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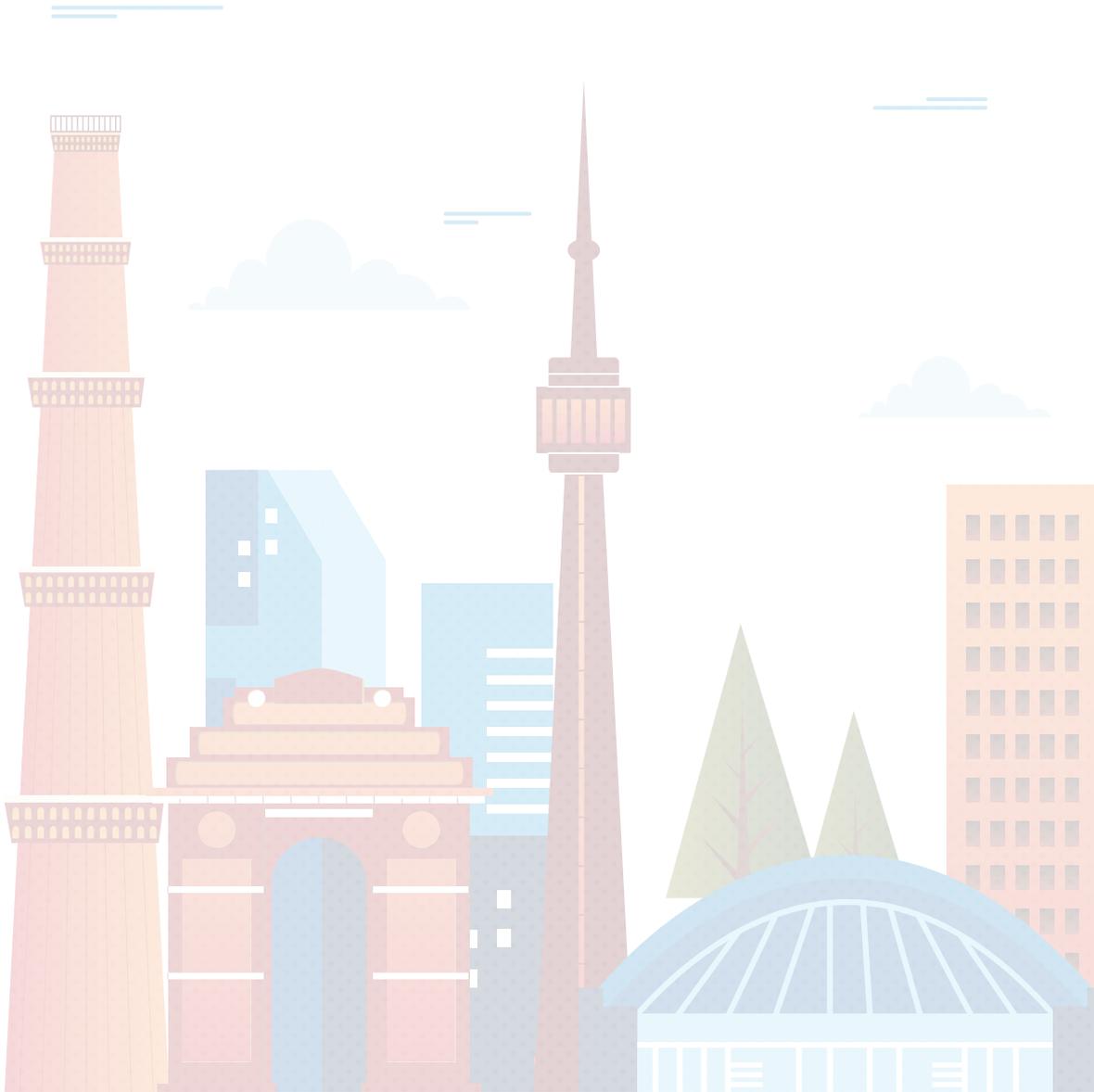
FROM INDIA TO CANADA

Economic Impact and Engagement

Business Footprint of Indian Companies in Canadian Provinces

First Edition, 2023





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Sanjay Kumar Verma
High Commissioner of
India to Canada

Message from the High Commissioner

India and Canada are natural partners. Our strategic relations are based on shared values of democracy and pluralism, shared commitments to multilateralism and a rules-based global order. Our strong people-to-people ties and an expanding economic engagement further deepen our bond. As Canada energises its engagement with the Indo-Pacific and as India emerges as a resilient partner for new global supply chains – driven by a strong manufacturing sector and a dynamic market – the pace of economic engagement between the two countries will rise significantly.

