

Canada and Emerging India

Contending Economic and Security Agendas

Louis A. Delvoie

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The Queen's Centre for International Relations (QCIR) is pleased to present the fifty-ninth in its Occasional Paper series. The Occasional Papers are intended to reach the policy-community and the broader public with short analyses of contemporary trends and issues in international security and in Canadian foreign and defence policy.

A former Canadian diplomat with extensive experience in South Asia, including as High Commissioner to Pakistan, Louis Delvoie assesses the prospects of Canada's relationship with India, an emergent economic and military giant dominating South Asia and seeking its rightful place in the concert of great powers. As India undertook to liberalize its economy and to engage fully in the globalizing post-Cold War world, Canada responded to the new trade and investment opportunities with the now-customary parade of Team Canada visits. Temporarily stymied by the crisis over the 1998 nuclear tests, and frustrated by the cautious response of Canadian business, the process of economic rapprochement has so far produced rather modest results – certainly so when compared to the figures for China.

Delvoie nevertheless sees a considerable upside for the relationship, while all the time cautioning us as to the serious political and cultural obstacles that stand in its way. Among these are continuing Canadian concerns about India's nuclear aspirations, the Kashmir issue, and broader regional tensions. The emphasis in the *International Policy Statement* on good governance and human rights will, he suggests, make it difficult for Canada to gloss over the corruption and rights-abuses endemic in Indian domestic politics. This paper highlights a tension inherent in Canadian policy: national-interest calculations, both economic and strategic; may direct us to seek closer ties with rising powers; inconveniently, many of those states (India is hardly alone in this) have foreign policies and domestic politics at odds, in important ways, with the values we profess and aspire to promote abroad.

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Charles C. Pentland
Director, QCIR

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Canada and Emerging India: Contending Economic and Security Agendas

In its international policy statement issued in April 2005, the Canadian government put considerable emphasis on the need for Canada to develop and expand its relations with newly emerging powers such as China, India and Brazil. It described these countries as “the key drivers of a new era of global economic growth” and said that “they will have a profound impact on Canada’s long-term economic future.”¹ What is striking, however, is that the government seems to envisage the challenges and rewards inherent in the development of these key relationships almost exclusively in economic terms with little reference to the political and security dimensions of its policy identified elsewhere in the statement. In so doing it may be ignoring, deliberately or otherwise, some of the pitfalls it is likely to encounter in maintaining a degree of policy coherence in its approach to these countries, as well as some of the obstacles to the achievement of its objectives.

In the case of India, the efforts of the Canadian government to re-invigorate a long dormant relationship date back to the mid-1990’s. They have so far had only a limited amount of success. In the words of the foreign policy statement “our relationship with India has underperformed in the past.”² Why is this so, and what are the prospects for Canada developing a close and broadly based relationship with India in the future? The short answer to these questions would seem to be that, under the right conditions, very real opportunities exist for the development of an enhanced and mutually advantageous economic relationship with India, but that numerous factors in both the conventional and human security domains will tend to constrain the breadth and depth of the relationship.

A Framework for Renewal

The ups and downs of the Canada-India relationship over its first forty years have been extensively described and discussed.³ They need not be recounted here. Suffice it to say that by the end of that time, the relationship was in the doldrums. As one Canadian scholar commented “As Canada and India entered the 1990’s, virtually all vestiges of the earlier ‘special relationship’ had vanished.”⁴

Another put it even more bluntly, saying that “South Asia has fallen off the Canadian agenda” and was “a black hole in the mind of Canadian diplomatic and academic practitioners.”¹⁵ That situation was to change in the early to mid-1990’s as a result of a variety of phenomena affecting the interests and policies of both countries. These phenomena were to create conditions propitious to a renewal or rejuvenation of the relationship.

In the case of India, three major factors came into play. The first was that by 1991 the Indian government was faced with a severe financial and economic crisis which forced it to undertake a painful re-assessment of India’s traditional economic policies. Under pressure from both the World Bank and the International Monetary Fund, the Indian government decided to launch an ambitious programme of economic reform, liberalization, deregulation and privatization. Although the process of reform was sometimes painfully slow due to strong internal opposition, it was nevertheless sufficiently significant in symbolic and real terms that it sent a clear message to the international community that India was determined to re-enter the world trading system. A second force for change was the collapse of the Soviet Union in late 1991. For India, this meant not only the end of its most important security relationship, but also of its premier trading relationship based on the so-called rouble-rupee exchange system. The Indian government was obliged to re-orient the country’s trade and to look increasingly to the West for export markets and for sources of investment. Finally, the 1990’s saw the long emerging Indian middle class, variously estimated at between 150 and 250 million, come into its own as an engine of entrepreneurship, industry and commerce, and as one of the world’s largest consumer markets. In all of this there seemed to be the makings of a new India, which saw its GNP, exports and levels of foreign investment grow rapidly between 1991 and 1995.

