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EDITORIAL ANALYSIS

India-Canada Reset at IEW 2026 — Energy Diplomacy Over Diplomatic Ice

INDIAN EXPRESS

30 January 2026

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MAINS RELEVANCE:

GS Paper 2

GS Paper 3



INTERVIEW ANGLE

"India-Canada relations deteriorated sharply after September 2023 (Nijjar case). The IEW 2026 Joint Statement on Energy Cooperation signals a reset. Can bilateral economic interests overcome the diplomatic rift, and what does this mean for India's critical mineral and energy security strategy?"

WHY IN NEWS

India and Canada signed a Joint Statement on Energy Cooperation at India Energy Week 2026 (Goa, January 27-30, 2026), relaunching the India-Canada Ministerial Energy Dialogue (CIMED). Canada's Minister of Energy Timothy Hodgson attended as the first high-level Canadian Cabinet Minister at IEW. This engagement marks a tentative diplomatic reset after relations deteriorated following the Nijjar case (September 2023) — when Canada accused Indian agents of involvement in the killing of Khalistani militant Hardeep Singh Nijjar on Canadian soil.

THE BILATERAL CONTEXT — FROM STRAIN TO RESET

The Nijjar Case and Its Fallout:

September 18, 2023: Canadian PM Justin Trudeau alleged in Parliament that Indian government agents were involved in the killing of Hardeep Singh Nijjar (Canadian citizen and Khalistani activist) in Surrey, British Columbia, on June 18, 2023

India rejected the allegations as “absurd and motivated” — expelled Canadian diplomat; Canada expelled Indian High Commissioner

India suspended all visa services to Canadians; cancelled trade talks

Bilateral diplomatic relationship downgraded to Charge d’Affaires level in both capitals

Why the reset in early 2026:

Canadian political change: Mark Carney (former Bank of England and Bank of Canada Governor) became PM in early 2026 after the Liberal Party leadership change; Carney has indicated a more pragmatic approach to India relationship

Energy economics: Canada needs new markets for its LNG, LPG, and uranium exports; India is the world's 3rd largest energy consumer and its fastest-growing energy market

Critical minerals dependence: Both countries need each other — Canada has lithium, cobalt, nickel, rare earths; India has growing EV and semiconductor manufacturing ambitions

Diaspora economy: 1.8 million Indians in Canada represent a significant economic and political constituency

INDIA-CANADA ENERGY INTERDEPENDENCE — THE NUMBERS

Canada's strategic value to India:

Potash (MOP): Canada supplies approximately **25% of India's Muriate of Potash** imports — critical for Indian agriculture (phosphatic fertilisers)

Uranium: Canada has 9% of world uranium reserves; India needs uranium for its expanding civil nuclear programme (22 operational reactors; 8 under construction; 10 planned)

LNG: Canada is developing major LNG export facilities on its Pacific coast (LNG Canada Phase 1, Kitimat, BC); these could supply India from 2028-30

Critical minerals: Canada has established critical mineral deposits: lithium (Ontario, Quebec), cobalt, nickel, rare earth elements

Renewable energy tech: Canadian firms have expertise in hydropower (Voith, GE Canada), hydrogen electrolysers, and grid storage

India's strategic value to Canada:

World's fastest-growing energy market (energy demand projected to double by 2047)

Refineries: India is the 4th largest oil refiner; can process Canadian heavy crude

IT services and manufacturing: India's growing EV, semiconductor, and data centre markets need Canadian critical minerals

Indian diaspora: 1.8 million Canadians of Indian origin — largest South Asian diaspora in Canada

WHAT IEW 2026 ACHIEVED

Joint Statement on Energy Cooperation:

Relaunch of **CIMED (Canada-India Ministerial Energy Dialogue)**

Areas: LNG and LPG supply from Canada; refined petroleum exports from India; critical mineral supply chains; renewable energy (hydrogen, biofuels, sustainable aviation fuel, battery storage); AI in energy

India highlighted: USD 500 billion opportunity across India's energy value chain

Canada announced: USD 116 billion+ in energy and resource projects available

Significance of Timothy Hodgson attending:

First high-level Canadian Cabinet Minister at India Energy Week since the Nijjar case

Signals Cabinet-level commitment to energy partnership, above the diplomatic dispute

Contrast with previous years when Canada-India energy interactions were at bureaucratic levels

CRITICAL MINERALS — THE STRATEGIC CORE

The most durable aspect of India-Canada energy cooperation is **critical minerals** — not a bilateral preference but a structural necessity:

India's critical mineral dependency:

National Critical Mineral Mission (2025): identifies 30 critical minerals; targets domestic mining + international partnerships

Key gaps: lithium (India has 5.9 mn tonnes — 6th globally — but largely unexplored); cobalt (minimal domestic); rare earth elements (India is 2nd in reserves globally through monazite placer deposits but processing capacity is low)

