Exploring the diplomatic relations to improve Canada – India economic relations

Introduction:

India and Canada has been trading partners for generations which have strengthened diplomatic and economic relationships since 2019. The government change has added new impetus to its thinking and directives on Indian trade and its contributions. As the bilateral diplomatic relationships have reached new heights, it is indeed necessary to evaluate its economic contributions, value and importance for both countries. Canada government had imported goods worth CA$4.97 billion and its exports were CA$3.71 billion in 2020.(Ws1).

Fourth round of discussions and negotiations between the two countries were held during November 2022 on online mode. This discussions and deliberations would lead to Early progress trade agreement(EPTA) between the two countries which would lead to Comprehensive economic trade agreement (CPTA). As it is evident that these emerging issues and dimensions like EPTA & CPTA and its bilateral with economic implications has not been researched or investigated before. This research is an attempt in this direction.

The next section would discuss on literature review which has been conducted on these issues and dimensions.

Literature review:

Ciuriak, D., Ciuriak, L., Dadkhah, A., Lyu, Y. and Wen, Y., (2022) had done research by exploring in to the export opportunities between India and Canada. India has emerged as a global destination for mutual trade and exchange for economic development and prosperity orientations. India has become a strong contender to emerge as the most successful trading partner for 2022. This study explores in to the export relationship which prevails between the two countries and also highlights on the hidden potential and scope for future. The potential impact of FTA is evaluated based on equilibrium model simulations which have been done. In this study it is found that FTA leads to increase in trade and real time value of GDP in Canada. However it is found that the implication on bilateral trade relationship on economic relationship, development and prosperity in Indo Canadian trade agreements has not been evaluated and this has been attempted for the first time with this study.

Tantri, M.L. and Aulakh, P.S., (2019)had done research by analyzing in to the nature, extent and type of bilateral trade which prevails between Canada and India. In this study the nature of trade relationship and its implications are explored as to whether it is competitive or complementary in nature. International trade center database from 2001 to 2015 has been analyzed in this study. In this study it is found that India has emerged as an important trading ally and its prospects could increase in future also.

However the legal issues pertaining to bilateral trade and its implications on economic prosperity between India and Canada has not been researched and it is empirically evaluated in this study.

Mehta, K., (2019) had done research study on the existing India Canada relationships and has evaluated the long road travelled to achieve prospective pathways between these two countries. The study asserts that the relationship between these two countries is harmonious but yet to reach its full trade potential. The political issue of Khalistan sympathizers in Canada has jeopardized the relationship between the two countries in to hostility. So the impact of political situations prevailing in these two countries and its impact on bilateral trade and economic ties has not been studied before and it has to be attempted.

Prem.K. Bhudwar(2018) had described the Indian Canada relationship which has been prevailing like a roller coaster ride. It has been bumpy and with lot of spill over on each direction which has never been smooth. The study states that there is a need for effective bilateral relationship to prevail between these two countries. However it is found that research studies have not been done on the role of bilateral trade and its implications on economic relationships which has to be done. So as research studies have not been done on bilateral relationship between India and Canada and its economic implications this research is an attempt towards it.

Bhat, Shilpa D(2013) had done PhD thesis on Canadian India bilateral association as a study in select 21st century literary narratives with humanistic concerns. The economic cultural and political aspects which prevail between these two countries in literary aspects is explored and examined in this study. However it is found that the role of Canada and Indian bilateral relationships and its impact on economic relationship has not been studied which has to be done.

Ramesh, M(2014) had done PhD thesis on India's Regional Trade Agreements Approaches Strategies and Implications. India has been very active in the last four decades in framing having regional trade agreements with various countries all over the world. The economic impact and its influences on regional cooperation and trade facilitation has been really productive and encouraging. Although regional trade agreements have been explored in this study the role of CEPA and its influences on India and Canadian trade along with bilateral relationship dimension has not been explored which is attempted with this study.

Pour, Shiva Abdi(2017) had done PhD thesis on International Trade in Services and its impact on Indian trade and agreements. This study has been done as an evaluative study with special reference to services and Indian context in specific. In this study it was found that services contribute to a maximum of 23% in international trade of India. Although the study found that contributions of services has been effective to Indian GDP contributions, there is a need to evaluate the role of bilateral relationships

and its influence on economic relationship between India and Canada which has not been attempted till now and it has to be done.

Singh, Rohit & Sharma, S. (2018) had done research on India Canada trade relationships by exploring in to the dimensions of trade facilitation for improving it. The study provides details on the trade patterns and its implications on economic behavior between the two countries. However it is found that no research has been attempted on the implications of bilateral relationship between these two countries and its effects on economic performances and this research is an empirical attempt towards it.

RENUKA DEVI V(2016) had done an investigative and evaluative study on foreign trade and economic development of India. In this study the role of foreign trade regimes and its impact has been evaluated. This study has been attempted as secondary data based study. It was found in this study that foreign trade fosters economic development and progress in India. This can also lead to sustainable development and progress for India in future also. However the specific impact of bilateral relationship between India and Canada and its economic implications has not been studied which has to be attempted in future.

