have concluded negotiations pending ratification, as in the case of the EU and the U.S. Others, such as Saudi Arabia, are advancing trade discussions, further expanding India’s preferential trade network.



Figure 5; Source: [Trade Data Online](#), Government of Canada

High-potential export products

Gold: India applies a 10% tariff on gold — Ontario’s largest global export — reducing price competitiveness in a market that accounts for roughly 11% of global gold imports. By contrast, the UAE benefits from a 1% concessional tariff quota under the India–UAE CEPA, highlighting Canada’s preferential disadvantage.

Automobiles: Ontario-made automobiles face tariffs of up to 125%, limiting market entry despite India being the world’s third-largest automobile market, with annual passenger vehicle sales of approximately 4.4 million units. Recent India-U.K. and India-EU trade agreements include quota-based tariff reductions for automobiles, including electric vehicles, creating preferential access pathways for British and European manufacturers that are not currently available to Canada.



Figure 6; Source: [Trade Data Online](#), Government of Canada

QUEBEC

Quebec’s aerospace, forestry, metals, and advanced materials exports complement India’s infrastructure and aviation growth. Over the past decade, Quebec’s trade trajectory with India has been marked by moderate export growth of approximately 23% alongside a pronounced 81% increase in imports, resulting in a trade deficit that has widened by roughly 217% — more than tripling since 2015.

Quebec’s export profile to India is more concentrated

than that of other Canadian provinces. In 2024, the top 10 product categories accounted for approximately 60% of provincial exports, reflecting a sectorally narrow but strategically aligned trade structure.

This trade is anchored in resource-based and advanced industrial sectors, led by forestry products (33%) — particularly newsprint and wood pulp — followed by metals and aluminum scrap and steel (13%), aerospace exports such as aircraft and parts (10%), and pharmaceuticals and chemicals (4%). These sectors align closely with India’s infrastructure expansion, aviation demand, and industrial supply-chain needs.

Quebec’s leading exports to India face tariffs ranging from 3–10%, including 10% on newsprint, 5% on wood pulp, and 10% on certain aerospace components, while aircraft in the mid-weight category face duties of approximately 3%. While moderate in absolute terms, these tariffs can constrain competitiveness in high-value sectors.

Preferential asymmetries are particularly visible in forestry and aerospace trade. For instance, Canadian newsprint exports face a 10% tariff, while competitors such as Australia benefit from duty-free access under a bilateral agreement with India. Similar competitive pressures exist across aerospace and metals supply chains, where multiple suppliers operate under preferential or equal tariff regimes.

High-potential export products

Large aircraft: Quebec’s largest global export category — aircraft weighing over 15,000 kg — represents a significant long-term opportunity in India, which accounts for roughly 11% of global imports. Although India applies a relatively modest 3% tariff, exports have stalled in recent years, suggesting that procurement partnerships and industrial co-operation frameworks with countries such as France, the U.S., and Russia — rather than tariff levels alone — are key market-entry constraints. A CEPA that includes a government procurement chapter granting

Canadian firms access to India’s public procurement market, similar to provisions in the [India-U.K. trade agreement](#), could strengthen Quebec’s positioning in India’s expanding aviation ecosystem.

Aluminum (unwrought alloyed, non-alloyed): Aluminum is Quebec’s second-largest global export category but remains limited in the province’s India-bound trade. India sources much of its non-alloyed aluminum from Oman (which signed a CEPA with India in [December 2025](#)) and alloyed aluminum from Malaysia, which benefits from duty-free access under the ASEAN-India FTA. Canadian aluminum currently faces a [7.5%](#) import duty. With India’s aluminum demand projected to grow [sixfold](#) by 2047, tariff reductions could improve Quebec’s price competitiveness and support greater market penetration.

