



India Canada Biz Digest

Delivering news impacting Indo-Canadian trade relations

Issued by the High Commission of India, Ottawa

Week of 28th August – 4th September 2017

Opinion

Powering Ahead Together: India-Canada Economic Relations

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India-Canada relations are underpinned by shared values of democracy, pluralism, expanding economic engagement, regular high-level interactions and long-standing people-to-people ties. The Canadian Cabinet today has four Indian-origin ministers and twenty-one MPs from the Indian diaspora sit in its Parliament, reflecting their significant contribution and strength in building Canada into a global powerhouse. The Parliamentarians also contribute to forging deeper ties with India as a natural and global partner. During the visit of Prime Minister Narendra Modi to Canada in April 2015, the two sides agreed to elevate the bilateral relations to a strategic partnership - “नया उत्साहः नए कदम – New Vigour: New Steps”.

Since then, Prime Minister Modi and Prime Minister Trudeau have met on the margins of the Nuclear Security Summit in 2016 and earlier this year on the sidelines of the G20 Summit in Hamburg, re-affirming the importance of this strategic partnership.

As Canada takes steps to look beyond its traditional trading partners and India builds on its ambitious developmental and modernization agenda, the two innovative nations can further deepen this natural partnership. Bilateral trade in 2016-17 was US\$ 6.14 billion, compared to US\$ 4.8 Billion in 2012-13. Owing to global conditions, trade has remained at around this level for the last three years. However, as the global economy improves, India and Canada have the opportunity to scale up this economic engagement, including through mutual investments and trade in services.

The two countries enjoy strong synergies in sectors like energy, infrastructure, manufacturing, ICT, skills development, smart cities, agriculture and food processing, research and education, opening up room for enhanced collaboration. Each country can capitalize on the strengths of the other to build a mutual growth story.

In the last three years, India's reform process has accelerated, with the implementation of landmark new policies. The Goods and Services Tax (GST) was introduced after many years of deliberation in a spirit of collaborative federalism and is already delivering notable results in transport efficiency and tax coverage. Incidentally, India's GST is similar to the Canadian GST in that both countries have deployed a dual tax model for the central and state governments, the only two economies in the world to follow this practice.

Another notable reform has been the introduction of the Insolvency and Bankruptcy Code which institutes a new regime for exit of failing firms and encourages new entrepreneurship. The Government has also liberalized the foreign direct investment policies, attracting more FDI than ever before. With strong macroeconomic fundamentals, India is set on a high growth trajectory and is expected to remain the fastest growing G-20 economy for the next few years.

Canada can contribute towards ambitious Indian initiatives such as Make in India, Digital India, Smart Cities, Clean India etc. An excellent example of such cooperation is the investment in India's start up ecosystem by Canadian pension funds and institutional investors that has resulted in tremendous growth in the innovation space - such partnerships create win-wins on both sides.

Indian industry's investments in Canada have grown significantly, primarily in sectors like ICT, life sciences, pharmaceuticals, minerals and metals, petro chemicals, automotive and auto ancillaries, oil and gas, and financial services. Similarly, Canadian companies are also thriving in India and have made inroads in sectors such as power and energy, equipment and services, oil and gas, environmental products and services, telecommunications, information technology, and the financial sector, including insurance.

There are, of course, challenges that businesses on both sides face in doing business in each others' countries whether it is labor mobility, market access restrictions, tariff and non-tariff barriers and so forth. However, it is imperative that we focus on the opportunities and the existing complementarities.

Given the untapped potential for our countries to innovate and grow together, CII has continuously engaged in strengthening networks between businesses of both sides. Our agenda has included trade and investment missions in both directions, hosting focused platforms on specific sectors, and undertaking regional connectivity delegations. We believe that the emerging knowledge economy can further drive bilateral engagement in new directions.

To catalyze such partnerships in the new economy, CII and the Department of Science and Technology, Government of India, are organizing the prestigious annual Technology Summit where Canada has agreed to participate as the partner country. The Technology Summit, which has emerged as an excellent forum for promoting innovation, startups and R&D in India, is scheduled from 14-15 November 2017 in New Delhi.

The Canadian Minister of Innovation, Science and Economic Development, Mr. Navdeep Bains, is expected to lead a large government and business delegation to participate in the event. The Summit is a huge opportunity for Canadian businesses to engage more forcefully in India's vibrant startup and technopreneurship ecosystem, which has made the country the third largest startup hub of the world. It will be an excellent platform for industries, institutions and government agencies from India and Canada as well as other participating countries to forge knowledge and business partnerships and spur trade and investment.