For Canada, the early 1990’s were characterized by deep economic gloom. The country was in the grips of a world-wide recession, from which it suffered more and longer than many other industrialized nations. Levels of economic activity were stagnant while levels of unemployment and bankruptcies were high. Governmental budgetary deficits and the size of the national debt were rising at rates which led to cries of alarm throughout the country, and were having an adverse impact on Canada’s currency and on its international reputation as a destination for foreign investment. The new Liberal government which came to office in 1993 went about systematically trying to reverse this situation. Among its policy orientations was a focus on exports as a vehicle of economic recovery. This meant not only exploiting to the fullest the opportunities created by the Canada-United States Free Trade Agreement of 1988 and by the recently concluded North American Free Trade Agreement, but also the active pursuit of new markets in the interests of trade expansion and diversification. This policy orientation was epitomized by the Team Canada missions which the Prime Minister led to a variety of countries in Asia and Latin America, as well as by the Asia Pacific summit meeting held in Vancouver in 1997 and the West-

ern Hemisphere summit meeting held in Quebec City in 2001. What is more, the strategy of pursuing an export led economic recovery proved its worth and encouraged the Canadian government to sustain the effort in both trade policy and trade promotion over the long term.⁶

An Economic Agenda

It was against this background that the Canadian government began to demonstrate a new interest in India as a potential economic partner.⁷ In October 1994, the Minister of International Trade, Roy MacLaren, led a major trade mission to India. Accompanied by 40 business people representing the engineering, electronics, telecommunications, and transportation sectors, MacLaren made it clear that the Canadian government was prepared to view India as “one of the most promising markets in the Asia-Pacific region for Canadian business,”⁸ and no longer as a country on the margins of its long-standing economic priorities in Asia. In a speech in Vancouver a few months later, MacLaren explicitly recognized India’s growing importance in the political-economy of the Asia-Pacific region:

Beyond the continued and rapid growth of Japan and the “Asian Tigers,” the region is the cradle for the emergence of two enormous and hitherto closed economies: China and India. More quickly than most realize, their emergence will send shock waves through the global economic system — shock waves that will need to be managed and ultimately absorbed, partly through membership in the new World Trade Organization but also through membership in APEC.⁹

Early in 1995, the Canadian government sent yet another major trade mission to India, consisting of 44 business people and led by Secretary of State, Raymond Chan. At the same time the Department of Foreign Affairs and International Trade (DFAIT) initiated an extensive process of consultations with provincial governments and with private sector corporations in order to develop a coherent strategy to pursue Canada’s trade and economic interests in India. The results of these consultations went into the publication in June 1995 of a well-researched and detailed document entitled *Focus India: Building a Canada-India Trade and Economic Strategy*. The stated purposes of this document were threefold: “to create a higher profile for India in Canada; to raise the awareness and interest of the Canadian private sector in this vast emerging market; and to coordinate government programs and activities in order to become a catalyst for increased private sector involvement in India.”¹⁰

While outlining a program of activities to be undertaken by the Canadian government, *Focus India* clearly placed the emphasis on the role of the Canadian private sector in exploiting the opportunities presented by the new India in

the fields of trade, investment, and joint ventures. Replete with sectoral analyses of key areas in which there appeared to be a particularly good “fit” between Indian requirements and Canadian capabilities (e.g., telecommunications, power generation, and environmental protection), the document also offered detailed advice on market conditions, sources of financing, and the availability of trade promotion support. Although *Focus India* was eloquent in explaining the size and potential of the Indian market, it was also imbued with realism in stressing that it “is not a market for the timid or uninitiated”¹¹ and that in spite of India’s economic reforms, “bureaucratic bottlenecks, conflicting or vague policies and guidelines, infrastructure problems, the importance of connections and cultural differences make India a difficult market to penetrate.”¹²

The positive reception accorded the publication of *Focus India* by the Canadian business community lay the groundwork for the Canadian government’s most ambitious endeavour yet to create a new and reinvigorated relationship with India. In January 1996 India was the focal point of a “Team Canada” mission to Asia. Led by Prime Minister Chrétien, the mission consisted of seven provincial premiers, two federal Cabinet ministers and some 300 business people representing 204 companies. The mission was to serve a variety of purposes: to raise the profile of Canada among India’s political and economic elites, to foster direct contacts and dialogue between the political leadership of the two countries, to highlight Canada’s industrial capabilities to the Indian business community, and to conclude a number of agreements and contracts. In the event, some 75 commercial agreements were signed in New Delhi and Bombay, worth approximately \$3.4 billion, and the mission was judged a resounding success by the Canadian government. In the words of Secretary of State Raymond Chan, the mission had served to “revitalize” the relationship and held out the prospect of “a very close, mutually rewarding and multi-dimensional relationship between India and Canada in the 21st century.”¹³

In the two years following the Team Canada mission, there was a noticeable increase in the number of bilateral exchanges and initiatives. A delegation of the Confederation of Indian Industry visited Canada in June 1996, and an official visit by the Indian Minister of External Affairs, Kumar Gujral, took place in September of that year. At the same time, the Canadian government announced its intention to strengthen its commercial staffs in New Delhi and Bombay, and to open new consular and commercial offices in Bangalore, Madras and Chandigarh. Subsequently the Canadian Export Development Corporation designated India as one of its three priority markets and undertook an active search for business in India. In 1997, it was the turn of Canadian Foreign Minister Lloyd Axworthy to visit India at the head of a delegation of business people and parliamentarians. Following his talks with Minister Gujral in New Delhi, it was announced that a Joint Ministerial Committee would be formed to facilitate consultations between the two governments on a wide range of political and economic issues. And in a speech in Calcutta, Axworthy set the tone for a new phase in the relationship when he said 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.”¹⁴

