

Prime minister pushes trade, investment deals with preoccupied India

BY JENNIFER DITCHBURN, THE CANADIAN PRESS NOVEMBER 5, 2012



Prime Minister Stephen Harper and wife Laureen arrive in Agra, India on Sunday, November 4, 2012. THE CANADIAN PRESS/Sean Kilpatrick

NEW DELHI - Prime Minister Stephen Harper came to the Indian capital on Monday with the message that Canada is prepared to talk serious business, but his hosts don't appear to be as ready to sign off on freer trade yet.

Three important agreements — a foreign investment protection deal, an economic partnership or free-trade pact, and the conditions for the sale of Canadian uranium to India — are still stuck in negotiations years after talks began.

A series of lesser announcements, including a social security deal that would free businesses from both countries from double paying for employee pensions and benefits, will be rolled out over the course of the week.

Harper met a small group of Canadian businesspeople at a downtown hotel, and spoke glowingly about the prospects of future trade and investment between the two nations. This is the second time in three years he's visited the world's second most-populous country and it's the longest trip he's taken to any single country since he became prime minister.

"As you all know, we continue to be in an uncertain global economy and although Canada is doing better than most developed nations, the fact that our traditional markets are weak means that now, more than ever, we have to look for opportunities around the world and particularly here in India," Harper said.

But just as Canada grapples with its own foreign investment dilemma — whether to allow Chinese and other state-owned firms to buy into Canadian energy companies — India, too, must cope with the domestic ramifications of its decisions.

Prime Minister Manmohan Singh's coalition government recently lost one of its political partners and is now in a minority. It has managed to push through some economic reforms, but faces opposition on others.

At the same time, it is also dealing with two major business controversies — one involving a fat tax bill it suddenly handed to British-owned Vodafone, and another on its allegedly arbitrary system for handing out coal-extraction contracts.

"Let's compare it to back home in Canada: India is a huge country, 28 states, lots of different types of legislation, trade barriers even within the states, so those are real challenges for Canadian businesses here," said Barj Dhahan, national chair for Canada-India Foundation.

"There are certainly challenges in getting approvals and getting things done, but in my life over the last 30 years, we are seeing improvements."

Bob Dhillon, president of Alberta-based real estate management firm Mainstreet Equity, said a foreign investment protection agreement would benefit business.

"To create a real estate industry equivalent to the one in a lot of developed countries, you need institutional capital and institutional capital is not that easy in emerging markets if you don't have all the bells and whistles to go with it and one of the bells and whistles is a protection act," said Dhillon.

Nevertheless, a number of companies are taking the plunge without the reassurance of such an act. Trade Minister Ed Fast participated in a ceremony where several Canadian and Indian firms signed agreements and memoranda of understanding on investments from a wide variety of sectors totalling \$2.5 billion.

Fast said it shows that Canadian companies are so drawn to Indian opportunities that they'll put up with the "Byzantine rules that sometimes stand in the way of investment."

"Let's face it, the Indian market is a market of some 1.2 billion consumers, Canadians need to be here

and we are hoping we can make it even easier for Canadian investors to invest in this market by actually completing the negotiations on the FIPPA agreement," said Fast.

The trip is not entirely focused on trade, however. Harper is also taking in some cultural landmarks — and the photo opportunities that go with them.

Looking relaxed and cheerful, he strolled up the promenade in front of the iconic Taj Mahal in Agra earlier in the day, hand-in-hand with wife Laureen.

The two had received a private tour of the enormous, 17th-century, white marble structure, built as a tomb by heartsick emperor Shah Jahan after his wife died in childbirth. Up close, the Taj Mahal is inlaid with thousands of elaborate stone flowers and script.

"It really is something, you have to see it to believe it," Harper gushed, then added "It's really a gift for all humanity."

Would he consider such an elaborate tribute to Laureen?

"My wife has tastes a little more modest and she also wants them while she's still living," he replied.

The pair also visited another world heritage site in New Delhi, Humayan's Tomb. The structure was built in the 16th century for Mughal emperor Humayan and was the first "garden tomb" of the Indian subcontinent — a precursor to the Taj Mahal.

Harper is set to meet Singh and other Indian government officials on Tuesday.