

# The Kautilyan Legacy Of Spycraft In International Relations: A Case Study Of The India-Canada Diplomatic Dispute

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## 1. Abstract

India and Canada have been on amicable terms in the past some time. However, the news of the killing of Khalistani extremist Hardeep Singh Nijjar took their diplomatic relations to a new low. This paper delves into understanding the diplomatic relations of the countries from ever since they were established, and understanding the course throughout the years. The paper tries to understand the course of action after the whole episode and its learnings. Déjà vu! The polymath, Kautilya, in his treatise Arthashastra, already shed light on International Relations. The learnings hold relevance in the current scenario. From the Saptang theory to the theory of Matsyanyaya, the treatise is parallel to the reigning International Relations theories. The paper is a case study of the India- Canada diplomatic row and the relevance of Kautilya's teachings that deal with the changing world order. Further, it concludes the current state of relations and recommends how to proceed with it.

**Keywords:** Kautilya, Arthashastra, India-Canada diplomatic dispute

## 2. Introduction

Canada is home to over 1.5 million Persons of Indian Origin (PIO)<sup>1</sup>, comprising more than 3% of its population<sup>2</sup>. The two-way trade between India and Canada was approximately \$6.47 billion in 2020. India accounts for 0.81% of Canada's global trade.<sup>3</sup> Canada sees India as an important South-Asian country for containing China in its expansionist policies. Beyond this, trade opportunities between the two countries are tremendous but their diplomatic relationship has seen a fair share of highs and lows.

In the past few years, the bone of contention has been the existence and thriving of Khalistani extremists in Canada. Their demand for an autonomous state of Khalistan for the Sikh minorities has always irked the Indian government and its citizens.

After a successful G20 Summit in Delhi that seemed to please all the dignitaries came Canadian Prime Minister Justin Trudeau's allegations of India's "potential" involvement in the killing of Khalistani leader Hardeep Singh Nijjar. India dismissed these allegations stating them to be "ridiculous" and "politically motivated".<sup>4</sup> Canada dismissed an Indian official in connection with the killing of Nijjar. In retaliation to this, India suspended a high-ranking Canadian diplomat.<sup>5</sup> These events led to a downturn in the India-Canada relations. India has also temporarily halted its visa services in Canada and issued a precautionary advisory to its citizens and travelers heading to Canada.<sup>6</sup> The talks over a Free Trade Agreement (FTA) have been stalled for an unprecedented time. However, attempts are being made to mend the distorted ties. The High Commission of India in Ottawa made a press release stating that visa services would be resumed.<sup>7</sup>

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<sup>1</sup> A PIO means a foreign citizen(except a national of Pakistan, Afghanistan Bangladesh, China, Iran, Bhutan, Sri Lanka, and Nepal):

- who at any time held an Indian passport
- who or either of their parents/grandparents/ great grandparents was born and permanently resident in India as defined in Government of India Act, 1935 and other territories that became part of India thereafter provided neither was at any time a citizen of any of the aforesaid countries ( as referred above)
- who is a spouse of a citizen of India or a PIO

<sup>2</sup> [PIO/OCI Card- Ministry of External Affairs, Government of India](#)

<sup>2</sup> [Population of Overseas Indians- Ministry of External Affairs, Government of India](#)

<sup>3</sup> [India-Canada Trade at a Glance- Consulate General of India](#)

<sup>4</sup> [India rejects allegations by Canada- Press Release, September 19, 2023](#)

<sup>5</sup> [India expels a senior Canadian diplomat- Press Release, September 19, 2023](#)

<sup>6</sup> [Advisory for Indian Nationals and Indian Students in Canada- Press Release, September 20, 2023](#)

<sup>7</sup> [Resumption of Visa services- India in Canada, Twitter](#)

### **3. India- Canada Relations So Far**

#### **3.1. Start on amicable terms**

India-Canada diplomatic relations date back to 1947, when India became an independent state. The relations were established on the shared principles of plurality and democracy.<sup>8</sup> The diplomatic and economic collaboration provided a win-win situation for both countries as India served as a big market for Canadian investment while Canada provided its expertise in power, transport, roads, telecommunications, environment, and sustainable development.