All of this activity by the Canadian government came to a grinding halt with the Indian nuclear weapons tests of May 1998 (see below), but after a hiatus of nearly three years it picked up speed again following the announcement in March, 2001 of the Canadian government’s intention to “re-engage” with India. There were visits to India by Deputy Prime Minister John Manley, Immigration Minister Elinor Caplan, Natural Resources Minister Herb Dhaliwal and International Trade Minister Pierre Pettigrew at the head of a large business delegation. During a visit to Ottawa by the Indian Minister of Power, the Canadian Export Development Corporation signed an agreement extending a \$115 million line of credit to India’s Power Finance Corporation to finance the supply of goods and services by Canadian exporters.¹⁵ And in an exercise reminiscent of the Focus India project of 1995, Pierre Pettigrew announced in 2002 the launch of a new South Asia Trade Action Plan, aimed at enhancing the Canadian business community’s awareness of the trade, investment and joint venture opportunities offered by the region.¹⁶ Most recently, in 2005, the Canadian government signed a landmark agreement with India in the fields of science and technology, fields which the government has indentified as key components in its emerging markets strategy.¹⁷

While all of those initiatives of the Canadian government are indicative of its determination and seriousness of purpose in developing a new economic relationship with India, the results to date, measured by the numbers, are somewhat less than overwhelming from a Canadian perspective. The trade figures in the following table illustrate the point:

CANADIAN TRADE WITH INDIA¹⁸
(MILLIONS OF CANADIAN DOLLARS)

Year	Exports	Imports
1992	525.0	280.2
1993	267.1	354.4
1994	282.3	458.8
1995	427.7	597.1
1996	341.6	603.8
1997	481.9	743.2
1998	414.4	898.6
1999	388.1	1,015.8
2000	541.0	1,232.1
2001	611.5	1,153.8
2002	617.1	1,327.3
2003	760.3	1,423.7
2004	875.3	1,576.2

These figures show no pattern of major or steady growth in Canada's exports to India over the last decade or so. Indeed, the only discernible pattern is of growth in India's exports to Canada. While the Canadian government trade missions to India were undoubtedly highly useful in establishing contacts and raising the Canadian profile in India, some of the hoopla surrounding them turned out to be no more than that. Many Canadian companies saw what they thought to be firm contracts fall through in the course of further negotiations. As Professor William Dobell has rather aptly remarked: "The Team Canada approach had expedited the contract signing, but it was powerless to overcome the local, state and bureaucratic hurdles remaining."¹⁹ Viewed from a more global perspective, the reality is that in 2003 India accounted for a miniscule 0.2 per cent of Canada's total exports and 0.4 per cent of Canada's total imports.²⁰

While the Canadian government has been successful in identifying opportunities and mutual interests in an enhanced trading relationship, it would appear to still have much work to do in selling the Indian market to the Canadian private sector. Whether due to lack of knowledge, earlier bad experiences or simply the ready availability of easier markets closer to home, there does not so far seem to have been a groundswell of interest in the Indian market among Canadian companies. Increased exports, investments and joint ventures will all be dependent in large part on the Canadian government's ability to further develop and sustain that interest.²¹ They will also be dependent on the nature and pace of the economic reform process in India. There continue to be powerful voices in India which are resistant to both liberalization and globalization on the grounds that they do not address India's central economic problem, which is poverty eradication; they advocate a return to a policy of economic self-reliance.²² In contrast, the Indian economist S.S. Bhandari points out that governments of varying stripes maintained the commitment to reform throughout the 1990's and that "it can be said with complete confidence that economic liberalism is now built into the Indian ethos."²³ Even he recognizes however that "managing the transition of the contemporary Indian economy, despite the fact that some remarkable success has already been achieved, is not going to be easy. Some major problem areas have to be dealt with, and hard core reforms require immediate attention and implementation."²⁴

The election in May 2004 of a new Indian government led by the Congress Party sent very mixed signals to those hoping for further reform of the Indian economic system. On the one hand, the new prime minister Mahmoan Singh, was widely perceived as the principal architect of the process of economic reform launched in the early 1990's, and he came to office committed to furthering that process. On the other hand, the Congress party did not enjoy a majority in Parliament and the new government was a coalition of some 12 often disparate parties, some of which were anything but enthusiastic about more economic reforms. Furthermore, the government is dependent for its

continued existence on the support of two Communist parties, which in their publicly proclaimed positions are outright opponents of reform. By the end of 2004, the government had “yet to prove that it has the strength to deliver the radical policies and reforms it has promised, as well as merely survive.”²⁵

In short, from a Canadian perspective there would appear to be considerable potential for a much enhanced economic relationship with India, but the road to its realization is not devoid of challenges and obstacles.

Nuclear Proliferation and Regional Security

For over thirty years, disagreements over India’s nuclear weapons programme have been the Achilles’ heel of the Canada-India relationship. In their most recent and dramatic manifestation, in May 1998, they were to lead the Canadian foreign minister to declare that “India’s recent nuclear tests constitute a clear and fundamental threat to the international security regime and, thus, to Canada’s security.”²⁶ This blunt assessment of the impact of India’s nuclear weapons tests was accompanied by a series of mildly punitive measures, which had the effect of putting government-to-government relations on ice, as well as by a reiteration of Canada’s position that India should renounce nuclear weapons and adhere to the NPT.²⁷ The Indian government, for its part, emphatically rejected the positions and actions of the Canadian government. Speaking at a symposium at the University of Waterloo in November 1998, the Indian High Commissioner to Canada summarized his country’s position in these terms:

The fact is every state has a right to make its own assessment of the threat to its security and then to take such measures as it deems appropriate for countering such threats. The only constraints in taking such measures are that these should not violate international law or any bilateral or multilateral treaty obligations. In deciding to weaponise its nuclear capability, India has done no more than it was entitled to do.

