

India and Canada Move Towards a Trade Deal: UPSC Current Affairs

India and Canada are accelerating negotiations for a **Comprehensive Economic Partnership Agreement (CEPA)**, aiming to conclude the proposed trade deal by the end of 2026. On 13 October 2026, Prime Ministers Narendra Modi and Mark Carney reaffirmed their commitment to the agreement. The two countries are targeting an increase in bilateral trade to **US\$70 billion by 2030**, according to Canada's current trade objective. <Cite refs={["turn344797search1","turn344797news16"]} />

The renewed engagement marks an important step towards strengthening economic ties after a period of diplomatic tensions.

What Is a Comprehensive Economic Partnership Agreement (CEPA)?

A CEPA is a broad economic agreement that can cover trade in goods and services, investment, customs procedures and cooperation in selected sectors. It aims to reduce trade barriers and create better market access for businesses in both countries.

Key Areas of India-Canada Trade Cooperation

- **Energy:** Canada can supply energy resources, including uranium, to support India's long-term energy requirements.
- **Critical minerals:** Cooperation could help India diversify supplies needed for batteries, electric vehicles and clean-energy technologies.
- **Agriculture:** Trade in pulses, fertilisers and other agricultural products offers opportunities, although domestic farmers' interests require careful protection.
- **Services and technology:** Indian IT, professional services and technology businesses could benefit from improved market access.
- **Education and investment:** Greater economic engagement can strengthen educational links, research partnerships and investment flows.

In 2025, bilateral trade in goods and services was valued at approximately **US\$30.4 billion**, providing scope for further expansion. <Cite refs={["turn344797search10","turn344797news16"]} />

Why Is the Trade Deal Important for India?

1. Export Growth

Improved access to the Canadian market could create opportunities for Indian pharmaceuticals, textiles, engineering goods, IT services and other export sectors.

2. Energy Security

Closer cooperation in energy and uranium supplies could support India's efforts to diversify sources of energy and strengthen its long-term energy security.

3. Critical Minerals and Clean Energy

Canada's mineral resources could complement India's needs for electric vehicles, battery manufacturing and renewable-energy technologies.

4. Investment and Employment

A stronger economic partnership could encourage investment, expand business opportunities and generate employment in manufacturing and services.

5. Diversification of Trade Partners

For both countries, stronger economic ties can reduce excessive dependence on a limited number of trading partners and improve supply-chain resilience.

Challenges in the Negotiations

- **Agricultural sensitivities:** India must safeguard farmers and sensitive domestic sectors while negotiating market access.
- **Regulatory differences:** Standards, customs procedures and services regulations may complicate negotiations.
- **Diplomatic tensions:** Previous bilateral disputes have affected trust and the broader relationship.
- **Balancing national interests:** Both sides must ensure that the final agreement delivers reciprocal benefits without undermining domestic economic priorities.

Way Forward

India and Canada should pursue a balanced agreement with clear commitments on market access, services, investment and regulatory cooperation. Sensitive sectors should receive appropriate safeguards, while businesses—particularly small and medium enterprises—should be supported in using the agreement effectively.

Regular diplomatic dialogue and cooperation on energy, technology, education and security will also be essential for sustaining progress.

UPSC Exam Relevance

- **Prelims:** CEPA, free trade agreements, bilateral trade and critical minerals.
- **Mains GS Paper II:** India's bilateral relations and international diplomacy.
- **Mains GS Paper III:** International trade, investment, energy security and economic growth.

Possible UPSC Mains Question: *"Trade agreements can strengthen economic partnerships and supply-chain resilience, but require careful protection of domestic interests." Discuss with reference to India-Canada trade negotiations.*

Conclusion

The proposed India-Canada CEPA offers an opportunity to expand trade, attract investment and deepen cooperation in energy and critical minerals. Its success will depend on a balanced agreement that advances economic growth while protecting domestic priorities and rebuilding long-term bilateral trust.

SEO Title: India-Canada Trade Deal: CEPA Explained for UPSC

Meta Description: Understand India and Canada's proposed CEPA, key areas of trade cooperation, economic opportunities, challenges and UPSC Prelims and Mains relevance.

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