The two countries have recently agreed to work out an Early Progress Trade Agreement (EPTA) as an interim step to realising a Comprehensive Economic Partnership Agreement (CEPA), even as we see rising Canadian investments into India. This report – **From India to Canada: Economic Impact and Engagement** – brought out by Confederation of Indian Industry (CII) and its partners, is a revealing and timely snapshot of the growing footprint of Indian companies in Canada. It will serve as a useful tool for policymakers and business leaders, in better appreciating the dynamics of the India-Canada economic corridor, and of the global presence of India's industry.

I commend the initiative taken by CII in putting together this pioneering report, which the High Commission of India in Canada was pleased to support. This becomes a great baseline survey to monitor India's growing business profile in Canada.



Chandrajit Banerjee
Director General, CII

From the Director General's Desk

While trade and investment partnership between India and Canada has continued to grow, the story of Indian companies in Canada and their economic impact is yet to be told. Today, Indian companies across Canada are expanding their investments, creating jobs, funding local research and development initiatives, and supporting their adopted communities through corporate social responsibility programs that CII is pleased to document in the first edition of this survey report: **From India to Canada: Economic Impact and Engagement**.

It is our intention that this inaugural report will begin a legacy of documenting the increasing strength and impact of Indian Industry within the India-Canada partnership, which will help push the relationship towards faster growth through a data-based approach. CII is grateful to our membership and partners who have supported this flagship document and stand together in our dedication to expanding bilateral ties. As India's business footprint grows in Canada, our economic collaboration will lead to a stronger, more integrated strategic and comprehensive partnership.



Victor Thomas
President and CEO
Canada-India Business
Council (CIBC)

From the President and CEO (CIBC)

It is clear Canada and India have enormous potential for deeper economic ties. Recently, Canada has come out with an Indo-Pacific strategy and we believe significant engagement with India is critical to its success. Private companies of both countries have the opportunity to increase bilateral relations across sectors which will foster long term prosperity. With recent geopolitical changes, the time to significantly strengthen the Canada-India economic corridor is now. The report **From India to Canada: Economic Impact and Engagement** serves as an important document as it is the first to capture the growing presence of Indian businesses in Canada. Hopefully this will be a baseline of what is possible for the future. We were privileged to partner on this special report.

Introduction

Beyond the shared association of Commonwealth countries, the modern iteration of the India – Canada relationship began in 2015, when Prime Minister Narendra Modi became the first Indian Prime Minister to visit Canada for a bilateral state visit since 1973. The visit resulted in many important agreements in the sectors of civil aviation, education and skills development, space cooperation, as well as the Agreement on Social Security that came into force that year. Most notably, however, was the elevation of the bilateral relationship to one of a strategic partnership that has elevated India – Canada commercial ties during the last seven years.

Prime Minister Justin Trudeau’s state visit to India in 2018 further reaffirmed the breadth and scope of the strategic partnership and introduced a wide range of new initiatives and agreements spanning education, security, sustainable development, trade and investment, and women’s health and empowerment.

Today, India is Canada’s twelfth largest trading partner for its imports, with total bilateral merchandise trade at CAD 13.67 billion in 2022, a remarkable increase from 2021’s trade figures worth CAD 9.02 billion. The bilateral merchandise trade stood at CAD 8.68 billion in 2020 during the COVID-19 economic slowdown. The two-way services trade reached CAD 8.92 billion in 2022 but the potential for trade between the two economies is much higher.

