

Canada-India bilateral agreements sign of new relationship

January 11, 1996

On Day Two of their mission to India, Prime Minister Jean Chrétien and Team Canada today witnessed the signing of six new agreements between Canada and India that will strengthen bilateral co-operation on telecommunications, transport, energy, taxation and justice.

"These agreements are part of our major effort to raise relations between our two countries to a new level of relevance and importance," said Prime Minister Chrétien. "Along with the unprecedented size and prominence of the Team Canada delegation, and the trade and investment deals that Canadian businesses are signing here, they signal to the world that the Canada-India partnership is back in business."

The six agreements include:

- an agreement on double taxation;
- two memoranda of understanding between the Alberta Research Council and Oil India and Oil and Natural Gas Corp. Ltd. of India;
- a memorandum of understanding between the Ontario Ministry of Transportation and the Indian Ministry of Surface Transport;
- a memorandum of understanding on co-operation in telecommunications; and
- a declaration of intent to negotiate an agreement on the transfer of offenders.

These agreements were signed following a meeting between Indian Prime Minister P.V. Narasimha Rao, Prime Minister Chrétien and the Team Canada delegation. During the meeting, Prime Ministers Chrétien and Rao also agreed to increase high-level consultations between the two countries on political, economic, security, science, technology and social issues.

The Prime Minister also announced the appointment of an Honourary Consul in Madras, the immediate opening of a trade office in Bangalore and the Government's intention to appoint an Honorary Council in Calcutta. He announced that Canada would also open a Canadian Education Centre in India in 1997 to promote Canadian educational services.

More information on each of the agreements signed today are in the attached backgrounder.

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NEW CANADA-INDIA BILATERAL AGREEMENTS

Backgrounder

Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital

The Governments of Canada and India have signed a revised Agreement for the avoidance of double taxation that will replace the existing one concluded in 1985. The revised Agreement, like the existing one, ensures that profits, income, gains or capital arising in one country and paid to a resident of the other country will not be doubly taxed and it reflects more accurately the current

tax policies of the two countries. The revised Agreement will improve the climate for investment and the conduct of business and will reinforce economic relations between Canada and India.

Alberta Research Council, Edmonton, Alberta

Alberta Research Council (ARC) has signed two memoranda of understanding with Oil India and with Oil and Natural Gas Corp. Ltd. (ONGC) of India, two state-owned companies. Under these agreements, ARC will provide strategic and technical services for the development of India's non-conventional hydrocarbon reserves including the heavy oil belt extending north from Bombay High and the waxy, asphaltic crude oils and the oil shales in Assam. Together, the value of these two agreements is \$20 million. ARC has already carried out an initial technical and economic viability study for Oil India in the state of Rajasthan. ARC is also working with Colt Engineering Corp. of Calgary and an Alberta oil wells completions expert on a plan by ONGC to implement a heavy oil recovery project in the state of Gujarat. ARC, a provincial corporation of the Province of Alberta, has expertise in the production of hydrocarbons from non-conventional oil reserves including oil sands, heavy oil and oil shale, as well as capabilities in manufacturing, biotechnology and information technologies.

Memorandum of Understanding on Surface Transport

Ontario Premier Mike Harris and the Indian Minister of State for Surface Transport R. Murthy have signed a memorandum of understanding renewing a 1993 agreement between the Ontario Ministry of Transportation and the Indian Ministry of Surface Transport. Under the new agreement, the two ministries will work together to implement India's plans to improve its transportation system through technology transfer and technical exchanges. They have pinpointed 21 areas for co-operation ranging from technical and environmental standards to construction materials and traffic management.

Memorandum of Understanding on Co-operation in Telecommunications

Industry Canada has concluded an agreement with the Ministry of Communications of India to promote the expansion and modernization of India's telecommunications services and gain admittance for Canada's telecommunications industry into one of the world's largest and fastest growing markets. Over the next five years, the Memorandum of Understanding, which is aimed at developing an open regulatory environment that encourages fair competition, will allow the introduction of advanced telecommunications systems through rural and urban field trials, pilot projects in network management, training in policy, regulatory and operating know-how, as well as exchanges of experts and scientific and technical information between both countries. It could encourage public sector organizations to become more commercially viable in the local telephone market and at the same time help consumer groups and trade and business associations in representing the needs of telecommunications users to the government. As a result, this bilateral agreement will not only stimulate the transfer of technology but also encourage joint ventures between Indian and Canadian firms.

Declaration of Intent on the Transfer of Offenders

A bilateral treaty will be negotiated that will make it possible for Canadian offenders already sentenced to serve terms of incarceration in India to be transferred to Canada to complete their sentences, and vice versa. The transfer of offenders is inspired by humanitarian principles to relieve the suffering and to advance the rehabilitation of Canadian offenders serving terms in other countries and foreign offenders incarcerated in Canada. The objectives of the transfer of offenders are the contact of offenders with relatives and friends, the facilitation of their social reintegration and international co-operation on criminal justice. Key features of this agreement are that the transfers be voluntary for the offenders and that both the sending state and the receiving state concur on the transfer.

Expansion of Canadian Consular Representation

The Government of Canada has appointed an Honorary Consul in Madras and is opening a trade office in Bangalore to improve Canada's trade and consular representation in India. Madras is one of the four major centres in India and Bangalore is the largest centre for technology. These announcements are in addition to the appointment of two new Trade Commissioners in New Delhi and in Bombay in 1994 and 1995. Expanding Canada's presence in India is one of the objectives of *Focus India*, Canada's trade and investment strategy for India, launched in June 1995.