India values highly its relations with countries with whom it has had traditionally friendly ties, but national security is of paramount importance. India should not find itself compelled to choose between measures which it considers essential for its security and friendship with countries which it considers desirable and mutually beneficial.”²⁸

There was clearly an unbridgeable gap between the positions of the two governments on an issue which both regarded as being of the highest importance.

Despite the decision of the Canadian government to “re-engage” with India in May 2001, the gap continued to widen on the nuclear weapons issue. Far from renouncing its weapons programme, the Indian government and its nuclear

strategists progressively elaborated plans and doctrines for a deterrent force consisting of a full-blown triad of delivery systems: aircraft, land-based missiles and sea-based missiles.²⁹ Disregarding the pressures or protests of Canada and other Western countries, India continued to conduct tests of a variety of nuclear-capable ballistic missiles, including the Agni intermediate range ballistic missile. And early in 2003 it was announced that India had concluded a deal with Russia (valued at \$3 billion) to lease four long-range bombers, two nuclear capable submarines and an aircraft carrier. As part of the deal, the Indian Defence Minister indicated that the two countries had also agreed to pump more money into a joint programme to develop a new long range, nuclear capable cruise missile.³⁰

The newer realities of India's nuclear posture undoubtedly create problems for Canadian policy makers as they seek to develop the bilateral relationship with India. These were illustrated in part during the visit to Ottawa in September 2002 of the Indian Minister of External Affairs, Yashwant Sinha. In the course of a press conference, the Indian minister said that the two countries had "decided to leave behind" the dispute over nuclear weapons and resume normal relations.³¹ In the press communiqué which he issued following the bilateral discussions, Canadian Foreign Minister Bill Graham made no reference whatsoever to the nuclear weapons issue. (Indeed the only reference to security matters is this communiqué dealt with cooperation in the field of counter-terrorism.)³² This omission might have been considered indicative of a deliberate policy choice to shelve or compartmentalize the issue, were it not for the fact that on the very same day Minister Graham issued a quite separate communiqué welcoming Cuba's decision to accede to the NPT. In this latter communiqué he declared that "Canada calls on India, Israel and Pakistan to follow Cuba's example and accede to the Treaty as non-nuclear weapon states."³³

Beyond the very mixed messages which this episode conveys, there lies the broader question of how long Canada can adhere to its current position without appearing to be totally divorced from reality. India is now a nuclear weapons state and the prospect of its reversing course has become ever more unlikely with the passage of every year since the weapons tests of 1998. As the noted American specialist on South Asian affairs, Stephen Cohen, put it in advice to his own government "The United States must put nuclear proliferation in its proper perspective. South Asia has proliferated. The major task for American diplomacy lies in the realm of management, not abolition."³⁴ Whether and how the Canadian government modifies its current position in the face of new realities remains to be seen. What seems certain is that the nuclear weapons issue will continue to be a barrier to the deepening of the Canada-India relationship, because of Canada's legitimate concerns about the threat which these weapons pose to regional and international security, especially given the doubts which persist about the adequacy of India's command and control mechanisms.³⁵

Other aspects of the regional security situation may also prove problematic in Indo-Canadian relations, not the least of them being the Indo-Pakistani conflict over Kashmir. Since the terrorist attacks on the United States in September 2001, the Indian government has manoeuvred very skilfully to secure Western support for its positions on this complex political, ideological and territorial dispute by portraying it as little more than another theatre in the global war on terrorism (in much the same way as Russian President Putin and Israeli Prime Minister Sharon secured Western acquiescence or silence in the face of their military actions in Chechnya and occupied Palestine). The result has been that the USA and other Western countries have aligned themselves with India in pressuring Pakistan to exercise moderation vis-à-vis Kashmir and to curb the activities of Islamist organizations in Pakistan held responsible for dispatching insurgents and terrorists to Kashmir.³⁶ However, with the passage of time and the ongoing modest improvement in Indo-Pakistani relations, this emphasis can be expected to wane and Western countries, including Canada, will likely revert to a more balanced position on the Kashmir question, including once again a focus on the massive human rights abuses committed by the Indian security forces in Kashmir (see below).

In the longer term, an even more significant regional security issue may emerge to complicate Canada's relations with India; that is the competition between India and China. Despite all of the attention paid to crises in Indo-Pakistani relations, one of India's leading strategic thinkers, Jasjit Singh, usefully reminds us that "India's nuclear policy since the early 1960's has been driven essentially by the China factor."³⁷ He goes on to suggest that:

In the immediate future, India is likely to seek strengthening of Sino-Indian relations in spite of some fundamental contradictions. But this should not cloud the reality that China is, and is likely to remain, the primary competitor and challenge to India in strategic terms, ranging from competition for investments, markets, political influence, especially in the developing world, and possible military terms.³⁸

Another leading expert on South Asian security affairs, Sumit Ganguly, suggests that a full-blown arms race may develop and that the bilateral strategic relationship between India and China will be characterized by instability.³⁹ This instability may, of course, be further fuelled if China remains Pakistan's single most important supplier of nuclear and missile technology.

Any sharpening of the competition between India and China may confront the Canadian government with some awkward policy choices. China remains, and may well remain for some time to come, a more significant regional and global actor than India. China is, and will probably continue to be for some time to come, a far more important economic partner for Canada than India. (Canada's two way trade with China is at present more than ten times larger than its

two way trade with India according to Statistics Canada.) And from a domestic politics perspective, while there is a large and influential Indian community in Canada, there is also a large and influential Chinese community. Another complicating factor could be the extent to which the United States might decide to play India off against China in its efforts to promote stability in South and East Asia. In that event, Canada's endeavours to "re-engage" with India might also feed into Canada's all important bilateral relationship with the United States.

