



**CANADA-INDIA
BUSINESS COUNCIL
CONSEIL DE COMMERCE
CANADA-INDE**

**REPORT ON THE C-IBC
BUSINESS PARTNERSHIP
SUMMIT HELD IN TORONTO
ON MAY 26, 2017**





**CANADA-INDIA
BUSINESS COUNCIL
CONSEIL DE COMMERCE
CANADA-INDE**

CANADA-INDIA PARTNERSHIP SUMMIT

MAY 26, 2017

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Canada-India Partnership Summit 2017 – Official Program

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May 26th, 2017, 8:00am – 2:45 pm

Time	Item
07:30 – 08:00	Registration
08:00 – 08:20	Welcome Remarks Kasi Rao (<i>President & CEO, C-IBC</i>), Jeffrey Shell (<i>Managing Director and Co-Head, Global Trade & Banking, BMO Financial Group</i>)
08:25 – 08:55	Positioning our strengths George Borovilos (<i>Director, Business Development Branch, Ontario Ministry of Agriculture, Food and Rural Affairs</i>), Julia Bentley (<i>Acting Director General, South Asia, Global Affairs Canada</i>), Akhil Tyagi (<i>Area Director – South Asia, Ontario Ministry of International Trade</i>)
09:00 – 09:45	Corporate India's Expansion Plans Jim Shapiro (<i>Resident Director, TATA USA</i>), Toby Lennox (<i>President & CEO, Toronto Global</i>)
10:00 – 11:15	India as an Innovation Partner: Perspectives from Canada, India & the United States of America Introductory Remarks: Hon. Navdeep Bains (<i>Minister of Innovation, Science & Economic Development</i>) Hon. Navdeep Bains (<i>Minister of Innovation, Science & Economic Development</i>), Mukesh Aghi (<i>President, USIBC</i>), H.E. Vikas Swarup (<i>Indian High Commissioner to Canada</i>)
11:15 – 12:00	Branding Canada in India Teesta Soman (<i>Director - Innovation Marketplace, Grand Challenges Canada</i>), Soumen Roy (<i>Executive Director & Country Head, Canada, TCS</i>), Jodi Dell Leblanc (<i>VP Global Sales - The Americas, Taj Hotels, Palaces, Resorts and Safaris</i>)
12:05 – 12:40	Working Lunch
12:45 – 13:30	Debrief on City of Toronto Mission Mayor John Tory Fireside Chat Introduction: Gary Comerford (<i>Vice Chair, C-IBC</i>) Kasi Rao (<i>President & CEO, C-IBC</i>), Mayor John Tory Closing Thanks: Kam Rathee (<i>Vice Chair, C-IBC</i>)
13:35 – 14:30	Policy Updates and Investment Attraction Moderator: Patricia Koval (<i>Chair, C-IBC</i>), Don Stephenson (<i>Chief Negotiator, CEPA</i>), Vernon MacKay (<i>Chief Negotiator, FIPA</i>), Brian Parrott (<i>Minister – Commercial, Canadian High Commission</i>)
14:35 – 14:45	Closing Remarks and Next Steps Kasi Rao (<i>President & CEO, C-IBC</i>)

Canada-India Partnership Summit: May 2017

Taking “Why India” to “How India”: Opportunities to deepen Canada-India business relations

Why India? The Business Case for India

The May 2017 Canada-India Partnership Summit started with a common understanding: everyone in the room knew *why India*. All attending and presenting understood the vast economic potential for Canadian business through trade with India. With a growing middle class and a stunning pace of growth, India presents a unique opportunity in history for Canadian business.

Beyond pure economics, there are other reasons for business engagement with India. Canada and India are both democracies, with societies built on diversity. The democratic factor has two elements: one of values and one of practical business benefit. While shared democratic values are one reason to do business, the practical benefit of a democratic system of governance is investment security for Canadian firms. As well, the rise of competitive federalism has presented new opportunities and transparency at the state (provincial) level.