China controls 60-80% of global critical mineral processing — a strategic vulnerability for India's EV and defence electronics sectors

Canada-India Critical Minerals Partnership:

First Canada-India Critical Minerals Annual Dialogue: scheduled **March 2026, Toronto**

Partnership framework: Canada mines → joint ventures in processing → India manufacturing offtake

CEPA (Comprehensive Economic Partnership Agreement) negotiations, if completed, would provide preferential tariff access — under discussion since 2010, paused post-Nijjar

TEHRI AND URANIUM — THE NUCLEAR ANGLE

India-Canada nuclear cooperation:

India's civil nuclear programme accelerated under the India-US Civil Nuclear Agreement (123 Agreement, 2008) which unlocked supply from Nuclear Suppliers Group (NSG) members

Canada is an NSG member and a Uranium supplier through **Cameco Corporation** (world's largest uranium producer, headquartered in Saskatchewan)

The Joint Statement reportedly included a pathway for a **10-year uranium supply agreement worth CAD 2.8 billion** — pending diplomatic normalisation

Context: India's 22 PHWRs (Pressurised Heavy Water Reactors) run on natural uranium; upcoming PWRs (Russian VVER at Kudankulam and others) use enriched uranium — both streams require Canadian supply

ANALYSIS — TRANSACTIONAL PRAGMATISM VS. STRUCTURAL RESET

India-Canada relations cannot be fully normalised on a transactional energy deal alone. The Nijjar case remains structurally unresolved — and the Khalistani extremism issue (India's concern) vs. sovereignty of investigation (Canada's concern) will require political resolution beyond economic engagement.

However, three structural forces work in favour of a sustained reset:

Energy economics: India is too important a market; Canada is too important a supplier — bilateral trade in energy is effectively non-negotiable

Critical minerals security: India's Aatmanirbhar Bharat in electronics and EV depends on reliable critical mineral supply chains; Canada offers rule-of-law-based supply with geological diversity

Diaspora politics: Canada's 1.8 million-strong Indian diaspora is increasingly political; both governments have incentives to stabilise the relationship

UPSC RELEVANCE

India Energy Week (IEW 2026; Goa; January 27-30); India-Canada CIMED; Timothy Hodgson (Canadian Energy Minister); Canada = 25% India potash imports; uranium deal CAD 2.8 bn; Hardeep Singh Nijjar case (September 2023); Canada-India CEPA; Mark Carney (new Canadian PM); National Critical Mineral Mission (India 2025); LNG Canada Phase 1 (Kitimat, BC).

*India-Canada bilateral relations; Nijjar case and diplomatic protocol; India's de-hyphenated foreign policy and energy diplomacy; role of diaspora in bilateral relations. **GS-3:** Energy security; critical minerals; India-Canada natural resources trade; CEPA and trade in energy.*

★ FACTS CORNER — KNOWLEDGEPEDIA

INDIA-CANADA RELATIONS:

Nijjar Case: **June 18, 2023** killing; **September 2023** Trudeau allegation; India expelled Canadian diplomat; visa services suspended

Indian diaspora in Canada: **1.8 million** (largest South Asian diaspora in Canada)

Bilateral trade: ~**USD 10 billion** (pre-crisis); target **USD 50 billion by 2030**

INDIA ENERGY WEEK 2026:

Venue: **Goa**; Dates: January 27–30, 2026

India-Canada Joint Statement: CIMED relaunch; LNG, LPG, uranium, critical minerals

Canadian Minister: **Timothy Hodgson** (first Canadian Cabinet Minister at IEW)

India's stated opportunity: **USD 500 billion** energy value chain

CANADA'S STRATEGIC IMPORTANCE TO INDIA:

Potash: **25%** of India's MOP imports

Uranium: Canada has **9%** of global reserves; Cameco = world's largest uranium producer

LNG Canada Phase 1: **Kitimat, British Columbia** (Pacific coast); export starts 2028-30

Critical minerals: lithium (Ontario/Quebec), cobalt, nickel, rare earth elements

NATIONAL CRITICAL MINERAL MISSION (INDIA, 2025):

30 critical minerals identified

Targets domestic mining + international partnerships

China controls 60-80% of global processing capacity

CEPA STATUS:

Negotiations started **2010**; paused multiple times; paused again post-Nijjar (2023)

CEPA would provide preferential tariffs on both sides

OTHER RELEVANT FACTS:

NSG (Nuclear Suppliers Group): 48 members; controls nuclear trade; India not a member but gets supply after 2008 waiver

PHWR (Pressurised Heavy Water Reactor): India's most common reactor type; uses natural uranium (no enrichment needed)

India uranium import sources: Kazakhstan, Russia, Uzbekistan, Australia; Canada potential from 2026+

Sources: PIB IEW 2026, MEA India-Canada Joint Statement, Indian Express, Drishti IAS

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