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EDITORIAL ANALYSIS

India-Canada CEPA – Diplomacy After the Nijjar Crisis

THE HINDU

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SUBJECTS COVERED**IR** **ECONOMY****GS PAPERS****GS2** **GS3****CURATED & WRITTEN BY****Bharat Choudhary**

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GS2

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The Hindu

MAINS RELEVANCE:

GS Paper 2

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INTERVIEW ANGLE

"India-Canada relations collapsed in 2023 over the Nijjar affair — what is the strategic calculus for both sides in resuming CEPA negotiations, and what does Canada's dependence on US trade (CUSMA) mean for its India pivot?"

WHY IN NEWS

With Mark Carney's new Canadian government seeking a diplomatic reset after the Trudeau era's Nijjar crisis, India and Canada are cautiously reopening Comprehensive Economic Partnership Agreement (CEPA) negotiations suspended since September 2023 — a move driven as much by Canada's need to diversify away from US trade amid Trump-era tariffs as by any resolution of the underlying political tensions.

THE EDITORIAL'S ARGUMENT

Economics is driving the reset, not politics: The revival of India-Canada CEPA talks is not a sign that the Nijjar issue has been resolved — it remains deeply contested. Rather, it reflects a convergence of economic pressures: Canada faces punishing US tariffs under the Trump administration, making India's 1.4 billion-consumer market suddenly more attractive; India wants Canadian uranium, LNG, and agricultural commodities.

Structural asymmetries complicate any deal: Canada's export basket to India (canola oil, pulses, uranium, timber) is dominated by commodities; India's exports to Canada (pharmaceuticals, gems, IT services) are value-added. An FTA that liberalises both symmetrically risks a one-sided deal favoring commodity exporters. The editorial argues India's negotiating position must protect domestic agriculture and pharmaceutical pricing.

The Khalistan issue is a structural, not cyclical, irritant: Canadian domestic politics — particularly the sizeable Sikh diaspora in Ontario and British Columbia, whose votes are decisive in marginal ridings — means that no Canadian PM can permanently subordinate the Khalistan issue to

trade. Any CEPA architecture must be insulated from this political volatility.

India's FTA strategy has become more selective post-2017: India terminated the FIPPA (bilateral investment treaty) with Canada in 2017. Its recent FTAs (with UAE, Mauritius, Australia interim) have been more transactional. The editorial asks whether Canada offers India enough — strategically or economically — to justify the political capital a CEPA would require.

Uranium is the strategic differentiator: Canada's Athabasca Basin holds some of the world's richest uranium deposits. As India expands its nuclear power programme (22 new reactors planned), diversifying uranium supply from Russia and Kazakhstan through Canada is a genuine strategic interest that transcends the bilateral political tensions.

The Indian diaspora as diplomatic asset: 1.8 million people of Indian origin in Canada — the largest immigrant group — represent a two-way diplomatic asset: political influence in Canadian elections, but also a constituency that bridges Indian and Canadian interests in education, remittances, and technology.

HISTORICAL CONTEXT OF INDIA-CANADA RELATIONS

Timeline of the Relationship

Period	Key Event
1947	India-Canada relations established at independence
1955	Colombo Plan: Canada provides Candu reactor technology to India
1974	Pokhran-I nuclear test — Canada suspends nuclear cooperation; bilateral chill
1998	Pokhran-II — Further strain; Canada supports international sanctions pressure
2005-2015	Gradual warming; nuclear cooperation agreement talks
2010	CEPA negotiations launched — first round
2013-2018	Multiple rounds of CEPA talks; progress stalls over agriculture, dairy, pharmaceuticals
2017	India terminates FIPPA (Foreign Investment Promotion and Protection Agreement)
June 2023	Hardeep Singh Nijjar killed in Surrey, British Columbia
September 2023	Trudeau alleges Indian government involvement — bilateral relations collapse; mutual diplomat expulsions
2024	CEPA talks suspended; Indian student visa processing slowed; diplomatic ties minimal
2025	Mark Carney becomes PM after Trudeau resignation; signals reset with India
2026	Preliminary CEPA re-engagement; cautious diplomacy