In brief, the nuclear and regional security realities are of sufficient import that they may well tend to limit the breadth and depth of the new relationship which the Canadian government has declared it wants to establish with India.

Good Governance and Human Rights

Another area in which the Canadian government may encounter difficulties relates to its commitment to the projection abroad of certain Canadian values as part of its foreign policy and as essential elements of its human security agenda. Chief among these values are respect for democracy, the rule of law and human rights, which the government wants to see adopted internationally. At first blush this thrust in Canadian policy might appear less problematic in the case of India than in that of many other developing countries. India is widely admired for having maintained a democratic system of government for over fifty years in a country daily challenged by innumerable ethnic and linguistic divisions. It has held elections at regular intervals, seen the generally peaceful transfer of power from one party to another on numerous occasions and upheld the principle of civilian control of the military. Those are, indeed, remarkable achievements when set against the records of so many other Asian nations, including India's immediate neighbours, Pakistan and Bangladesh. There are, however, darker sides to the Indian experience which a Canadian government dedicated to the promotion of good governance and human rights cannot readily or totally ignore.

Among the most notable phenomena in the realm of governance is the extent to which India's democracy has been sapped by corruption. One of the Western world's leading authorities on contemporary Indian politics, Professor Paul Brass, offers this scathing assessment of the situation:

The practices that have become standard are not the quaint custom of giving *bakshish* (literally meaning a gift, but in practice suggesting a bribe) nor the occasional scandals that come to the surface in every democratic country. What exists in India is pervasive, systematic, structured, and graded corruption running from the bottom to the top of the political order. Few are exempt from it, untouched by it, immune from it — from ordinary villagers to prime ministers of the country. The bureaucracy also, from top to bottom, including the once pure elite cadre

of Indian Administrative Service (IAS) officers, has become thoroughly corrupted.⁴⁰

This state of affairs creates immediate and practical problems for Canadian companies seeking to do business in India, since the persistence of what is known familiarly as the “license raj” obliges them to deal with government officials at all levels much more frequently than would be the case in more fully deregulated economies. In policy terms, this Indian reality cannot help but create a stumbling block in the development of relations between the two governments, given the Canadian government’s unequivocally stated position on the issue: “Corruption, in all its forms and guises, violates the core values of democracy. It scares away foreign direct investment, weakens the rule of law, and impedes the economic, social and political development of all nations.”⁴¹

Another subject of concern to Indians and foreigners alike is the extent to which Indian politics have become more violent in recent years. The rise of Hindu nationalism and the accession to both state and national office of the Bharatiya Janata Party (BJP) appear to have contributed significantly to this. Writing some ten years ago about the headway being made by Hindu nationalist organizations, Paul Brass noted that “elements of the RSS family of organizations and the Shiv Sena in Bombay have been used as storm trooper bands setting out to kill and otherwise harass Muslims to intimidate them or force them to leave sites where they are concentrated.” He went on to say that “it is past time to note that Indian politics and society display many of the symptoms of a murderous pre-fascist stage which has already produced a multiplicity of localized *Kristallnachts* in numerous urban sites.”⁴²

The most recent and dramatic manifestation of this sombre reality occurred in the BJP ruled State of Gujarat in 2002. Following an incident involving the deaths of some 50 Hindus in a railway car set on fire by a mob said to consist of Muslims, marauding gangs of Hindus killed nearly 2000 Muslims in just over a week. As one commentator put it:

It was not the fact of the killing itself, but the complicity of the state and its instruments that was shocking. Newspaper reports and more studied documentation of the pogrom by international agencies, as well as Indian citizens’ groups, have, in no uncertain manner, laid bare the role played by the state’s law and order machinery and senior elected officials, who held back police action and encouraged Hindu groups that were on a killing spree.⁴³

What is perhaps equally noteworthy is that the BJP government of Gujarat won an overwhelming victory in state elections held only a few months after these events. Complicity in, and incitement of, inter-communal violence had clearly paid political dividends in what was described as a “hate-filled campaign playing on communal fears.”⁴⁴

In many ways the situation regarding respect for civil and human rights more generally is no more benign. As in so many Asian countries, the following human rights abuses are endemic in India: gender discrimination, child labour, child prostitution, child bonded labour and adult bonded labour. Members of scheduled castes and what are known as “backward communities” continue to suffer discrimination and exploitation at the hands of upper castes. The National Human Rights Commission which was created in 1993 is not a particularly effective body and is not free of political interference. What is more, the Indian government has come to rely very heavily on a series of laws which infringe on civil liberties. These include the Preventive Detention Act of 1950, the Maintenance of Internal Security Act of 1980 and the Terrorist and Disruptive Activities (Prevention) Act of 1985. Under cover of these Acts, Indian security forces have engaged in political killings, abductions and various forms of collective punishment in areas in which separatist or insurgent movements have manifested themselves, e.g. Kashmir, Punjab, Assam and other states in Northeast India. These latter abuses have been well documented by international bodies such as Human Rights Watch and Amnesty International, which have issued numerous reports on India.⁴⁵

These governance and human rights issues cannot help but inhibit the extent to which Canada can develop a close relationship with India, for as long as Canadian foreign policy prizes a strong “values” component and a human security agenda. That does not appear likely to change in the foreseeable future. The government’s foreign policy statement of April 2005 makes that abundantly clear:

Canada is committed to extending human rights and human security throughout the world, a commitment that also forms the foundation of our approach to good governance.... Canada’s ultimate goal is to foster commitment on human rights, democracy and the rule of law that places individual citizens at the heart of society and creates a state committed to protecting their welfare.⁴⁶

