

**WELCOMING ADDRESS AT  
THE CANADIAN INSTITUTE OF  
INTERNATIONAL AFFAIRS CONFERENCE ON  
“INDIA EMERGING:  
IMPLICATIONS FOR CANADA”  
DECEMBER 1, 2006, 8:30 A.M.**

- It is my pleasure to be here this morning to welcome you to this important conference on India.
- I would like to thank the conference organizers for their very timely gathering of such an impressive group of experts to discuss, what I confirm is, an important bilateral relationship for Canada.

- In fact, India is a priority partner for Canada;  
I would underscore that this government is interested in significantly deepening our ties with India and in accelerating the tempo of our engagement.
- As many of you are undoubtedly aware, Canadians have enjoyed a long and substantial relationship with India, dating back even before India's formal independence.
- The title of this conference, "*India Emerging:*

*Implications for Canada*” strikes directly at the heart of discussions taking place across government and in consultation with Canadian stakeholders.

- I would like to begin this morning with the following thought.
- The purpose of Canadian foreign policy is to advance our national interest – the security and prosperity of Canada and of Canadians. The work of Canada’s foreign policy is to advance those national interests effectively and in accord with our values.

- Canadians want our country to have influence in the world, to have the capacity to help shape the international environment in ways that serve this country's needs and aspirations. To do so requires that certain fundamental principles be followed.
- Inserting values in a nation's foreign policy is essential, and even integral. The human values that individuals around this world share – freedom, democracy, human rights and the rule of law – will be the guiding principles for this government's foreign policy.



- We know that as we pursue our relationship with India, we do so with a country that shares our fundamental values. Our relationship has its roots in these common principles, and they will continue to guide us as we work to strengthen this relationship.
  
- These are high standards, but they are worth pursuing, because our two countries, grounded in democracy, have a great deal to offer to each other and the world.



- Measured at market exchange rates, India has the world's 12<sup>th</sup> largest economy, and is projected to be the 7<sup>th</sup> largest by 2020.
- Its growth remains robust in the face of shocks, including the impact of natural disasters and the recent sharp increases in energy prices.
- High growth also means an increasing need for natural resources. Canada has a lot of natural resources and last time I checked, we are ready to sell.

- Let us look also at the political dimension.
- India is already the world's largest democracy. It will surpass China as the world's most populous country by 2050 with a billion and a half people. A billion and a half people living in a democracy: now that's a market.
- We all know that there is the challenge of poverty. But still India is growing and is expected to be a market worth more than \$400 billion by

2010, as measured in terms of purchasing power parity.

- Its population is young, its workforce expanding and its urban-based upper and middle classes are educated and well equipped to do business internationally.
- Perhaps most importantly, it is indeed a democracy – a democracy that encourages new thinking, entrepreneurship, and individual success – a democracy that shares Canada's values.

- But there is another side.
- While India's economy is large and growing, there are a number of significant challenges to future growth, including access to markets.
- As many of you know first hand, a significant challenge is India's infrastructure.
- While tariffs in India have been significantly reduced since reforms began fifteen years ago, India still has the fifth highest average tariff rates

in the world. A number of barriers remain in the agri-food and agriculture sectors.

- Foreign direct investment opportunities exist in a variety of sectors such as manufacturing, services and infrastructure. But important constraints remain in areas of key interest to Canada.
- So where do we stand from a commercial and foreign direct investment perspective?
- Clearly, the potential is there – and growing.

With such economic growth, opportunities are bound to arise, and we should be prepared to seize them.

- It is the work of my Government to assist in opening up access and removing obstacles where possible. We will work with India to remove these obstacles and work to establish a free trade agreement with India, and we are optimistic that we will get there.
- This is an exciting prospect – but don't be fooled – it will require hard work.

- These days, Canada is just one of many countries competing for India's attention.
- So what do we do?
- I see action on three main fronts.
- First, on the political front.
- India and Canada are parliamentary democracies. In fact, the Indian system is modelled not on Westminster, but on Canada's

own federal parliamentary system. We share the same values.

- Canada has a global interest in sustainable development, democratic development, good governance and respect for human rights – and so does India.
- CIDA maintains programs delivered through civil society, that seek to improve health and nutrition and treat those afflicted with HIV/AIDS. Funds are also employed to support the *India-Canada Environment Facility*, a joint project based in Bangalore working to improve India's

environmental management capacity, especially in the energy and water sectors. In addition, our *Canada Fund for Local Initiatives* is the largest in Asia.

- When we look for the two-way street, it can be found in enhanced people-to-people links through an expanding Indo-Canadian community and an immigration program that recognises Canada's economic needs.
- We benefit from a large Indian diaspora living and working successfully in Canada. Indeed, within the next two years, it will become the

number one source country of immigrants to Canada.

- Attracting foreign students and highly-skilled immigrants from India to Canada is beneficial to our economic growth and business connectivity.

We will continue to attract the best and the brightest.

- Second – the security front.
- We live in a dangerous age. Democracies – whether we like to hear this or not, we must acknowledge it – are under threat.

- Canada and India, and other democracies must continue to stand firm against those would-be terrorists. We will continue to strengthen our joint efforts toward keeping our democracies safe and expanding democracy to those dark places where it doesn't yet exist.
- Third – the commercial front.
- Last year, two-way trade reached about \$3 billion – roughly the level of our annual trade with Switzerland. India is Canada's 18<sup>th</sup> largest

export market, while Canada is India's 24<sup>th</sup> largest export market.

- Our investment relationship is relatively small – \$145 million of Indian foreign direct investment into Canada in 2005, and \$204 million of Canadian direct investment into India.
- We can do much better.
- Canada has exportable energy and raw materials. We are world leaders in certain areas of science and technology.

- Our Asia-Pacific Gateway dramatically enhances Canada's transportation network throughout the country, getting our products and services to India even more efficiently.
- On the flip side, we need improved access to certain areas of the Indian market for Canadian businesses, as well as increased foreign direct investment flows to Canada from India.
- That is why Canada has a commercial strategy in place to boost the trade and investment relationship. The priority sectors identified in the strategy are those where we are world leaders –

agriculture and agri-food, infrastructure, information and communications technology, extractive industries, life sciences and enabling services, including financial.

- We intend to encourage more export-ready Canadian companies to pursue opportunities in India and increase knowledge of Canada's commercial capabilities and strengths in India's corporate and private sector.
- We will implement the *Science and Technology Agreement*, which will assist in building new

partnerships and in the commercialization of research and development.

- Furthermore, we will increase our capacity to address India's trade, investment and economic policies and regulations to overcome barriers to Canadian trade and investment in India – and thus maximize the benefits of India's growth for Canada.
- India's influence on Canada's economic prosperity and international security is here to stay. Although we may not be in agreement on all issues, India will be an important partner in

the 21<sup>st</sup> century. Its rise is inevitable. We have in place the beginnings of a more robust, mature relationship, in recognition of the mutual benefits of building a closer partnership.

- Therein lies the value and timeliness of this conference. The views flowing from this discussion today will certainly help to inform the development of Canadian policy toward India.
- I look forward to receiving and reading the conference report.
- Best wishes for fruitful discussions today.