India’s large English-speaking workforce is another reason for business engagement. One speaker at the event noted that while the country is economically developing, it is *intellectually* developed. Canadian firms have access to a rich and deep talent pool of well-trained, experienced workers. Yet the need to further develop a skilled workforce exists and Canada should play an increased role in this effort.

The business case for India is strong, particularly for Canadian firms. However, despite the clear benefits, Canadian business engagement with India is quite modest. The summit focused on why this is, and how the modest engagement can be increased.

Modest Business Engagement with India: Challenges for Canadian Businesses

Cost-Conscious Market

The Indian market is cost-conscious, meaning that price is an important factor for Indian consumers and business partners. Indians buying Canadian goods will consider the price of those goods, and may not buy them if they are too expensive. Likewise, Indian businesses will look for partners and suppliers who can drive down prices.

The cost-consciousness of the Indian market presents two main challenges for Canadian businesses. The first is set by geography—the Indian market is far away and Canadian businesses incur extra costs to get their goods such a distance. These costs

(in logistics, financing, etc.) present unique challenges for Canadian firms hoping to get an edge in the cost-conscious market. The second challenge is that Canada, as a developed economy, often exports value-added products which are inherently more expensive than those products sold in developing markets. Thus, Canadian firms' ability to decrease price is limited by their expensive inputs.

These two factors, amongst others, create a situation in which Canadian companies may struggle to penetrate the cost-conscious market. However, opportunities for efficiencies on one hand and premium marketing on the other hand do exist. The rise of domestic brands that address both the cost and quality imperatives of the Indian consumer poses an additional constraint for newer market entrants.

Fast-Paced Change

The pace of change in India, on all fronts, is a remarkable phenomenon in modern history. Entire industries are born in years, and societal shifts that took a generation before now take hardly a decade. The pace of urbanization, the UID identification scheme, the rise of e-commerce and m-commerce, the ascent of clean energy, and the demographic dividend are major long-term changes under way. These changes create great opportunities for business growth, but they also create great uncertainty. The partnership summit addressed concerns about this pace of change.

Two specific examples were discussed at the summit—demonetization and the July 1 GST rollout. Both are seismic economic changes, transformations which will revolutionize the Indian economy. While this creates opportunities (for example, one panelist told a story of a farmer with no bank account who got Pay-TM within two days of demonetization), it also creates uncertainties for business in the transitory period. Nonetheless, these reforms are good long-term measures which will enhance the attractiveness of the Indian market for Canadian businesses. Meanwhile, Canadian companies operating in India will need to remain nimble and capable of absorbing the shock of change. Indeed, the change should be embraced as part of a dynamic and growing market.

The US Relationship

No discussion of Canadian trade and investment can happen without mention of the United States. The US market has and continues to dominate Canada's export profile. The US market provides a certain level of comfort to Canadian businesses. Too many looking for international markets will see India as geographically distant, culturally distinct, and logistically challenging. These same businesses will then look south, to a large and prosperous market just hours away (minutes, in some cases), with a similar culture and a free trade agreement. This level of comfort with the US market has long been a feature of Canada's export profile. The challenge is convincing businesses that India is a market truly worth pursuing and important to Canada's future prosperity.

Mutual Afterthought

The bilateral relationship between India and Canada (at the state and private sector levels) has shown a degree of mutual afterthought, a notion that can be explained by the continents on which Canada and India call home. When Indian leaders and businesses think of North America, they think of the US first, and Canada second. When Canadian leaders and businesses think of Asia, they think of China first, then Japan, with India as a lower priority. This perception, however, is changing for the better.

Indian High Commissioner to Canada Vikas Swarup noted that while there may have been modest engagement in the past, this is no longer the case today. Engagement is increasingly close at the political level, and this will translate to business success with measures such as the Comprehensive Economic Partnership Agreement (CEPA). This sentiment was echoed by Innovation, Science and Economic Development Minister Navdeep Bains¹, who noted the robust schedule of ministerial visits to India since November 2015, when the new Cabinet was sworn in, and the expected visit of Prime Minister Justin Trudeau in the next year. Further, the shared emphasis on the broader innovation agenda offers new possibilities.