BRITISH COLUMBIA

British Columbia’s energy exports (coal, crude), copper ores, LNG potential, and wood products align with

B.C.’s export structure to India is highly concentrated. In 2024, energy products — including bituminous coal and crude petroleum oil— accounted for 57% of exports, followed by metals and minerals such as copper ores (22%) and forestry products, primarily wood pulp (8%). Together, these three sectors represented more than 88% of total provincial exports to India, underscoring B.C.’s resource-oriented trade profile.

Among B.C.’s leading exports, bituminous coal (45%) faces a relatively low [tariff](#) of 3%, competing on similar terms with suppliers such as the U.S., South Africa, and Russia. Copper ores and concentrates (22%) also face a 3% tariff, but Canadian exporters are disadvantaged compared with suppliers from Australia, Chile, and Indonesia, which benefit from duty-free access under their respective trade agreements with India. In forestry products, wood pulp exports face duties of approximately 5%, where competitors such as the U.S. and New Zealand — having concluded trade negotiations with India — are

positioned to secure preferential access once agreements enter into force, while Chile is advancing negotiations toward similar concessions.

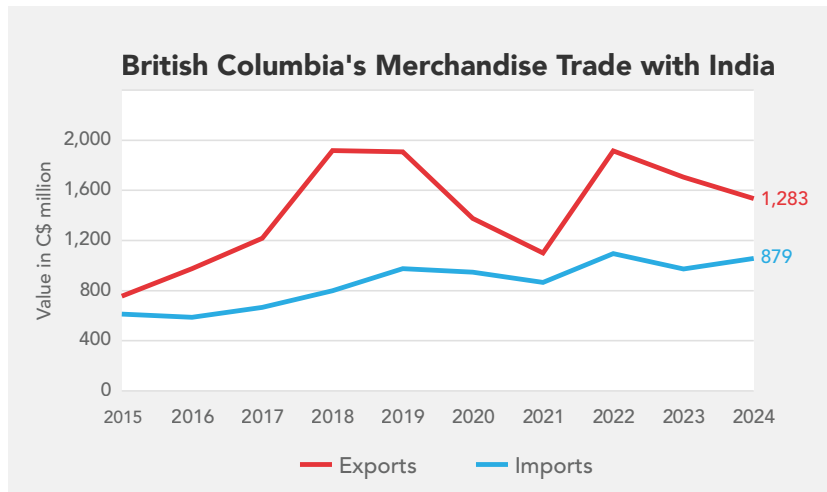


Figure 7; Source: [Trade Data Online](#), Government of Canada

India’s energy and industrial demand. Between 2015 and 2024, B.C.’s exports to India increased by approximately [104%](#), while imports rose by roughly 72% over the same period. As a result, the province’s trade surplus expanded by nearly 251%, reflecting the strength of its resource-based export profile despite significant year-to-year volatility driven largely by commodity price [fluctuations](#), particularly in crude petroleum oil.

High-potential export products

Natural gas (LNG potential):

Although India applies a 0% tariff on natural gas, British Columbia does not currently export this product to India in gaseous form. India’s import demand is concentrated in LNG, pointing to medium- to long-term export opportunities as Canadian liquefaction capacity and West Coast export

infrastructure continue to expand.

Liquefied propane: India accounted for approximately

[13%](#) of global propane imports in 2024, yet B.C. currently does not supply this market. While freight distance presents cost challenges relative to Middle Eastern suppliers, improved trade frameworks and long-term supply contracts could support diversification efforts on both sides.



Figure 8; Source: [Trade Data Online](#), Government of Canada

SASKATCHEWAN

Saskatchewan’s pulses, potash, uranium, and agri-food products directly support India’s food and fertilizer security. Despite leading Canadian provinces in exports to India, Saskatchewan has experienced a decline in export values over the past decade. Exports fell by approximately [22%](#) between 2015 and 2024, reflecting volatility in global commodity prices — particularly potash, one of the province’s largest export categories. Imports from India, while comparatively small, increased by roughly 155% over the same period, resulting in a trade surplus that narrowed by approximately 26%.