To encourage greater trade and investment, negotiations towards a Comprehensive Economic

Partnership Agreement (CEPA) commenced in 2010 and were re-launched in March 2022 during the fifth India-Canada Ministerial Dialogue on Trade & Investment. During the recent visit of Canada’s Minister for International Trade, Small Business, Export Promotion and Economic Development, Ms. Mary Ng to India at the invitation of India’s Commerce & Industry Minister, Shri Piyush Goyal from 10-12 March 2022, the two countries discussed ways to integrate the economies across sectors and decided to work towards an interim Agreement or Early Progress Trade Agreement (EPTA) to boost trade in goods and services as part of progress towards a Comprehensive Economic Partnership Agreement (CEPA) to unlock full potential of bilateral trade. India and Canada are also making progress towards a Bilateral Investment Promotion and Partnership Agreement/ Foreign Investment Promotion Protection Agreement, which was also emphasized during the 2022 Ministerial.

SNAPSHOT OF INDIA-CANADA BILATERAL TRADE

In 2022, bilateral trade in goods between India and Canada was worth CAD 13.67 billion: India’s exports to Canada were CAD 8.33 billion and India’s imports from Canada were CAD 5.34 billion. In 2022, the bilateral trade in services was CAD 8.92 billion: India’s services exports to Canada were CAD 2.90 billion and imports from Canada were CAD 6.02 billion.

India-Canada Bilateral trade in Goods (CAD \$ millions)

	2018	2019	2020	2021	2022
India's exports to Canada	5,075	5,282	4,971	6,033	8,332
India's imports from Canada	4,294	4,841	3,713	2,994	5,341

India-Canada Bilateral trade in Services (CAD \$ millions)

	2018	2019	2020	2021	2022
India's exports to Canada	2,178	2,743	2,471	2,431	2,903
India's imports from Canada	3,725	5,271	4,853	4,905	6,020

BILATERAL INVESTMENTS

India and Canada also have strong investment linkages and direct investments between the two countries are growing. Canada is the 18th largest foreign investor in India and Canadian Pension Funds and other financial institutions have pledged portfolio investments of over CAD 60 billion at time of publication. Canada's cumulative investment in India was CAD 4.3 billion from April 2000 to December 2022, which comprised 0.51% of the total FDI inflows into India. More than 1000 Canadian companies are actively pursuing business in the Indian market in various sectors such as IT (Information Technology), Engineering Services, Aviation, Transportation & Commercial/Business Aircrafts, Processed Food, Pharmaceuticals & Health Science, Financial Services, Banking and other business consulting services.

Remarkable growth can be seen in Foreign Institutional Investment (FII) from Canada into India, which has grown from CAD 5 billion in 2014 to over CAD 55 billion today in sectors such as Infrastructure, Highways, Airports, Clean Energy, Education, Logistics, Real Estate, Banking, Hospitality and Warehousing. Canadian investors have also invested in the recently introduced innovation vehicles, like REITs and InvITs in India. Canadian organizations are increasingly viewing India as an attractive destination for investments.

Indian companies have expanded their focus onto Canada as well, with investments climbing in recent years as large companies and investment boards have expanded the India-Canada marketplace through active investment including greenfield, brownfield, and mergers and acquisitions. Local leaders and economic development agencies in Canadian provinces are also strengthening the bilateral investment corridor through strategic engagements with India, such as trade missions and industry consultations. These initiatives provide hand-holding for SMEs eager to access new opportunities and further enhance the overall economic engagement.

Canada hosts one of the largest Indian diasporas in the world, numbering around 2.3 million, or approximately 3% of its total population, and growing. Indian Industry's footprint is expanding across the country as well, beyond the concentration of major cities to nearly every Canadian province. The growing presence of companies headquartered in India's operations throughout Canada has resulted in increased employment opportunities in recent years, as more and more Canadian livelihoods and local economies are supported by Indian Industry's investments and resources.

To document Indian Industry's growing Canadian presence, this first edition of **From India to Canada: Economic Impact and Engagement** features investment and job creation data gathered via CII questionnaire from nearly 30 of the top Indian companies with operations across Canada in the ICT, Manufacturing & Engineering, Life Sciences, Pharmaceuticals & Healthcare, Energy, Financial Services, and Food & Retail sectors.

This report also compiles the responding companies' details on community engagement via corporate social responsibility (CSR) programming and the financing of Canada-based Research and Development (R&D), in addition to revealing forward-looking investment and hiring plans alongside evaluations of Canada's most favourable business environments.

CII thanks the High Commission of India in Ottawa, the Consulate General of India in Toronto and Vancouver, as well as the Canada-India Business Council for supporting this project. The methodology for this report is based on a direct-survey approach to ensure that the results are as authentic and as real-time as possible.