In the case of India, the problems of governance and human rights are deeply rooted and the means available to Canada to effect any change are, to say the least, extremely limited. Canada is neither an important ally nor a major economic partner of India, and is thus unlikely to enjoy much political influence with the Indian government. And Canada’s by now very modest programme of bilateral assistance to India is unlikely to have more than modest impacts, and is certainly insufficient to provide the Canadian government with any leverage in a country like India where, in the words of the Canadian International Development Agency, “the role of external assistance will continue to shrink as the economy grows stronger.”⁴⁷ In short, the Canadian government will have to tailor its relationship with India through and around a series of thoroughly unpalatable realities in terms of Canadian values. This may permit the pursuit of a

solid businesslike relationship based on clearly defined mutual interests, but it is unlikely to produce one characterized by warmth or genuine friendship.

Knowledge and Perceptions

Yet another obstacle to the deepening of the Canada-India relationship falls into the realms of knowledge and perceptions. There seems little doubt that many Canadians now know more about India than they or their ancestors did twenty or thirty years ago. Contributing to this spread of knowledge has been the presence in Canada of a large and ever increasing community of Indian origin, many of whose members have risen to prominence in politics, business and the professions. Another contributing factor is the remarkable work done by the Shastri Indo-Canadian Institute in promoting academic and youth exchanges between the two countries, and in supporting Indian studies and research programmes in Canadian universities. That said, however, it is difficult to disagree with the general proposition put forward by Professor John Wood to the effect that:

Despite all of the rhetoric about 'commonalities', it is quite apparent that Canada and India are on opposite sides of the globe, in different climatic zones, and widely separated both culturally and on any number of social and economic indicators... Despite a phenomenal rise in the numbers of Canadians of Indian origin, the vast majority of people in both countries know little about each other.⁴⁸

He goes on to point out that this situation is compounded by the fact that "The coverage of the other country in each country's media is improving, but still pathetically weak."⁴⁹

It is precisely the rather episodic coverage accorded to India by most Canadian media which serves to create or reinforce a rather stereotypical image of India: an impoverished and largely illiterate population living in squalor, a country constantly beset by sectarian violence and natural disasters, the scene of frequent devastating railway accidents, a sub-regional actor locked into a seemingly endless conflict with Pakistan. Rare are the descriptions or depictions of India focussing on it as the heir to rich currents of Hindu and Islamic civilizations, as home to a large, dynamic and entrepreneurial middle class, as the producer of world class scientists and writers, as a country in the throes of a profound process of economic reform, and as one which has scored remarkable successes in the highly competitive field of information technology. The dominance of the former rather than the latter images in the Canadian media may go some way towards explaining the apparent reluctance of many Canadian companies to explore the Indian market.

Another difficulty in all of this is that the image which most Canadians may have of India is radically different from the image which Indian elites have of themselves and their country. Indian political leaders have long proclaimed the greatness of their country. Shortly after independence in 1947, Prime Minister Nehru declared "India is a great country, great in her resources, great in manpower, great in her potential, in every way. I have little doubt that a free India on every plane will play a very big part on the world stage."⁵⁰ Over five decades later, an Indian government publication commenting on the country's international performance in 2001 reported that "India consolidated its position as a global power, bulwark of peace, stability, international understanding, security and balance not only in Asia, but on a much wider scale in the world."⁵¹ But while India's political elites may be convinced of their country's status, they have been constantly frustrated in their ambition to have the rest of the world recognize it. (India's nuclear weapons programme was in good part driven by a desire on the part of Indian politicians, officials and scientists to achieve an international status comparable to that of China.) Their failure to achieve this recognition has much to do with India's domestic economic and political realities. It also has a lot to do with India's approach to regional issues, for as Professor Stephen Cohen has very perceptively noted: "In international affairs, states are known by the enemies they keep. India is destined to be compared with Pakistan until it can accommodate Islamabad... Conflict with Islamabad is an important barrier to India's full emergence as a major power."⁵² Despite the modest progress which has been made in recent diplomatic contacts between the two countries, that barrier seems likely to remain in place for some time to come.

In terms of Canada's relations with India, what is important in all of this is not whether Canadian politicians, officials and businessmen accept Indian claims to great power status, but that they be aware of them and understand them. Failure to accord India the respect it considers its due, and treating it as an Asian power of the second rank well behind China and Japan, may well constitute an important obstacle to the development of a more productive bilateral relationship. Conversely, doing the opposite could become a real asset for Canada in achieving its objectives in India.

Conclusion

The Canadian government has done yeoman work in identifying and promoting the potential of the Indian market for Canadian exporters and investors. The results of this work have so far been rather modest. It seems clear that if the identified potential is to be realized, two conditions must be met. First, the

Canadian government must persist in its efforts to interest the Canadian private sector in India, and be successful in those efforts. Second, the Indian government must stay the course on its programme of economic reform and continue the process of dismantling barriers to trade and investment. If both of these conditions are fulfilled, it is possible to envisage India emerging as a significant economic partner for Canada over the next decade or two, in a world in which trade expansion and diversification will remain key Canadian foreign policy objectives and interests.

In the realm of international security policy, no comparable potential appears to exist. Quite the contrary. The Canadian government will continue to view with deep apprehension India's emergence as a full blown nuclear weapons state, in a region in which political and technological realities argue against the establishment of any relatively safe or stable regime of mutual nuclear deterrence in the foreseeable future. India's competitive/conflictual relationships with its two most important neighbours, China and Pakistan, whether in the nuclear or other domains, will continue to be regarded by the Canadian government as inimical to Canada's broad security interests. On these major issues, there appears to be little prospect of any meeting of minds between the two governments, let alone any opportunity for active cooperation.