Building Indian Interest in the Canadian Market

The question posed above regarding the modest level of business engagement with India cannot be answered without looking at the need for higher business engagement *from* India to Canada. The Canadian profile is not as high as many in the Canadian business community might think. Much of the summit discussion focused specifically on Toronto, but the concepts apply in all Canadian communities. Indians know about Canada, but they don't know enough about the Canadian business environment.

Brand Canada is emerging in India—Canada is seen as a progressive and tolerant country with a strong commitment to diversity. As the home of 1.2 million Indo-Canadians, we share cultural bonds with India that few other countries can claim. Why, then, aren't more Indian businesses investing in Canada?

The answer lies in the nature, not the strength, of Brand Canada in India. Indians view Canada favourably, but they don't view Canada through an economic lens, although a transition is underway, especially as political developments in the US and Europe position Canada as a global advocate for free trade. Up until now, Canada was largely seen as a nice place to visit, or a place where family lives. But it was not seen as a market in which to invest. Canadian leaders, in business and in government, need to *convince* Indian companies to visit, learn about the market, and then invest. Toronto, for example, is the fourth-largest city in North America with a superb array of strengths ranging from manufacturing to services supplied by a world-class higher education sector. Toronto Mayor John Tory noted that Indian companies won't come to Toronto

¹ See press release here: https://www.canada.ca/en/innovation-science-economic-development/news/2017/05/minister_bains_addresses_the_canada-india_partnership_summit.html?_ga=2.111111111.111111111.111111111-111111111-111111111&wbdisable=true

(and Canada) for romantic reasons, like they might to New York or London. Thus, Canadian leaders must aggressively and systematically pitch Toronto and Canada to them.

Developing Brand Canada Icons

Brand Canada cannot simply be about trade branding. While it needs to contain an economic component, Brand Canada cannot be fully government-led and implemented. It needs to have a value attached to it. For example, when Indians see “Made in Japan” they instantly associate the product with quality. What do they think when they see “Made in Canada”?

Brand Canada does not have an icon to act as its champion in India. For example, Indians know Scotch and Bourbon, but there is no Canadian equivalent. Furthermore, Indians might not recognize that an international company is Canadian. While they certainly knew that BlackBerry's were Canadian, the time of the BlackBerry as a global must-have product has seen the rise and success of competitors.

Many Canadian companies are successful in India. A key element of their success is their positioning in the Indian market. McCain Foods and Sun Life Financial, for example, are highly attuned to Indian consumer needs. The tremendous level of investment by Canadian institutional investors in the last two years affords Canada the opportunity to position itself strategically. Canada's major banks, and iconic brands such as Air Canada and Fairfax Financial, are beginning to be recognized more visibly in the Indian market. Similarly, the Invest in Canada initiatives led by our High Commission in India are examples of broadening the appeal of Canada as a location for global business.

Major Indian companies such as ICICI, SBI and Tata Consultancy Services have a significant corporate presence in Canada. Their knowledge of the Indian market should be leading sources for practical business advice.

Optimal Coordination of Canadian Export Promotion

Canadian governments at all levels are interested in boosting exports and increasing foreign investment. The federal and provincial governments have their own export promotion programs, and cities often engage in their own measures as well.

While the proactive nature of Canadian political leaders' export promotion is to be applauded, there is an opportunity for the various programs to be synergized, particularly in relation to Canada's missions to India. Having all three levels of government promoting Canadian business in India is good, but by achieving optimal synergy among programs, confusion in the Indian market can be reduced and Canada's investment pitch can be more clearly expressed.

Export Development Canada (EDC) was cited as a strong performer in India with a stellar reputation. It was noted, however, that EDC could further enhance its role in Canada-India trade by focusing more on long-term goals like technology development, which provide less immediate bilateral benefits but offer long-term opportunities for growth and collaboration.

Increasing Engagement: What can be done?