Phudang Ronghangpi(2020) had done PhD thesis on CSR Practices and its impact on India Canada relationships. This has been done as a comparative study.

The CSR practices which are done in these two countries are compared using qualitative and quantitative data. It was found in this study that CSR activities initiated by both the countries are similar across various industries. These activities have been implemented in the local areas and regions of both countries. However it is found that although CSR practices have been explored in this study there is a need for analysis on bilateral trade agreements which can influence economic relationship between these two countries. However researches on these dimensions have never been attempted and it has to be initiated.

As it is evident from the above research studies that very limited researches has been attempted on India and Canada bilateral relationship and its impact on economic relationships. This research is an attempt to reduce this gap and this research is an attempt in this direction for the first time at the doctoral level. The next section would provide research methodology aspects.

Research methodology

Nature of research: Exploratory and conclusive

This study would be exploratory and conclusive in nature. This study explores in to specific dimensions of diplomatic relationships between India and Canada and its implications on economic relationships.

The nature of bilateral relationship which prevail between these two countries would be evaluated and the futuristic strategies on improvement of diplomatic relationship which would lead to improved economic relationships, productivity and effective usage of supply and labour between these two countries.

This study would be conclusive in nature as it would provide specific suggestions, recommendations and implementable strategies to improve bilateral diplomatic relationship between the two countries. The renewal of diplomatic relationships by Canada since 2001 has given new dimensions and possibilities on the trade relationships between the two countries. The study would provide specific recommendations on CEPA which was agreed by 2010. The implications of early progress trade agreement of CEPA would also be evaluated and suitable suggestions would be provided for future. The study would diagnoize in to the implications of CEPA on mutual bilateral trade relationship between the two countries towards 2030.

Type of research: Quantitative and empirical

This research would be empirical and quantitative in nature. This study would be predominantly secondary data based research study and primary data would be collected from Ministry of external affairs in both Canada and India regarding CEPA and EPTA on bilateral trade among them.

Dimensions of the study:

Independent variable : bilateral trade between India and Canada

Moderating variable : CEPA and EPTA

Influencers : laws on goods and services rule of origin

Technological barriers to trade

Trade disputes and settlement

Barriers: complex labor laws, market protection and bureaucratic regulations

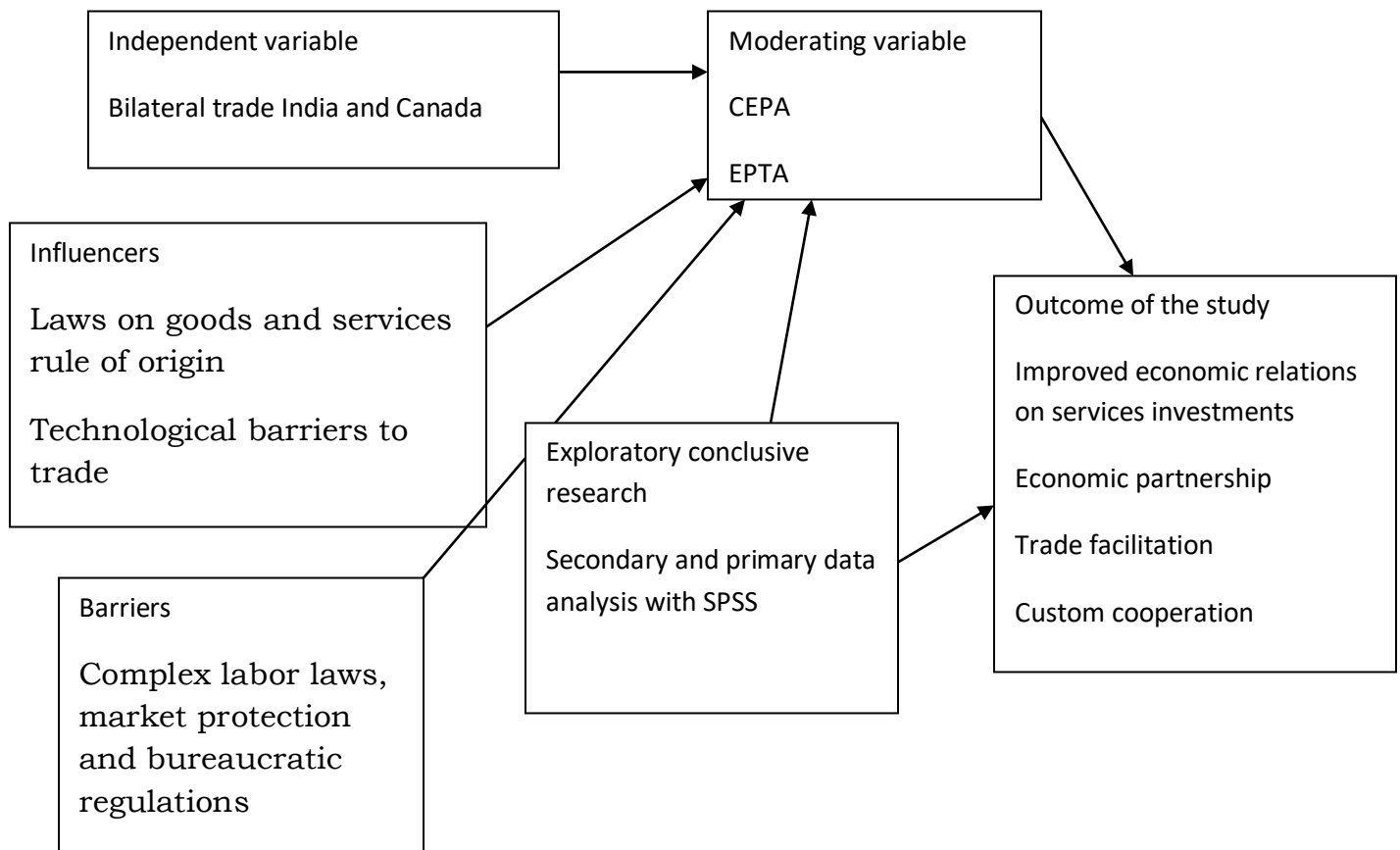Outcome of the study: improved economic relations on service, investment, economic partnership, trade facilitation, custom cooperation.