CII is proud to present the first survey report to quantify Indian Industry's impact on the competitiveness of the India-Canada strategic partnership, and encourages greater economic engagement from both countries to strengthen the trade and investment corridor.

Indian Companies in Canada

TANGIBLE INVESTMENTS

The first survey edition of this report found that the aggregate amount of tangible investments made by Indian companies in Canada exceeds CAD 6.6 billion.

The investments made since inception reflect capital expenditure which includes real estate, fixed assets, machinery and technology, as well as mergers and acquisition activity.

While most companies show a single entity presence in the country, several technology and pharmaceutical companies reported having a number of subsidiaries to maximize investment impact and enhance proximity to their customer base.

The sample size of almost 30 Indian companies that reported into the survey only points to a much higher investment amount on the ground, as the estimated number of Indian headquartered-companies present in Canada is close to 75-80.

EMPLOYMENT GENERATION

The collective sum of jobs created by Indian companies who responded to the survey is over 17,000, which includes both full-time and part-time hires. Indian investment generates employment throughout most of the country – in 8 out of the 10 provinces in Canada.

Another point to be noted is that the survey reports only direct employment figures, and does not extrapolate the additional employment and opportunities created by Indian investment. It is important to acknowledge the amplifying effect of indirect employment for which Indian Industry is responsible through supporting industries and ancillary services.