Bringing more Indian Businesses to Canada

While much of the discussion surrounded Indian investment in Toronto, the ideas extend to the rest of Canada as well. The Canadian marketplace is not on the map for many Indian businesses. The way to change this is to get more Indian businesses to visit. As Mayor Tory noted, once Indian business leaders come to Toronto and see how vibrant it is, and see its diverse and highly-skilled workforce, they will want to invest. He noted the importance of telling the Toronto (and Canada) story, again and again. Political and business leaders in Canada need to tell the story of Pay-TM and Indian companies like it. Pay-TM started in Canada with two people working out of the public library—now they have an office and an ever-increasing staff. If Canadian leaders can sell these stories, Indian businesses will visit. Mukesh Aghi, President of the US-India Business Council (USIBC), suggested that USIBC and the Canada-India Business Council could collaborate to collectively pitch India to North America and vice versa.

Canada's agri-tech strengths are world-renowned, but not as well known in India. Recent federal and provincial agriculture missions provide a strong foundation for future business opportunities.

Global brands such as Taj Hotels are noticing a rise in tourism—both ways between Canada and India, and this is only going to grow. Developing hospitality programs attuned to the needs of the Indian traveller will become more relevant in the coming years.

The number of Indian students who see the strengths of Canada's higher education sector is evident in the growing numbers that study at Canada's internationally-renowned colleges and universities. This represents an excellent business opportunity.

Sending more Canadians to India

Canadian political and business leaders can also increase Indian interest by going on focused trade missions to India. One panelist noted that it can be difficult to get Indian business owners to come to Canada to explore an investment—if that is the case, then working hard to sell Canada in India is also incredibly important. These missions to India will also help Canadian businesses crystallize their thinking on the Indian market—too often, one panelist noted, Canadians see the macro-picture of the Indian market but miss the micro-opportunities, which are the ones the average Canadian business would

pursue if they export. If more Canadians go to India, they can enhance their Asia Competence and help bridge the Canadian and Indian markets.²

There was also discussion about the importance of sending more Canadian students to India to study. Very few Canadian students study abroad, and of those who do, Asia takes but a small slice—and India an even smaller fraction within that cohort. Sending more Canadians to India will create social bonds, which can generate business. Even if some Canadians stayed in India and didn't return home, this would be an excellent opportunity to have Canadian “ambassadors” on the ground, living in India and promoting Canada every day.

Foreign Investment Promotion and Protection Agreement (FIPA)

A strong step towards increased business engagement would be the completion of the bilateral Foreign Investment Promotion and Protection Agreement (FIPA). The FIPA, which has come close to completion two times, in 2006/7 and 2011, is currently being negotiated.

The benefits to Canadian businesses of the FIPA are clear: non-discrimination, minimal standard of treatment in line with international trade standards, timely and adequate compensation in the case of expropriation, free movement of capital, etc. The FIPA is, above all else, a risk management tool for Canadian businesses in a market about which they know little.

Comprehensive Economic Partnership Agreement (CEPA)

The Comprehensive Economic Partnership Agreement (CEPA) between India and Canada is the next logical step in the economic relationship, one that represents an amazing opportunity for Canadian businesses. It was noted that while negotiations are ongoing, the CEPA will take time. While this can be difficult for businesses, it is important that governments carefully negotiate and review each aspect of the CEPA—trade agreements are often in place for a generation (eg. NAFTA), so it is only proper that negotiations are thorough.

Opportunities in the Future

The partnership summit also focused on the opportunities that lie ahead, of which there are many.

First among these was infrastructure. India, which is growing and urbanizing at a remarkable rate, needs things which Canada can provide—from logistics infrastructure to cold storage for food. There is a demand for Canadian skills in the infrastructure realm, including hard manufacturing skills and value-added design skills.