Canada viewed India as a crucial power in the Indo-Pacific region. Besides, affiliation with India could help Canada expand its ties to the African continent. Canada believed that it could act as a mediator between India and the US to balance their views about each other after the Cold War and the Non-Alignment Movement. After the Cold War, India was the largest recipient of Canada's external assistance which largely aimed at research and industry development.

#### **3.2. The Downturn**

In 1948, Canada supported a referendum on the Kashmir issue, a stance against India's interests. In 1949, Canada joined the North Atlantic Treaty Organization(NATO)<sup>9</sup> as its founding member. This was at odds with India's Non-Alignment Movement (NAM)<sup>10</sup> membership wherein India tried to maintain strategic neutrality and balance between the US and the erstwhile USSR. Both countries grew suspicious of each other, Canada believed India was not actively taking part in international relations, while India thought Canada was getting more allied to the Western countries. From here on, India-Canada diplomatic relations faced a decline.

Canada believed that there were 'commonalities' between the two countries in the form of a shared language and a similar judicial system. In line with this, Canada was of the perception that India would abandon its Non-Alignment stance and align towards the West. However, this did not happen. Rather, Pakistan aligned with the West and Canada got closer to Pakistan than it was to India. What exacerbated the matters was that in 1954 at the Geneva Conference<sup>11</sup> Canada supported the US while India supported the Communist bloc. The state of emergency in 1975 that lasted for 21 months led to a further downturn in the diplomatic relationship. There was political, economic, and diplomatic uncertainty.

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<sup>8</sup> [India-Canada Bilateral-MEA](#)

<sup>9</sup> [North Atlantic Treaty Organisation](#)

<sup>10</sup> [Non-Alignment Movement-NTI](#)

<sup>11</sup> [Geneva Conference of 1954](#)

### **3.3. Khalistan activities begin to take root**

In the 1970s and 1980s, Canada's share in India's total exports was around 1%. Similarly, India's share in Canada's total exports was around 0.15%. However, India's significance in Canada's foreign policy increased again due to the rising number of immigrants and their growing importance in the Canadian social structure. Yet, there were concerns from India over Khalistani sympathizers in Canada that supported the idea of an autonomous state of Khalistan. India-Canada relations reached their nadir in 1985 when Sikh extremists blew up Air India Flight 182<sup>12</sup>. The flight was en route from Montreal to London. All the 329 passengers on board were killed in this explosion at an altitude of 31,000 feet. India alleged the Canadian Security Intelligence Service (CSIS) for not actively pursuing the case. Canada was criticized for not keeping a check on pro-Khalistan activities in the country. In response to India's concerns over terrorist activities, Canada began to keep a check on immigrant groups. In 1997, India and Canada formed a Joint Working Group on Counter Terrorism (JWGCT) to counter Khalistani separatist groups.

### **3.4. Nuclear Tests: Worldwide Criticism**

After the Indo-China War in 1962, China posed a security threat to India. It conducted uranium-based nuclear tests in Lop Nor in 1964. Keeping in mind this peril in the neighborhood, India conducted its first nuclear tests in Pokhran, Rajasthan in 1974. It faced backlash from the West, including Canada. Canada even called it "an act of betrayal" and said India's nuclear tests would motivate other countries to conduct similar tests. The then Foreign Minister Mitchell Sharp said that the "trust between the two countries was gone". Canada isolated India and recalled its High Commission from India. It terminated non-humanitarian assistance worth \$54.5 million. Talks on trade expansion were suspended. Canada opposed India's seat as a permanent member of the United Nations Security Council(UNSC).

