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India, Canada cement ties on trade, critical minerals, investment

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India and Canada agreed to bolster long- term supply chain partnerships in critical minerals and expand investment and trade opportunities, the two countries said in a joint statement. According to the statement, the two Ministers “agreed to encourage long- term supply chain partner- ships in critical minerals and clean energy collaboration essential for energy transition, and new-age industrial expansion.

“Identify and expand investment and trading opportunities in aerospace and dual-use capabilities partnerships”.

Following a serious diplomatic crisis in 2023–2024, relations between India and Canada are in a period of renewal, marked by new political leadership in Canada and resumed high-level talks in 2025. While underlying issues and trust remain fragile, both nations are actively engaging to restore stability, particularly in economic ties

Key developments in 2025

Political reset: After a change in Canadian political leadership in early 2025, new Prime Minister Mark Carney and Indian Prime Minister Narendra Modi met at the G7 Summit in Kananaskis, Canada, in June.

Trade dialogues resume: In November 2025, ministers from both countries held the 7th Ministerial Dialogue on Trade and Investment in New Delhi.

Diplomatic normalization: In August 2025, both countries appointed new High Commissioners, a key step toward restoring diplomatic functions.

Renewed roadmap: A joint statement in October 2025 outlined a path for future cooperation in areas such as digital transformation, AI, clean energy, and trade negotiations

The diplomatic crisis (2023–2024)

The relationship plunged to a historic low following Canadian Prime Minister Justin Trudeau's public accusation in September 2023 that the Indian government was involved in the assassination of Khalistani separatist Hardeep Singh Nijjar

Escalation: Both countries expelled diplomats and issued travel advisories. Visa services were suspended before being partially restored.

Further allegations: The crisis deepened in October 2024 with a fresh wave of allegations from Canada regarding criminal activities and diplomatic expulsions, claims India rejected.

Foreign interference claims: A January 2025 report from a Canadian inquiry stated India was the "second most active country" after China in foreign electoral interference, which India also dismissed.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

Underlying tension: Disagreements over the Sikh separatist Khalistan movement and allegations of Canadian inaction against extremist elements have fueled distrust for decades

Economic and social connections

Despite the diplomatic turmoil, the deep economic and social ties between India and Canada have largely endured

Trade: Two-way merchandise and services trade reached approximately CAD 23.66 billion in 2024, a 10% increase over the previous year.

Investment: Canadian pension funds remain heavily invested in India, with total investments exceeding CAD 100 billion.

Diaspora: With a large Indian diaspora, people-to-people connections remain a crucial aspect of the relationship.

Student visas: Diplomatic tensions and tighter Canadian regulations impacted the flow of Indian students in 2024 and 2025, but the educational ties remain strong

A cautious future

With new leadership in Ottawa, both countries are signaling a strong desire to mend relations. However, significant challenges, including the need to rebuild trust and address ongoing security concerns, remain. The resumption of high-level talks in 2025 and the potential restart of free trade negotiations indicate a path toward renewed stability