RESULT HIGHLIGHTS

Nearly
30 Indian companies
in Canada responded to
the survey



Total Investment Exceeds
CAD 6.6 billion



Total Employees
Surpass 17,000



**Presence
in 8 Provinces**
out of 10 in Canada

Sector Breakdown
**Diversified
Industries**



Total Research &
Development Expenditure
CAD 700 million

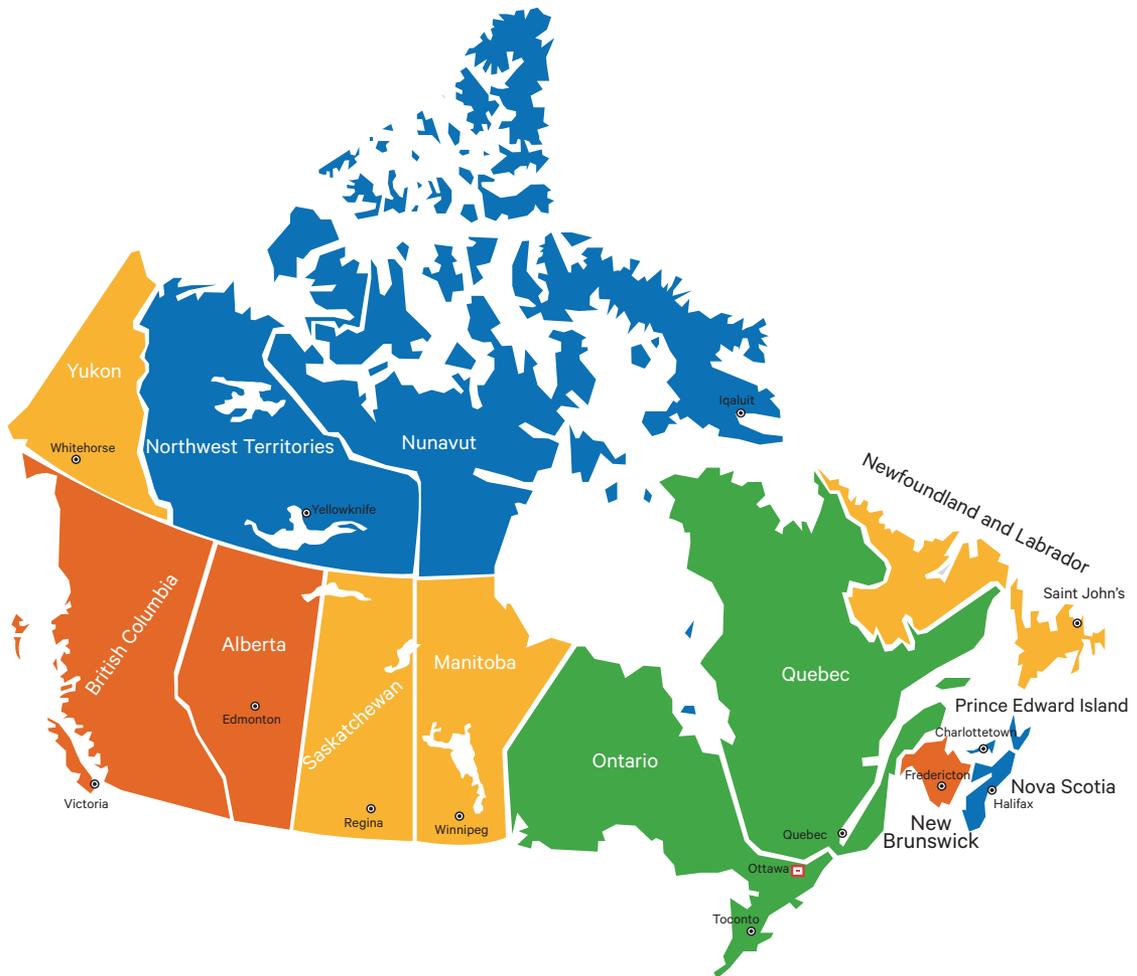


Total Corporate Social
Responsibility
Expenditure Over
CAD 6 million



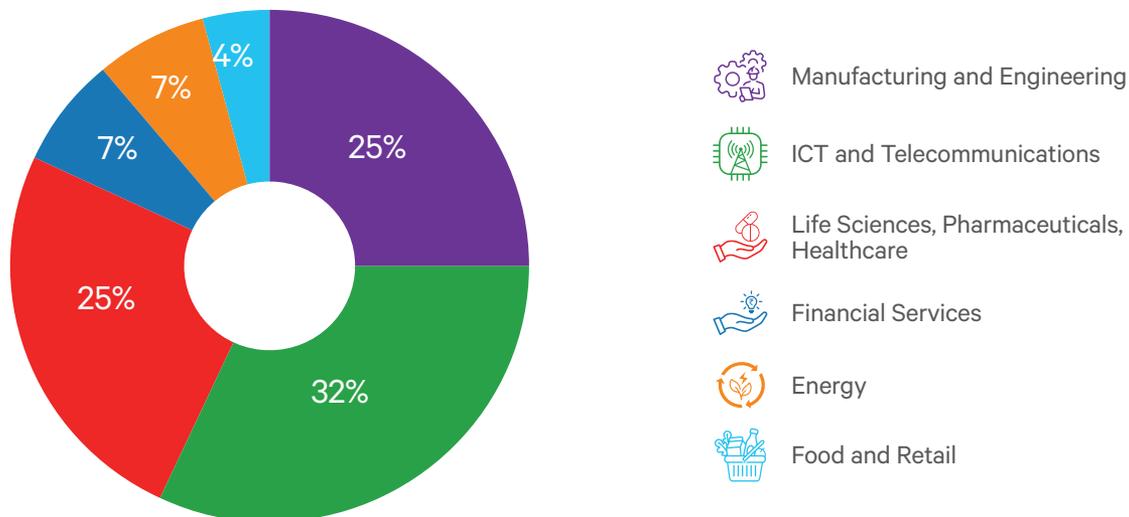
GEOGRAPHICAL PRESENCE

Presence of Indian companies in Canada can be seen throughout most of the country, in 8 out of the 10 provinces. Survey results reveal a remarkably high concentration in Ontario as may be expected, followed by Quebec. Medium concentration is seen across Alberta, British Columbia and New Brunswick, with a much lower presence in Manitoba, Newfoundland and Labrador, Saskatchewan, Nova Scotia and Prince Edward Island.



High Concentration: Ontario, Quebec
Medium concentration: Alberta, British Columbia, New Brunswick
Low presence: Manitoba, Newfoundland and Labrador, Saskatchewan
No presence reported: Prince Edward Island, Northwest Territories, Nova Scotia, Nunavut

SECTOR DIVERSIFICATION



The substantial diversification of industry sectors in which Indian companies are engaged in Canada is well-demonstrated in the survey results.

Technology Services lead the charge with 32% of the companies operating in the ICT and Telecom sectors.

Manufacturing and Engineering as well as Life Sciences, Pharmaceuticals and Healthcare are a close second, with a near-equal distribution.