The Nijjar Affair

Hardeep Singh Nijjar (born 1977, Punjab) was:

President of the Guru Nanak Sikh Gurdwara, Surrey, BC

Designated a terrorist by India’s Ministry of Home Affairs under the **Unlawful Activities (Prevention) Act (UAPA)** in 2020

Wanted by India for alleged links to Khalistan Tiger Force

Killed on June 18, 2023, outside his gurdwara in Surrey

Canadian PM Justin Trudeau alleged on September 18, 2023, in Parliament that there were “credible allegations” of Indian government involvement. India categorically rejected this as “absurd and motivated.” Both sides expelled diplomats; India suspended visa services for Canadians.

The **Khalistan movement** — seeking an independent Sikh homeland from India’s Punjab — has a significant (if minority) support base among Canadian Sikh diaspora. India has consistently pressed Canada to designate Khalistan groups as terrorist organisations; Canada, citing free speech and civil liberties frameworks, has declined.

TRADE AND ECONOMIC DIMENSIONS

Current Trade Profile (2023 Data)

Indicator	Value
Total bilateral trade	~C\$14 billion (~\$10 billion USD)
Canada’s exports to India	Canola oil, pulses (lentils), uranium, newsprint, potassium
India’s exports to Canada	Pharmaceuticals, gems and jewellery, textiles, machinery, IT services
Indian students in Canada	~427,000 (2023 peak; declining post-policy changes)
Indian diaspora in Canada	~1.8 million (people of Indian origin)

Canada’s Strategic Need

Canada’s trade is heavily concentrated with the United States — **75%+ of Canada’s exports** go to the US. The **CUSMA (Canada-United States-Mexico Agreement)**, which replaced NAFTA in 2020, governs this relationship. Under the Trump administration (returned January 2025), threats of sweeping US tariffs on Canadian goods — including steel, aluminum, and automobiles — have created an urgent need for Canadian trade diversification.

India represents:

- 1.4 billion consumers with rapidly growing middle class
- A large market for Canadian educational services (post-secondary institutions)
- Energy demand: India’s crude imports and LNG interest align with Canadian LNG potential
- Agricultural demand: India imports large volumes of pulses and edible oils

India’s Strategic Need

India’s interest in Canada centres on:

- Uranium:** Canada is among the world’s top 3 uranium producers; India’s nuclear expansion requires diverse supply chains beyond Russia and Kazakhstan
- LNG:** Canada’s Pacific LNG projects could supply India’s growing gas demand

Canola/agricultural commodities: Food security diversification

Technology and education: Canadian universities, AI research (Montreal, Toronto are global AI hubs)

Diaspora remittances: ~\$5-6 billion annually from Indian-Canadians to India

INDIA'S FTA LANDSCAPE — WHERE CANADA FITS

Recent Indian FTAs / Trade Agreements

Partner	Status	Signed
UAE (CEPA)	In force	February 2022
Australia (Interim ECTA)	In force	December 2022
GCC (Gulf Cooperation Council)	In force	2024
UK CEPA	Under negotiation (advanced)	—
EU BTIA	Under negotiation (revived)	—
Canada CEPA	Suspended; tentative revival	—

India terminated the **FIPPA with Canada in 2017** — a Bilateral Investment Treaty that Canada wanted as part of any comprehensive deal. India's reluctance to accept international arbitration for investor-state disputes (after adverse awards like the Vodafone and Cairn cases) makes the investment chapter of any CEPA contentious.