### **3.5. The Economic Reforms of 1990: Paving the Way for Collaboration**

In the 1990s, followed by the Liberalization-Privatization-Globalization(LPG) reforms, the scope for diplomatic and economic engagement increased again. The sanctions imposed on India after the Pokhran tests were found to be ineffective, even detrimental to the Canadian economy. India was facing an economic uprise the world's perception of India was changing<sup>13</sup>. The US recognized India as a "responsible state with advanced nuclear technology". Canada realized that the sanctions were hindering it from the opportunity that the Indian economy offered and it changed its approach to a

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<sup>12</sup> [Air India Flight 182- Government of Canada](#)

<sup>13</sup> [The LPG reforms and the underlying controversy- iPleaders](#)

more pragmatic one. Moreover, the fall of the USSR, India's close ally, paved the way for advancement in relations. In 1994, Canada released a "Focus India" document identifying India as "an emerging economic power". It aimed at the identification and assessment of critical areas where India and Canada could collaborate and complement each other. Following this, the 20th Canadian Prime Minister, Jean Chrétien of the Liberal Party of Canada, visited India in 1996 with "Team India"-300 business delegates from 204 companies<sup>14</sup>. During this visit, 75 agreements amounting to \$ 3.4 billion were signed. This amount was four times the total trade between India and Canada in 1994. During this visit, the Canadian Prime Minister raised human rights issues in India, citing child labor, child prostitution, and discrimination towards women. This was expected to cause disagreements between both sides. However, India and Canada discussed these issues and Prime Minister Jean Chrétien also said that "all of us must work to alleviate the poverty and underdevelopment that is the root of this horrible problem." This visit of the Prime Minister gave hope to both sides of the partnership for years to come. A report titled -A Trade Action Plan for India: Canada's International Business Strategy was released by the Department of Foreign Affairs and International Trade that initiated activities in 3 major sectors: 1) Energy, gas, and power; 2) Telecommunication and information technology; 3) Environmental products and services. However, the impact was lukewarm as there were no follow-up meetings and high-level discussions. Canadian Foreign Minister Lloyd Axworthy cited human rights issues when he held office from January 1996 to September 2000. Differences over this strangled India-Canada relations further.

In 2001, all economic sanctions were removed from India by Prime Minister Jean Chrétien. Paul Martin held office as the Prime Minister of Canada from 2003 to 2006. He announced that Canada identified India as an emerging economy and looked forward to broadening economic relations. Stephen Harper of the Conservative Party of Canada succeeded Martin as the 22nd Prime Minister of Canada. He held office from 2006 to 2015. During this time, 19 ministerial-level visits took place between India and Canada. Harper visited India twice during his term- in 2009 and 2014.

A Joint Study Group was created to examine the possibility of a Comprehensive Economic Partnership Agreement(CEPA) between the two countries. Technology transfers, trade agreements, and Foreign Direct Investments (FDI) were emphasized during the Harper regime. In 2010, Minister for International Trade, Peter Van Loan, visited India and announced free trade negotiations, hinting at a possible Free Trade Agreement (FTA). In the same year, Indian Prime Minister Shri Manmohan Singh attended the G20 Summit in Canada. On the sidelines of the meeting, a Civil Nuclear Cooperation Agreement was signed to import uranium and atomic

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<sup>14</sup> [India-Canada Relations: a Roller-Coaster Ride](#)

technology. Prime Minister Shri Manmohan Singh said that the nuclear cooperation pact “breaks new grounds” in the history of Indo-Canadian cooperation in the atomic sector while his Canadian counterpart Stephen Harper called it a good agreement because “we cannot live in the past of the 1970s”. Ministers from Stephen Harper’s government attended the Pravasi Bhartiya Diwas in 2011. 2011 was also announced as “The Year of India in Canada”<sup>15</sup> by both countries taking the relations to new highs.

### **3.6. Collaborating in new spheres**

In 2015, Prime Minister Shri Narendra Modi visited Canada. Multiple Memorandums of Association (MOUs) were signed between India and Canada for cooperation in space, railways, civil aviation, and science and technology. The commercial arm of ISRO, ANTRIX has launched several nanosatellites for Canada. During this visit, an agreement was signed with Cameco Industries to supply 3,000 tonnes of uranium to India. Prime Minister Harper noted that repairing diplomatic ties created potential in the economic and defense domain. The state of India-Canada relations improved substantially during the Harper regime.