Measurement of economic trade and bilateral relationship method :

Trade intensity index

Trade complementary index

Conceptual framework for the study:

Independent variable Bilateral trade India and Canada	→	**Moderating variable** CEPA EPTA

Influencers Laws on goods and services rule of origin Technological barriers to trade	**Outcome of the study** Improved economic relations on services investments Economic partnership Trade facilitation Custom cooperation

Barriers Complex labor laws, market protection and bureaucratic regulations

Exploratory conclusive research Secondary and primary data analysis with SPSS

Aim of the study:

This study aims to evaluate the nature of bilateral relationship which prevails between India and Canada. The study also would evaluate the implications of bilateral relationship on economic relationship between India and Canada. The study would also determine the role of CEPA and its implications on trade relationship between India and Canada. The study would also evaluate the barriers like Complex labor laws, market protection and bureaucratic regulations which affect India Canada economic prosperity. The study also aims to provide futuristic strategies which can enhance India Canada bilateral relationship also.

Research philosophy for this study:

This research would be carried out objectively without any bias or influences. The study would present the facts and interpretations would be done based on factual information only. Prejudices and perceptions do not form a part of this study as it does not have any role. This study would be empirical based as the research is based on the information provided by external affairs employees in India and Canada . There would be no representation of any ideology or opinions based on any social, economic, cultural or political factor.

Theories would be presented from an academic outlook and there would be no choices or preferences in it. The study would also evaluate the existing theoretical contributions and would provide a new theoretical framework which would add to the existing legal knowledge on bilateral relationship which prevails between India and Canada and its implications on economic relations. There would be no comments or criticism on any aspect, person or anything which would defeat the research philosophy of objectivism which would be followed in each and every aspect of this research.

Interferences with other researches conducted:

As this study is an evaluative study on the implications of bilateral relationship which prevails between India & Canada and its implications on economic relationship has been explored for the first time. As these dimensions have not been attempted by research studies conducted before, this research does not intervene with any research which has been done already in this field.

Objectives of the study:

1. To evaluate the nature of existing bilateral trade which prevail between India and Canada
2. To determine the relationship between diplomatic relationship between India and Canada and its implications on economic relations
3. To assess the implications of EPTA on India Canada economic ties and progressive pathways for 2030
4. To find out the specific role of CEPA on strengthening India Canada economic relationships towards 2030
5. To validate the legal implications of EPTA and progressive steps towards CEPA for India Canada economic prosperity towards 2030

Hypothesis for the study:

H1: The existing bilateral relationship between India and Canada is cordial and purposive

HO: The existing bilateral relationship between India and Canada is not cordial and non purposive

H1: Bilateral relationship of India and Canada lead to economic relationships and prosperity

HO: Bilateral relationship of India and Canada does not lead to economic relationships and prosperity

H1: CEPA can foster effective economic relationship between India and Canada

HO: CEPA cannot foster effective economic relationship between India and Canada

Data collection methods:

Primary data would be collected from External affairs ministry employees of both Indi and Canada on bilateral trade and agreements of two countries. Stratified random sampling would be done for the study as the employees having more than 5 years would be contacted in both countries. Primary data would be collected with focus group discussion involving employees of both countries. Secondary data for the study would be collected from articles, magazines, periodicals, publications since 2015 till date.

Data analysis methods:

Data analysis would be done with SPSS as the following tests would be done:

Stage one: Data analysis

1. Data consistency test
2. Demography based analysis
3. Hypothesis based analysis   would be done.

Objective based Stage II analysis:

1. Correlation, regression, ANOVA and factor analysis would be done
2. CFA would be done
3. An SEM model would be derived which can be the outcome of the study

Chapter scheme:

Chapter one would focus on the existing bilateral trade between two countries and its implications on economic relationships, development and progress

Chapter two would provide literature review on the dimensions chosen for the study and would also give research gaps.

Chapter three would give research methodology dimensions and related aspects

Chapter four would deal with data analysis and interpretations

Chapter five would deal with suggestions, recommendations and conclusions

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