THE KHALISTAN DIMENSION AND CANADIAN DOMESTIC POLITICS

Why Canada Cannot Simply Ignore the Issue

Electoral geography: Ontario (GTA — Greater Toronto Area) and British Columbia have large Sikh diaspora populations; Sikh-Canadians are represented in Parliament (including as cabinet ministers); their votes are decisive in dozens of ridings

Free speech framework: Canadian law does not easily allow designation of political movements as terrorist organisations; Khalistan advocacy (as distinct from violence) is treated as protected speech

Intelligence sharing (Five Eyes): Canada is part of the Five Eyes intelligence alliance (USA, UK, Australia, NZ, Canada); the Nijjar allegations were reportedly based on intelligence shared within this network — creating an international dimension beyond bilateral politics

India's Consistent Position

India expects Canada to:

- Designate Khalistan-linked organisations as terrorist entities
- Prevent use of Canadian soil for anti-India activities, fund-raising for separatist causes
- Take action against individuals wanted by India under UAPA
- Treat the Nijjar case within a law enforcement framework, not a diplomatic/political one

Prelims: *CEPA, CUSMA (replaced NAFTA), Five Eyes, UAPA, Khalistan Tiger Force, India-Canada FIPPA (terminated 2017), Athabasca Basin, GTA (Greater Toronto Area), Mark Carney.* **Mains GS-2:** *India's bilateral relations; diaspora diplomacy; trade negotiations; foreign policy dimensions of domestic politics.* **GS-3:** *India's FTA strategy; trade diversification; uranium supply chains for nuclear power; LNG imports.* **Essay:** *"Trade and trust are inseparable — the paradox of doing business with difficult partners."*

★ FACTS CORNER — KNOWLEDGEPEDIA

INDIA-CANADA CEPA:

Negotiations launched: 2010

Status (2026): Suspended since September 2023; cautious revival under Carney

FIPPA (bilateral investment treaty): Terminated by India in 2017

Current bilateral trade: ~C\$14 billion (~\$10 billion USD)

THE NIJJAR AFFAIR:

Hardeep Singh Nijjar: Killed June 18, 2023, Surrey, British Columbia

Designated terrorist by India under UAPA: 2020

Trudeau's allegation in Canadian Parliament: September 18, 2023

India's response: "Absurd and motivated"; mutual diplomat expulsions

Trudeau resigned: Early 2025; Mark Carney became PM

CANADIAN POLITICAL CONTEXT:

Indian diaspora in Canada: ~1.8 million (people of Indian origin)

Indian students in Canada (2023 peak): ~427,000 (largest international student group)

CUSMA (Canada-US-Mexico Agreement): Replaced NAFTA in 2020

Canada's US trade dependence: >75% of exports go to US

Five Eyes: Intelligence alliance — USA, UK, Australia, New Zealand, Canada

INDIA'S STRATEGIC INTERESTS IN CANADA:

Uranium: Athabasca Basin (Saskatchewan) — among world's richest deposits; >20% global production

LNG: Canadian Pacific LNG projects for India's gas demand

Nuclear expansion: India plans 22 new nuclear reactors (Pressurised Heavy Water Reactors + light water)

Canola (rapeseed oil): India is world's largest edible oil importer

INDIA'S RECENT FTAS:

UAE CEPA: In force February 2022 (first modern CEPA)

Australia ECTA (interim): In force December 2022

GCC FTA: Signed 2024

UK FTA: Under advanced negotiation

India-EU BTIA: Revived negotiations (stalled since 2013)

KHALISTAN ISSUE:

Khalistan movement: Seeks independent Sikh homeland from Punjab; armed insurgency suppressed by 1993 in India

In Canada: Political advocacy (legal); India alleges fund-raising for violence

UAPA: Unlawful Activities (Prevention) Act 1967 (amended 2004, 2008, 2019); basis for India's terrorist designations

OTHER RELEVANT FACTS:

India's nuclear programme: 22 reactors operational (2024); 8 under construction; fuel diversification critical

Indian remittances from Canada: ~\$5-6 billion/year

Canada's uranium production: ~7,000-8,000 tonnes/year (~13% of world supply)

Saskatchewan (Athabasca Basin): World's highest-grade uranium ore deposits

CANDU reactor: Canadian design; sold to India in 1950s-60s; stopped after 1974 test

Source: The Hindu, Vajiram & Ravi

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