### **3.7. The current dynamics**

The Liberal Party of Canada won the 2015 federal elections and Justin Trudeau was sworn in as the Prime Minister. Under the regime of the Liberal Party government, India- Canada diplomatic relations had previously faced a setback. Hence, there was skepticism about the fate of diplomatic relations again.

In 2017, collaborations were done by India and Canada in the fields of intellectual property rights, environmental issues, sustainable development, and women’s health and empowerment. A collaboration was announced between India’s Gateway House and Canada’s Centre for International Governance Innovation (CIGI). However, these positive developments did not gather media attention.

Canada’s Intellectual Property Office and India’s Department of Industrial Policy and Promotion(DIPP) collaborated to work on intellectual property rights. Canada also announced a contribution of CAD 4 million towards cleaning polluted water bodies and curbing fire hazards in

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<sup>15</sup> [The Year of India in Canada 2011](#)

buildings. A contribution was made of CAD 200,000 to mark the 50th anniversary of the Shastri Indo-Canadian Institute<sup>16</sup>.

India and Canada collaborated on research in agriculture and the environment. In 2019, the Indian state of Punjab collaborated with the government of Canada to develop the state's fisheries, dairy, and animal husbandry sectors. The International Development Research Centre announced assistance of CAD 7.9 million to improve water, sanitation, and women's sexual and reproductive health. According to the National Investment Promotion & Facilitation Agency, or Invest India, Canada is the 18th-largest foreign investor in India with a cumulative investment of \$3.31 billion from 2020-21 to 2022-23. Services and infrastructure together accounted for 41% of Canadian FDI to India.

#### 4. **Kautilya's Arthashastra**

Kautilya, also known as Chanakya, was an ancient Indian sage who excelled in economics, public administration, philosophy, and strategy. He was a scholar at Takshashila and the mentor of Chandragupta Maurya, the founder of the Mauryan empire. Kautilya wrote Arthashastra, a treatise on public administration, statecraft, spycraft, international relations, war strategies, and public policy.

Kautilya's Arthashastra gives insight into the behavioral qualities that a king should possess. It sheds light on friends and enemies in the international sphere. Arthashastra tells what qualities spies should possess and how to manage internal and external turbulence. A lot of concepts and theories stated in the Arthashastra hold relevance even today.

“When the law of punishment is kept in abeyance, it gives rise to such disorder as is implied in the proverb of fishes (*matsya nyaya mudbhavayati*); for in the absence of a magistrate (*dandadharabhava*), the strong will swallow the weak; but under his protection, the weak resist the strong.”

The above stated is one such example of the relevance of Arthashastra even today. It highlights the importance of law and order in a civil society. The theory of *Matsyanyaya* is in parallel with the political doctrine of Liberalism which takes protecting and enhancing the freedom of the

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<sup>16</sup> [Shastri Indo-Canada Institute](#); The institute supports the creation of binational links between academia, government, the business community, and civil society organizations by funding research and hosting seminars.



individual to be the central problem of politics and states that the government is necessary to protect individuals from being harmed by others.<sup>17</sup>

#### 4.1. Dangers to Internal Security

Arthashastra divides dangers to internal security into four categories:

- 4.1.1. Inner-Inner
- 4.1.2. Outer-Outer
- 4.1.3. Inner-Outer
- 4.1.4. Outer-Inner

As the names suggest, inner-inner is a security threat that is caused by only internal factors; outer-outer by only external factors; a mix of internal and external factors causes inner-outer and outer-inner.

The India- Canada diplomatic dispute is a case of outer-outer threat. The provocation for an autonomous state for Khalistan exists outside the borders of India. The funding for the same comes from beyond the territory of the nation<sup>18</sup>. The idea of a separate state is not raised within the country. Many Punjabis wish to work abroad, Canada being a major destination, but they proudly call themselves Indians.<sup>19</sup> Arthashastra, in this instance, highlights to pay attention to the national interest which can be done by continuing its stance on the Khalistan issue. This is in parallel with the theory of Realism in International Relations which emphasizes the role of state and national interest.