² For more on Asia Competence, see: <https://www.asiapacific.ca/theme/education>

These opportunities are starting to be explored, including at Municipalika,³ a conference focused on urban development and smart cities in India. Minister Navdeep Bains noted that the innovation opportunities are endless, suggesting that the recently-launched Innovation Superclusters⁴ could partner with Indian firms to create innovative products and urban designs. Indeed, the minister noted that MOUs on this matter have already been signed, giving Canadian businesses the opening they need to invest.

Another opportunity that was discussed was health care. One panelist noted that there will be an entire health care industry in India that simply *does not exist* today. Canadian firms, with expertise and a large skills base, can play a key role in helping India build this industry.

Grand Challenges Canada noted their role investing in social innovation, with a particular focus on women's health. Having invested close to \$20 million in India, Grand Challenges Canada represents one example of an opportunity to partner Canada's social innovation with India's priorities and assist in transformative change.

All of this is possible with increased connectivity. Increasing connections between Canada and India, including physical connections through flights, will help grow our two economies. One example of this is the recently-announced talent visas under the Global Skills Strategy.⁵ The new program, for high-skilled applicants, allows for two-week processing for work permits and, in some cases, temporary resident visas. The possibility for growth in the Canada-India relationship is enormous, and there is a high-level of political engagement, which will provide the window of opportunity for Canadian businesses.

Conclusion: Seizing the Moment

India is one of the most dynamic economies in the world, an enormous market which is young, growing, and well-educated. It is an excellent market for Canadian firms to invest in, leveraging our common values and our large Indo-Canadian community, as well as the "India Watchers". Despite these strengths, business engagement has only been modest. With strong bilateral ties at the political level, governments committed to growth, and complementary economic features, the time is now for Canadian and Indian businesses to capitalize on opportunities. The Canada-India partnership is set to take off in a manner that benefits both countries, a win-win that further deepens Canada-India ties into the future.

³ <http://municipalika.com/>

⁴ <https://www.canada.ca/en/innovation-science-economic-development/programs/small-business-financing-growth/innovation-superclusters.html>

⁵ https://www.canada.ca/en/immigration-refugees-citizenship/news/2017/06/government_of_canadalaunchestheglobalskillsstrategy.html?_ga=2.38173987.1634498130.1497497398-2037469656.1497497396

Report prepared by Trevor J Fairlie, Junior Research Fellow (Trade, Investment & Innovation), Asia Pacific Foundation of Canada. For more information, contact Kasi Rao, President & CEO, Canada-India Business Council at krao@canada-indiabusiness.com or 1-647-204-0104

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Recommendations and Next Steps

1. The bilateral relationship, while growing, is still at a modest level. As the rise of India continues, Canada needs to deepen and broaden its activities in India. Canadian companies will need to focus more in India in the coming years.
2. India’s innovation agenda—digitization, demonetization, mobile payments, clean technology, etc.—represent the emerging transformation in Indian economic growth. Broadening Canada’s focus to recognize the changing nature of India’s economic rise will become increasingly relevant.
3. India is a diverse and complex country. Recognizing policy changes at the state levels, not just the national level, will provide a sharper focus to Canadian companies looking at opportunities in India.
4. Indian companies are looking to Canada for North American access. A number of them have representative offices in the US. Canadian governments and businesses should reach out and engage them.
5. Diaspora knowledge networks should be tapped to position Canada’s diversity and our globally-renowned institutions of higher learning.
6. Positioning Canadian strengths beyond commodities and resources broadens the Canadian brand offering. Agri-tech and mining technologies are related examples.
7. Expertise within the federal and provincial governments should be augmented with closer linkages to key business associations in Canada and India. The Canada-India Business Council and the US-India Business Council can look at North American positioning for specific sectors.
8. Direct connectivity matters. The launch of direct flights by Air Canada enhances cargo and passenger traffic, and advances the Canadian brand.
9. Tourism will witness a significant rise in the coming years and Canada can stand to benefit. Canada should continue its focus on India as a key market.
10. Talent mobility can become a key positive differentiator for Canada. Equally important is developing student mobility to encourage more young Canadians to learn about India through first-hand experience, thus building their “India Competence.”