Other represented sectors include Financial Services, Food & Retail, and Energy and others.



RESEARCH & DEVELOPMENT

68% of the surveyed companies reported conducting research and development (R&D) in Canada. Their estimated, aggregate R&D expenditure in Canada is approximately CAD 700 million in local innovation initiatives.

Seen in aggregate, the R&D expenditure amounts to 11% of total investment, which is a high indicator of interest and focus on R&D and naturally points to a strong research ecosystem in Canada, robust university-industry collaboration and ample opportunities for partnership.

University partnerships are a major tie-in for companies investing in Canadian R&D, many of whom are promoting entrepreneurship as well as scientific research in the manufacturing, automation, environmental, geological and pharmaceutical fields.

CORPORATE SOCIAL RESPONSIBILITY

Indian companies have invested CAD 6.3 million in corporate social responsibility (CSR) activities across Canada, with nearly 80% of respondents reporting CSR initiatives across the country.

Indian companies reported partnering with domestic organizations and foundations to address food scarcity, homelessness, skills development and access to STEM education particularly for girls and minority populations, and also expressed keen interest in working towards making a greater impact through their CSR work. Many Indian companies also participated in COVID-19 relief work, including transporting Personal Protective Equipment (PPE), conveying medical staff for in-home testing and care, etc., particularly in hard-to-access and vulnerable geographic areas.





FUTURE PLANS

As the global economy continues to recover, Canada offers many opportunities for Indian companies looking to expand their business footprint not only in Canada, but

the wider North America market as well. The reported future plans for Indian companies in Canada indicate a vigorous economic partnership and an optimistic outlook.

OF THE SURVEYED COMPANIES:

100% plan to invest more

in Canada in the next five years

86% anticipate increasing funding

for future R&D activities

96% plan to hire more employees

in Canada in the next five years

Several companies expressed interest in **exploring more avenues for building CSR partnerships**

Conclusion

This inaugural edition of CII's newest flagship survey report, **From India to Canada: Economic Impact and Engagement**, is the first of a critical exercise in documenting Indian Industry's growing commitment to strengthening the India-Canada economic partnership through increased investment, job creation, R&D and CSR initiatives.

This year's survey found that almost 30 Indian companies have invested over CAD 6.6 billion in Canada, in addition to spending nearly CAD 700 million on R&D, or 11% of their aggregate investments. Indian companies collectively employ more than 17,000 people in Canada, and continue to create numerous employment opportunities. They further give back to their local communities via CSR initiatives and are keen to strengthen those partnerships.

100% of the responding companies plan to invest more across Canada in the next five years, a significant statistic given the ongoing global pandemic during the report's data collection period. 96% are planning future hires and 86% anticipate investing in more R&D.

While Ontario has the largest concentration of Indian companies in Canada, and was cited by the surveyed companies as the country's most favourable business environment, the provinces of British Columbia and Quebec tied as the second most favourable environments, followed by Alberta and Newfoundland and Labrador. These responses reflect greater trends of Indian Industry's expansion across Canada, and are expected to continue diversifying in future editions.

The companies that responded to CII's survey are a sample of the current level of bilateral economic engagement, and the extent of the true impact of Indian investment in Canada is expected to be considerably deeper than the aggregate results reported.

With the resilience and vigor of business activity and several foundational agreements under bilateral negotiation, the future is bright for India-Canada economic partnership.



Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with over 9000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 294 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

As India marches towards its 75th year of Independence in 2022, CII, with the Theme for 2021-22 as Building India for a New World: Competitiveness, Growth, Sustainability, Technology, rededicates itself to meeting the aspirations of citizens for a morally, economically and technologically advanced country in partnership with the Government, Industry and all stakeholders.

With 62 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 394 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

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For over 40 years, the Canada-India Business Council has specialized in convening preeminent business and government leaders to further trade and investment between Canada and India. The Council focuses on a number of sectors including: financial funds, agriculture, energy, tech, and post-secondary, curating relevant market and industry analysis. In addition, the Council works collaboratively with the Canadian and Indian governments advising on promoting their economic synergies and potential. The Council features world-class speakers and reaches a multi-national audience of notable leaders across businesses, not-for-profits, and governments.

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