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<sup>17</sup> [The General Characteristics of Liberalism- Britannica](#)

<sup>18</sup> [Fundings of Khalistani activities in Canada](#)

<sup>19</sup> [Religion in India](#)

## 4.2. Rajamandala Theory

Under the Rajamandala Theory of States, Kautilya's Arthashastra pays heed to the idea of

- 4.2.1. king(vijigishu)
- 4.2.2. enemy(ari)
- 4.2.3. ally(mitra)
- 4.2.4. enemy's friend(ari mitra)
- 4.2.5. ally's friend(mitra mitra)
- 4.2.6. enemy of ally's friend(ari mitra mitra)
- 4.2.7. enemy(parshvanihgraha)
- 4.2.8. ally(akaranda)
- 4.2.9. enemy's friend(parshvanihgraha sara),
- 4.2.10. ally's friend(akaranda sara)
- 4.2.11. buffer state(madhyama)
- 4.2.12. neutral state(udasina)

China has been exercising expansionist policies in the Indo-Pacific region by unlawfully trying to capture areas around its borders, making unlawful maritime claims, and advancing military capabilities. These activities hinder trade and cause danger to the sovereignty of neighboring countries. China has a multifold role in India's foreign policy in the Kautilyan context. Moreover, its role has evolved. China, being an immediate neighbor and a powerful one, poses a danger to India's territorial integrity (because of the expansionist policies stated above; territorial disputes exist between the two countries) and is a great competition on the trade front, highlighting its role as ari. The extent of hostility between the two countries has only increased. China's new role has emerged as that of ari mitra or enemy's friend. This is relevant in the context that Pakistan and China have become close allies since the start of the 21st century. China's presence and its existent policies are impediments to India and the other countries of the Indo-Pacific. Following Chanakya's principle "enemy's enemy is a natural friend", Canada and India can work together as Mitra. Canada can assist India in containing China using effective trade policies. The two countries can conduct joint military exercises.

China attempts to be the hegemon in the Indo-Pacific region. However, China is not a reliable partner because of the internal economic and political turmoil and its expansionist policies. India, hence, emerges as a hegemon in the region. It has a growing market that lures huge economic investment; a stable democracy that induces other countries to collaborate; and a strong defense force.

## **5. India and Canada: Natural Allies**

### **5.1. Indian Diaspora**

Canada has the largest number of Indian diaspora anywhere in the world. Indians have held positions in the Canadian cabinet as well. Navdeep Singh Bains held office as the Minister of Innovation, Science, and Industry from 2015 to 2021; Bardish Chagger served as the Minister of Small Business and Tourism. Anita Anand is the President of the Treasury Board; Harjit Sajjan is the Minister of Harjit Sajjan of Canada.

### **5.2. Education**

Around 3,20,000 Indian students study in Canada. This number is around 47% of the total number of international students in Canada. An agreement was also signed between Canada's Intellectual Property Office and India's Department of Industrial Policy and Promotion (DIPP) to strengthen cooperation in the area of Intellectual Property Rights (IPR).

### **5.3. Strategic Importance**

India's importance has only increased in the global sphere in recent years. Canada has very well understood that and has given India more attention in its foreign policy. One of the reasons for the same is the shift in the global balance of power because China emerges as a challenge in the Indo-Pacific. Canada clearly understands that shunning China does not help, strategic partnerships have to be done in the region to counter China's policies. An amicable relationship with India can help in managing the global disorder. The second reason is India's response to strategic priorities. India is trying to engage with the world based on "who we are" rather than try and please the world, as said by the External Affairs Minister, Shri S Jaishankar. This course of action has led to India emerging as the voice of the Global South.

### **5.4. Economic Prospects**

The two-way trade between India and Canada was approximately \$6.05 billion in 2016. Canada is the 18th largest foreign investor in India. Foreign Direct Investment(FDI) inflows of \$ 3.60 billion were recorded between April 2000 and June 2023. Over 6,000 Canadian companies operate in India. Indian companies such as Tata Consultancy Services, Aditya Birla Group, Wipro, and Infosys among others are active in Canada. A

Comprehensive Economic Partnership Agreement(CEPA) was signed between India and Canada in September 2008 to facilitate the trade of goods and services, and investments.