CII remains committed to strengthening the Indo-Canadian economic relationship. Initiatives like the Tech Summit will go a long way in solidifying the bonds of friendship between our two countries.



The Indian Economy

India's innovation growth rate could surpass China

India's innovation growth rate would see a significant rise and could surpass that of China in the next decade, according to a BRICS report. It is predicted that "the innovation competitiveness of India would see a significant rise with its growth rate probably surpassing China between 2025-2030". BRICS countries have become a "bellwether" in their respective regions, leading the neighboring countries in many aspects.

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Sectors of Interest

Indian firms join race for BHP's USD 2 billion Canadian potash mine

Anglo-Australian mining giant BHP Billiton Ltd is considering selling a 25 percent interest in its Canadian potash mine project, a stake that could be worth close to USD 2 billion. Since India relies entirely on imports for potash, the potash asset is expected to attract interest from Indian fertilizer companies looking to sidestep price volatility.

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July core sector output growth bounces back to 2.4%

Core sector output growth rose to 2.4% in July, as compared to the paltry 0.8% rise seen in June. Growth was primarily pushed by a jump in steel and electricity generation, apart from a sustained rise in natural gas output. In July, steel production continued to firm up, rising by 9.1%, up from the 5.8% rise in June.

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IKEA to set up first Indian store by 2018

Swedish home furnishing major IKEA is set to open its flagship store in India by Spring 2018, while it scouts for more land parcels in select cities. Work on the USD 154 million facility located in the IT hub of Hyderabad has gathered pace, and so has the firm's efforts to step up sourcing from India.

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Production of horticulture crops likely to touch 300 million tons

Production of horticulture crops such as fruit and vegetables have seen an increase over the previous year. The production is estimated at 300 million tons in 2016-17 crop year ending June compared to the previous year when production was 286.18 million tons, an increase of 4.8% in the harvest. The area under horticulture crops has increased from 24.5 million hectares to 25.1 million hectares in 2016-17, recording an annual increase of 2.6%.

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Boeing to deliver made-in-India Apache helicopters next year

Boeing Co. will start manufacturing and handing over made in India Apache AH-64E multi-role attack helicopter fuselages from next year. Boeing will make the helicopter fuselage at Tata Advanced Systems' Hyderabad facility which will be ready by end of the year and the fuselage will then be taken to the US for fitting before being sent to customers.

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<p>Consolidated reforms will unleash the potential of the economy</p> <p>India is on the cusp of unprecedented and impactful reforms that need to be consolidated in the next few years before the economy sets itself up for the next phase of development, said the country's top bankers, entrepreneurs, and corporate captains. One of the biggest changes in the central government's policy is its support towards entrepreneurs. Democratization of technology is another, with it reaching an unprecedented number of people in the country.</p> <p>Read more</p>	<p>India will need USD 150 billion worth of military equipment in 10 years</p> <p>Distinguished scientist and Director General of the BrahMos division of the DRDO, Dr Sudhir Mishra, said the country would require various military equipment worth USD 150 billion in the next 10 years. Inviting private players to grab the opportunity by entering defense equipment manufacturing, Mishra said the DRDO is ready to share its technology with manufacturers so that they can develop it for the market. Mishra stated that private players can approach the DRDO and start manufacturing.</p> <p>Read more</p>
<p>Second auction of wind power projects: Tariff tumbles to 5 cents/Mw</p> <p>Six months after the first auction of projects, the second one has seen wind power tariff falling to a record low of 5 cents (US) per Mw unit. The three companies that have qualified in the bidding, held by Tamil Nadu for 500 Mw of wind power projects, would now set up 900 Mw of wind power projects. With an ambitious target, the new and renewable energy ministry plans to auction wind power projects every month.</p> <p>Read more</p>	<p>US firms most active investors in Indian start-ups</p> <p>US-based investors have been the most active foreign participants in India's start-up ecosystem over the past five years, racking up over 800 equity deals during the period. This also made them the second most active grouping since 2012, after their counterparts based in India or Mauritius. Singapore, Hong Kong, Japan, and the UK occupied the other four spots in the list of top five foreign investors in India's technology ecosystem.</p> <p>Read more</p>
	<p>For guidance on doing business in India, Please Contact Mr.Vish Mannava Marketing Executive commercial@hciottawa.ca</p>