Saskatchewan’s export structure is highly concentrated. In 2024, agricultural products — including lentils, peas, and chickpeas — accounted for [69%](#) of exports, followed by fertilizers (potassium chloride) at 27% and forestry products at 3%. Together, these sectors represented more than 99% of Saskatchewan’s exports to India, underscoring the province’s heavy reliance on agri-food and fertilizer trade.

Tariff barriers are particularly pronounced in agriculture. Lentils face duties of [30%](#), peas are subject to tariffs of [30%](#), and chickpeas face rates as high as 53%. While India maintains protective policies toward its agricultural sector, Canada’s competitors benefit from preferential arrangements. Australia, for example, receives lower in-quota tariffs on lentils under its bilateral agreement, while Tanzania enjoys duty-free access for chickpeas under India’s Duty-Free Tariff

Preference scheme for least-developed countries. Fertilizer exports such as potassium chloride face a more moderate tariff of 8%, broadly in line with other suppliers; however, improved market access could support expanded exports, given an estimated [untapped potential](#) of at least C\$145 million by 2030 and continued [growth in demand](#) in the Indian market.

High-potential export products

- **Crude petroleum:** Saskatchewan’s largest global export category is not currently shipped to India,

despite India applying a 0% tariff on crude oil imports. As New Delhi seeks to diversify supply amid geopolitical pressures surrounding Russian oil imports, Saskatchewan could emerge as a complementary supplier, particularly as Canada expands export diversification strategies and supporting infrastructure.

- **Natural uranium:** Saskatchewan has not exported uranium to India since 2020 following the lapse of the 2015 [supply agreement](#). However, India plans to expand its nuclear capacity [twelvefold](#) by 2047 and open the sector to greater private participation. On March 2, 2026, the two countries finalized a new uranium supply agreement (2027–2035), valued at approximately [C\\$2.6 billion](#), which could significantly strengthen long-term trade ties in the energy sector.
- **Canola seeds and products:** With Canadian canola exports still facing [tariff-related](#) uncertainty in China — historically Canada’s largest canola export market — Saskatchewan producers are seeking alternative markets. Although India does not currently import significant volumes of canola seeds, evolving price dynamics in its edible oil market — including rising mustard oil prices and renewed imports of canola oil via the [UAE](#) — suggest potential openings for future diversification.

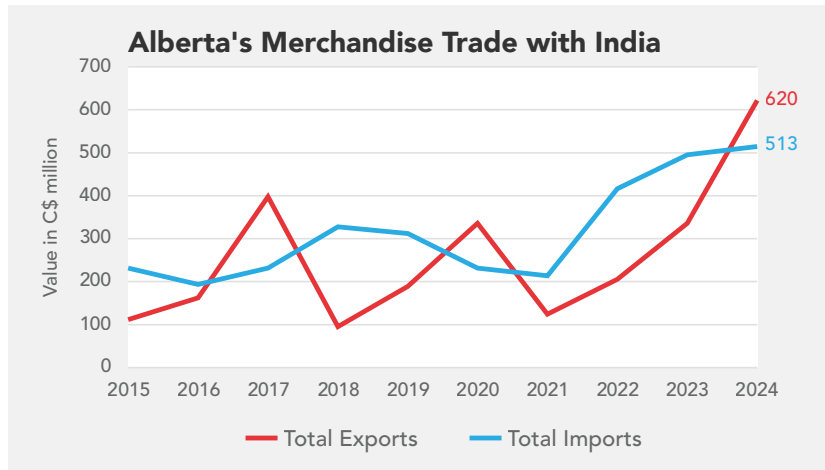


Figure 9; Source: [Trade Data Online](#), Government of Canada

ALBERTA

Alberta’s energy, petroleum products, nickel, and agri-food commodities match India’s rising consumption and industrialization. Provincial export structures demonstrate strong complementarities. The barrier is not supply capacity—it is market access and tariff asymmetry.

Between 2015 and 2024, Alberta’s exports to India increased by approximately 454%, rising from C\$112 million to C\$620 million. Imports also grew by roughly 124% over the same period. As a result, Alberta’s trade balance shifted from a deficit in 2015 to a modest surplus in 2024, despite fluctuations driven by commodity price cycles.