India's record in the fields of governance and human rights will also inhibit the development of a genuine rapprochement with Canada. While the Canadian government may choose to argue that a policy of "constructive engagement" on the economic front may serve to attenuate and eventually eradicate some of these problems, as India becomes more solidly anchored in the international trading system, the fact remains that a Canadian government committed to a policy of projecting Canadian values and promoting human security will find it difficult to overlook some of the more egregious abuses evident in India. These issues are more likely to foster discord than accord in relations between the two governments.

Under the right conditions, Canada may be able to develop a highly advantageous economic and commercial relationship with an India destined to become one of the world's largest economies in the years ahead. This is a goal well worth pursuing. But the resulting relationship is likely to be uni-dimensional. The objective realities of distance and cultural differences, combined with the significant constraints identified above, suggest that the relationship will be lacking the intimacy, breadth and depth of the relations which Canada enjoys with countries such as those of Western Europe. Many of the factors constraining the relationship with India are, in fact, not dissimilar to those which will continue to affect Canada's relations with other large Asian nations such as China, Indonesia and Pakistan.

Notes

1. Government of Canada, *Canada's International Policy Statement: Overview* (Ottawa, 2005) p. 17.
2. Government of Canada, *Canada's International Policy Statement: Commerce* (Ottawa, 2005) p. 17.
3. See for example Arthur G. Rubinoff (ed.), *Canada and South Asia: Political and Strategic Relations* (Toronto: University of Toronto Press, 1992). See also J.S. Grewal and H. Johnston (eds.), *The India-Canada Relationship* (New Delhi: Sage Publications, 1994).
4. John R. Woods, "Canada-India Relations: The Current Issues" in Reeta Chowdhari Tremblay *et al.* (eds.), *Interfacing Nations: Indo/Pakistani/Canadian Reflections on the 50th Anniversary of India's Independence* (New Delhi: B.R. Publishing Corporation, 1998) p. 400.
5. Ashok Kapur, "Canada and the Situation in South Asia" in *CANCAPS Bulletin* No. 4, October 1994, p. 4.
6. By 2001, the Minister of International Trade could report that over a period of ten years the value of Canada's exports had gone from 25 per cent to 45 per cent of GDP, and that approximately 80 per cent of the two million new jobs created in Canada since 1993 were related to trade growth. See DFAIT, *Statements*, No. 11 (Ottawa, 2001) pp. 1-2.
7. The following four paragraphs draw directly on an earlier article of mine. See Louis A. Delvoie, "Canada and India: A New Beginning?" in *The Round Table*, No. 345, January 1998, pp. 57-59.
8. DFAIT, *News Release*, No. 94 (Ottawa, 1994).
9. DFAIT, *Statements*, No. 3 (Ottawa, 1995) pp. 2-3.
10. DFAIT, *Focus India: Building a Canada-India Trade and Economic Strategy* (Ottawa, 1995), p. 43.
11. *Ibid.*, p. 43.
12. *Ibid.*, p. 1.
13. DFAIT, *Statements*, No. 1 (Ottawa, 1996), p. 3.
14. DFAIT, *Statements*, No. 1 (Ottawa, 1997), p. 1.
15. DFAIT, *News Release*, No. 77 (Ottawa, 2001).
16. DFAIT, *Statements*, No. 2 (Ottawa, 2002), pp. 1-5.
17. International Trade Canada, *News Release*, No. 222 (Ottawa, 2005).
18. The numbers in this table are from Statistics Canada, *Canada's International Merchandise Trade* (Ottawa, various years).
19. W.M. Dobell, "The Nature and Scope of the Canada-India Relationship" in Reeta Chowdhari Tremblay *et al.* (eds.), *Interfacing Nations*, p. 424.
20. R.C. Kumar and N. Narain, "Re-emgaging India: Upgrading the Canada-India Bazaar Relationship" in Andrew Cooper and Dave Rowlands (eds.), *Split Images: Canada Among Nations 2005* (Montreal and Kingston: McGill-Queen's University Press, 2005) p. 173.