### **5.5. Space Programs**

The Indian Space Research Organisation(ISRO) and the Canadian Space Agency(CSA) have signed multiple MOUs to advance space research. The commercial arm of ISRO, ANTRIX has launched several nanosatellites for Canada. In its 100th Polar Satellite Launch Vehicle(PSLV), ISRO launched Canada's Low Earth Orbit(LEO) satellite from Sriharikota in 2018.

### **5.6. Research and Science**

India and Canada have signed multiple MOUs for research in agriculture and the environment. A program was started for the exchange of knowledge and scientific research on Cold Climate (Arctic) Studies. IC-IMPACTS (India- Canada Centre for Multidisciplinary Partnerships to Accelerate Community Transformation and Sustainability) was established in 2013 and is the first and only Canada-India Research Centre for Excellence.

India is amongst the fastest-growing economies in the world. It is the fifth-largest economy in the world with a GDP of \$ 3.7 trillion. It has an ambitious target of reaching the \$ 5 trillion mark in the next few years. To achieve this target, many steps are being taken by the Government of India, setting up more Special Economic Zones and curbing trade barriers to name a few. This opens up plenty of opportunities for the world to invest in India. India accounts for only 1.95% of Canada's global trade now. Agreements between both governments can be made to increase trade.

China is a big issue in the Indo-Pacific region right now. Joint Military Exercises can be held regularly to improve cooperation and coordination between the security forces.

India- Canada diplomatic relations hold great potential for both countries. Both need to reconcile their differences and take advantage of the opportunities that stand ahead.

## **6. Recommendations**

### **6.1. Economic Dependence**

India should aim at making Canada extensively dependent on India for trade ("dama"-economic engagement). For this, the talks on a Free Trade Agreement(FTA) may be resumed. This requires both countries to increase the number of diplomats to convey

their nation's interests. A joint study group that comprises industry experts may be set up to discuss the provisions of the FTA. Bilateral talks can follow this. High-level ministerial meetings (mantri) be organized. Prime Ministers can visit the countries to create a positive sentiment in the minds of citizens and industrialists. Follow-up meetings are to take place to discuss the progress of the FTA and make amendments to increase trade further. India and Canada can also increase investment to improve infrastructure. India can also look up to signing more nuclear agreements with Canada.

## **6.2. People-to-People Ties**

Kautilya says, "War, in any circumstance, should be avoided for it causes loss of wealth and life." Undermine war for economic and diplomatic war here. Besides economic engagement, India and Canada may focus on improving people-to-people ties. Visa services can be made more accessible to citizens at both ends. This requires dialogue between the leaders of India and Canada. Exchange programs should be held regularly for educational institutes, bar councils, industrialists and trade associations, sportspersons, artists, etc.

## **6.3. Joint Working Group**

Canada should be more sensitive to Indian interests as India is a strategic partner in the Indo-Pacific region. In an attempt to do so, a Joint Working Group can be formed by India and Canada to keep a check on the pro-Khalistani activities in the latter. Also, punishment may be imposed on people responsible for instigating these activities, this will increase confidence among the Indian government and citizens.

## **7. Conclusion**

Kautilya's Arthashastra, though written a long time ago, still holds relevance in the context of international relations. Its idea of strategic partners, enemies, and allies is relevant even in the present times. Taking note of the treatise, India should make efforts to expand its relations with Canada. Diplomatic disputes should be resolved. Areas of conflict are to be dealt with, and not ignored. Besides, India should make it a point that external factors do not cause internal disturbance.

Overseas Citizens of India make up 3% of Canada's population. Indians hold prominent positions in the Canadian Cabinet. India- Canada ties hold tremendous potential for both the countries in the economic and defense sphere. Diplomatic relations between India and Canada were established

decades ago but they have been on a downturn because of conflicts of opinion on various issues. However, ties can be mended by dialogue, negotiation, and mediation. Good diplomatic relations between India and Canada can prove to be beneficial for both countries. This will rely heavily on strategic partnerships and people-to-people ties. Canada and India should actively engage in investment to improve infrastructure as well as social well-being.

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