Alberta’s export profile to India is concentrated across agriculture and industrial inputs. In 2024, agricultural products — particularly peas and lentils — accounted for 63% of exports, followed by metals and minerals such as nickel and copper (18%), and forestry and energy products including wood pulp and coal (6%). Together, these sectors represented more than 85% of Alberta’s total exports to India.

Tariff exposure is uneven across sectors. Peas, which account for roughly 50% of Alberta’s exports to India, face tariffs of 50%, while lentils are subject to duties of 30%, placing Alberta exporters at a disadvantage relative to competitors such as Australia, which benefits from preferential in-quota access under its bilateral agreement with India. In contrast, nickel exports enter India duty-free (0%), while wood pulp and bituminous coal face

relatively modest tariffs of 5% and 3%, respectively, though competition in these markets remains intense.

India’s growing demand for industrial inputs — including [wood pulp](#), expected to expand significantly over the coming decade, and continued reliance on coal for power generation — suggests that improved market access could further strengthen Alberta’s export footprint.

High-potential export products

- **Petroleum oil (crude):** Alberta’s largest global export category is not currently a significant component of trade with India, despite India applying a 0% tariff on crude oil imports. With the [Trans Mountain Pipeline Expansion \(TMX\)](#) operational since 2024, Alberta crude can now reach Pacific Coast terminals and access Asian markets more efficiently. As India seeks to diversify its crude supply, Alberta could emerge as a complementary supplier in the medium to long-term.
- **Natural gas (LNG potential):** Although Alberta exports substantial volumes of natural gas globally, it does not currently supply India, which applies a 0% tariff on natural gas. India’s imports are concentrated in LNG, sourced [primarily](#) from Qatar, the UAE, and the U.S. As Canada expands LNG export capacity, future opportunities could emerge to integrate Alberta gas into India’s energy diversification strategy.

Taken together, these provincial trade landscapes underscore that the economic case for deeper Canada–India engagement is national in scope. Beyond the five leading provinces examined above, additional opportunities extend across Atlantic Canada and the Prairies in seafood, agri-food, paper products, critical minerals, manufacturing inputs, gems and jewellery — including gold and diamonds — and energy supply chains.

Notably, recent visits by provincial leaders — including British Columbia’s premier ([January 2026](#)), Ontario’s Minister of Economic Development ([February 2026](#)),

and the premiers of New Brunswick and Saskatchewan alongside Prime Minister Mark Carney (in February-March 2026) — signal that Canadian engagement with India is accelerating at both the national and subnational levels. India is the third-largest export market for both New Brunswick and Saskatchewan after the U.S. and China. New Brunswick’s premier has signalled an

intent to [expand partnerships](#) in forestry, advanced manufacturing, technology, and education, while [Saskatchewan](#) is seeking to expand exports of uranium, potash, agri-food commodities, petroleum, and critical minerals. This coordinated outreach reflects a broader national strategy to diversify trade and strengthen the economic relationship.

V. ENERGY AND CRITICAL MINERALS: ANCHORING THE RESET

Minister of Energy and Natural Resources Tim Hodgson’s [visit](#) to India at the end of January 2026 marked the relaunch of the Canada–India Ministerial Energy Dialogue and the issuance of a [Joint Statement](#) on Energy Cooperation. This was followed by two new memoranda of understanding on critical minerals announced by the two governments on March 2, 2026. For both governments, expanding co-operation in conventional and clean energy provides a practical way to restore confidence while aligning long-term economic interests.

The structural logic for deeper energy engagement is compelling. India is projected to account for more than one-third of global energy demand growth over the next two decades. Already the world’s third-largest oil consumer and fourth-largest LNG importer, India relies heavily on imports to sustain growth, with crude oil imports accounting for the vast majority of consumption. As New Delhi reassesses its energy sourcing amid evolving geopolitical pressures and trade negotiations with the U.S., diversification—not substitution—remains the guiding principle. India is expanding its portfolio of suppliers across fuels and jurisdictions. Canada is well-positioned to become part of that diversified mix—particularly in crude oil and uranium in the near term, and LNG and critical minerals over the medium term. In an environment

where reliability and regulatory stability carry increasing weight, Canada’s reputation as a rules-based energy producer strengthens its competitive case.