21. The situation is at present somewhat reminiscent of the Canadian government's endeavours to re-vitalize Canada's economic relationship with the European Community in the 1970's; the government showed considerable leadership, but, for a variety of reasons, the private sector did not follow.
22. See for example P. Bhattacharya and A.R. Chaudhuri (eds.), *Globalisation and India* (New Delhi: Lancer Books, 2000).
23. S.S. Bhandari, "Economic Progress in the Context of Industrialisation and Globalisation" in P.R. De Souza (ed.), *Contemporary India – Transitions* (New Delhi: Sage Publications, 2000) p. 91.
24. *Ibid.*, p. 101.
25. "India: Cohabiting, for now" in *The Economist*, October 9, 2004, p. 38.
26. DFAIT, *Statements*, No. 40 (Ottawa, 1998).
27. For a fuller description of the Canadian government's response, see Louis A. Delvoie, "Taming the South Asian Nuclear Tiger: Causes, Consequences and Canadian Responses" in F.O. Hampson *et al.* (eds.), *Canada Among Nations 1999: A Big League Player?* (Don Mills: Oxford University Press, 1999) pp. 244-246.
28. Rejanikanta Verma, "Canada-India Relations: Building on Experience" in Ashok Kapur *et al.* (eds.), *Canada-India Relations After the Nuclear Tests in 1998* (Waterloo: University of Waterloo, 2000) p. 3.
29. Deepa M. Ollapally, "India's Strategic Doctrine and Practice" in Raju G.C. Thomas and Amit Gupta (eds.), *India's Nuclear Security* (Boulder, CO: Lynne Rienner Publishers, 2000), pp. 77-78.
30. See "India leases planes, subs from Russia" in *The Globe and Mail*, January 20, 2003, p. A9.
31. Cited in "India, Canada agree to share intelligence" in *The Globe and Mail*, September 21, 2002, p. A16.
32. DFAIT, *News Release*, No. 105 (Ottawa, 2002).
33. DFAIT, *News Release*, No. 103 (Ottawa, 2002).
34. Stephen Cohen, *India: Emerging Power* (Washington, DC: Brookings Institution Press, 2001) p. 313. That the Canadian government might perhaps be prepared to move in this direction was suggested by the announcement in September 2005 that Canada had proposed to India a modest package of measures for cooperation in the civilian nuclear field. See Foreign Affairs Canada, *News Release*, No. 171 (Ottawa, 2005).
35. See "India and the bomb: 300 seconds to oblivion" in *The Economist*, January 18, 2003, p. 47.
36. See, for example, "India and Pakistan: The Frost Before the Thaw" in *The Economist*, February 15, 2003, p. 38.
37. Jasjit Singh, "Why Nuclear Weapons?" in Jasjit Singh (ed.), *Nuclear India* (New Delhi: Knowledge World, 1998) p. 16.
38. *Ibid.*, p. 19.

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39. Sumit Ganguly, "Explaining the Indian Nuclear Tests" in Thomas and Gupta (eds.), *India's Nuclear Security*, pp. 56-58. A noted Canadian writer on security affairs suggests the competition may soon extend to outer space. See Gwynne Dyer, "Asian Rivals Set to Engage in New Space Race" in *The Kingston Whig-Standard*, June 10, 2003, p. 7.
40. Paul R. Brass, "India: Democratic progress and problems" in Selig Harrison *et al.* (eds.), *India and Pakistan: The First Fifty Years* (Cambridge: Cambridge University Press, 1999) p. 34. In its report on 102 countries, the Berlin based organization Transparency International ranks India among the 30 most corrupt countries in terms of the misuse of public office for private gain. See *The Economist*, February 1, 2003, p. 90.
41. DFAIT, *News Release*, No. 71 (Ottawa, 2003).
42. Paul R. Brass, *The Politics of India since Independence* (Cambridge: Cambridge University Press, 1994) Second edition, p. 353.
43. Sidarth Bhatia, "Lighting the fuse of hatred" in *The Globe and Mail*, December 19, 2002, p. A23.
44. "Indian Politics: The nationalists' dark victory" in *The Economist*, December 21, 2002, p. 51.
45. See Mawaz Mody, "The Human Rights Agenda in India" in P.R. de Souza (ed.), *Contemporary India – Transitions*, pp. 220-234. See also Paul R. Brass, *The Politics of India since Independence*, p. 352. Even India's much vaunted press freedom has come in for criticism. The organization Reporters Without Borders ranks India only in 80th position in its list of 139 countries, in terms of relative freedom of the press (Canada ranks in 5th position). See "Press Freedom Survey" in *The Guild Reporter*, Vol. 69, No. 11, November 15, 2002, p. 8.
46. Government of Canada, *Canada's International Policy Statement: Overview*, p. 20.
47. Canadian International Development Agency (CIDA), *India Country Program Framework 2002-2007* (Ottawa, 2002) p. 7.
48. John R. Wood, "Canada-India Relations: The Current Issues" in Reeta Chowdhari Tremblay *et al.* (eds.), *Interfacing Nations*, pp. 397-398.
49. *Ibid.*, p. 411.
50. Quoted in B. Ghoshal (ed.), *Diplomacy and Domestic Politics in South Asia* (New Delhi: Konark Publications, 1996) p. 33.
51. Government of India, *India 2002: A Reference Annual* (New Delhi: Ministry of Information, 2002) p. 657.
52. Stephen Cohen, *India: Emerging Power*, pp. 303-304.

Biographical Note

Louis Delvoie was educated at Loyola College, the University of Toronto, McGill University and the National Defence College of Canada. He joined the Canadian Foreign Service in 1965. Between 1965 and 1980 he worked in Lebanon, Egypt, Turkey, Algeria, Belgium and Yugoslavia, as well as in Ottawa. He subsequently served abroad as Ambassador to Algeria, Deputy High Commissioner to the United Kingdom and High Commissioner to Pakistan. In Ottawa, he was Director General of the Bureau of International Security and Arms Control in the Department of External Affairs and Assistant Deputy Minister for Policy in the Department of National Defence. He retired from the Foreign Service in 1995.

From 1995 to 2002, he was an adjunct professor of international relations at Queen's University and at Royal Military College. He is now a Senior Fellow in the Centre for International Relations at Queen's University and a visiting lecturer at the Canadian Foreign Service Institute in Ottawa. He is a frequent commentator on Middle Eastern and South Asian affairs on CBC Radio. His numerous articles on Canadian foreign and security policy, and on international relations generally, have appeared in *International Journal*, *Behind the Headlines*, *Canadian Defence Quarterly*, *Policy Options*, *Canadian Foreign Policy*, *The Round Table*, *British Journal of Canadian Studies*, *Canadian Military Journal* and in a variety of books.