For Canada, energy co-operation with India is equally strategic. Canadian energy exports remain overwhelmingly concentrated in the U.S., exposing Ottawa to market volatility and policy risk beyond its control. The completion of the TMX pipeline expansion and the expansion of Pacific coast LNG capacity have created diversification pathways that did not previously exist. While commercial realities—pricing, refinery configuration, shipping economics, and long-term contracting—will ultimately determine flows, the structural barriers to Indo-Pacific energy trade are easing.

Beyond hydrocarbons, co-operation increasingly extends to uranium and critical minerals that underpin clean energy systems, advanced manufacturing, and supply-chain resilience. Long-term uranium contracts, integrated mineral value chains, and joint investment in processing and technology offer the potential to embed the relationship in durable economic interdependence. If translated into commercially viable agreements, energy can serve not only as proof of concept for the reset but as a bridge to a broader and more resilient comprehensive economic partnership.

CONCLUSION

Canada and India's economies are fundamentally complementary. Canada's strengths as a resource-rich, capital-abundant, and technology-advanced economy align closely with India's development priorities — including critical minerals for advanced manufacturing, energy supplies to sustain industrial growth, agri-food imports to enhance food security, and infrastructure investment to support rapid urbanization.

Canada's aerospace, clean-technology, and higher-education sectors further complement India's ambitions to expand domestic manufacturing capacity and upskill its workforce. In turn, India's globally competitive pharmaceuticals, electronics, textiles, and automotive components provide Canada with essential goods and industrial inputs in sectors where domestic capacity is limited. This structural alignment supports expanded co-operation across goods, services, investment, and digital trade.

Yet this complementarity remains under-realized. Significant tariff asymmetries persist across agriculture, manufacturing, and automotive sectors, compounded by non-tariff barriers such as regulatory requirements, sanitary standards, licensing systems, and business mobility constraints. Policy volatility in sensitive sectors — particularly agriculture — alongside geographic distance and broader political sensitivities, further complicates commercial engagement. The result is a bilateral economic relationship that falls short of its measurable potential.

This underperformance is particularly consequential in a shifting global trade landscape. As geopolitical

fragmentation, supply-chain disruptions, and protectionist pressures reshape international commerce, both Canada and India are recalibrating toward economic resilience and diversification. India, while outside large regional blocs such as Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), has accelerated bilateral trade diplomacy — concluding or advancing agreements with major economies across Asia, Europe, the Middle East, and the U.S. These agreements extend beyond tariff reduction, embedding government procurement access, digital trade disciplines, investment protection, sustainability commitments, mobility frameworks, and enforceable dispute resolution mechanisms (see Table 2 in Appendix).

Within this evolving architecture, securing comparable access is increasingly important for Canadian competitiveness. A CEPA would offer a structured mechanism to mitigate trade-related frictions, institutionalize regulatory co-operation, strengthen dispute resolution, enhance business mobility, and improve predictability for long-term investment and supply-chain integration. Complementary investment in trade-enabling infrastructure — including ports, rail corridors, and logistics systems — would further reinforce commercially viable flows.

A modern CEPA would provide an institutional foundation for sustained economic co-operation and support the shared objective of expanding bilateral trade toward the [C\\$70 billion](#) target by 2030.

APPENDIX

Table 1: Canada-India Bilateral Trade: Top 15 Exported and Imported Goods in 2024

Rank	Canadian Exports to India	Value (C\$'000)	Share in Exports to India	Canadian Imports from India	Value (C\$'000)	Share in Imports from India
1	Peas dried, shelled	788,875.9	15%	Medicaments in dosage form	722,072.1	9%
2	Lentils, dried, shelled	608,784.3	11%	Jewellery articles of precious metals	297,939.1	4%
3	Bituminous coal	602,072.4	11%	Smartphones	265,353.5	3%
4	Potassium chloride (>10 kg)	404,114.0	8%	Frozen shrimps & prawns	193,705.7	2%
5	Copper ores and concentrates	283,472.2	5%	Semi/wholly milled rice	161,877.9	2%
6	Newsprint in rolls or sheets	278,687.6	5%	Worked, non-industrial diamonds	152,482.8	2%
7	Wood pulp (mechanical & chemical)	228,122.0	4%	Petroleum oils (other than light/crude, >70% petroleum)	132,037.6	2%
8	Chemical wood pulp, dissolving grades	182,560.2	3%	Bed linen, of cotton	100,017.2	1%
9	Petroleum oils (bituminous minerals, crude)	158,528.9	3%	Transmissions for motor vehicles	95,186.0	1%
10	Diamonds, unsorted	141,937.9	3%	Parts of hydraulic/pneumatic engines/motors	92,367.1	1%
11	Waste and scrap, oaluminum	121,567.4	2%	Light oils and prep (with biodiesel, >70% petroleum)	76,744.9	1%
12	Ferrous waste and scrap, iron or steel	118,821.8	2%	Pneumatic tires for agricultural/forestry vehicles & machines	66,242.2	1%
13	Nickel, not alloyed	97,379.8	2%	Aluminum unwrought, alloyed	65,748.8	1%
14	Waste and scrap, stainless steel	50,121.3	1%	Transmission shafts and cranks	63,906.8	1%
15	Waste & scrap of paper/paperboard	47,735.4	1%	T-shirts, cotton, knitted or crocheted	52,803.4	1%

Source: [Trade Data Online](#), Government of Canada

Table 2: A Comparison of India’s Recent FTAs

Criteria	India-Australia ECTA	India-EFTA EFTA	India-UK CETA	India-EU FTA
Signed/ Concluded	Signed 2022 (In force)	Signed 2024 (In force)	Signed 2025 (Pending ratification)	Concluded early 2026 (pending signing & ratification)
Scope	14 chapters	14 chapters	30 chapters	20 chapters
Goods Liberalization for partner country	~90% of Australian exports by value; 85% eliminated at entry into force	~95.3% of EFTA exports liberalized; phased reductions	~92% of U.K.’s exports; significant staged reductions (e.g., autos, alcohol)	~97.5% of EU’s exports; staged reductions (e.g., autos, alcohol, machinery, chemicals)
Services & Investment	Market access in 135 sub-sectors; Foreign Investment Framework (no separate chapter)	Market access in 105 sub-sectors; chapter on Investment Promotion and Cooperation	Broad commitments incl. financial services, digital trade; No investment chapter	Market access in 102 Indian services sub- sectors; standalone Investment Protection Agreement (IPA) negotiated separately
Government Procurement	Not included	Included	Included	Not included
Mobility	Expanded visa pathways; post-study work rights	Temporary movement provisions; facilitation mechanisms	Mutual recognition frameworks; streamlined professional entry	Structured temporary entry for business visitors, ICTs, contractual service suppliers (37 sub- sectors), and independent professionals (17 sub- sectors)
Trade & Sustainable Development (TSD)	Limited sustainability provisions	Dedicated TSD chapter	Labour, gender, environment chapters included	Comprehensive, binding TSD chapter; climate, labour, gender, biodiversity
Small and Medium-Sized Enterprises (SME)	Not included	Not included	Dedicated SME chapter; SME portal; cooperation framework (non- enforceable)	SME chapter with public information portal and contact points; facilitative and transparency focused
Estimated Impact/ Strategic Target	US\$120 billion bilateral trade target by 2030	US\$100Bn investment commitment from EFTA over 15 years	Boost bilateral trade by US\$34 billion annually by 2040	Increase two-way trade by nearly 50% from 2024–25 levels

