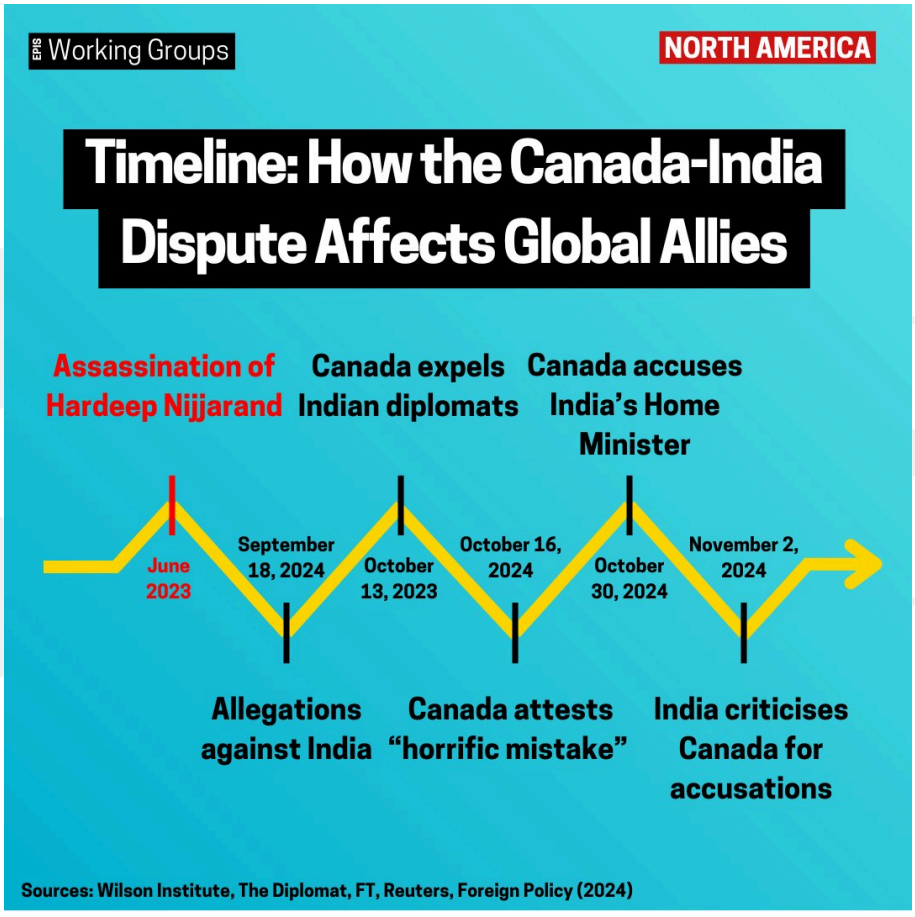
Stuck in the Middle

4 NOVEMBER 2024

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Diplomatic expulsions, trade fallout, and rising tensions between Canada and India have drawn in other nations, complicating multilateral relations across the Indo-Pacific and beyond.

The recent diplomatic row between Canada and India, ignited by Canadian accusations of Indian involvement in the killing of a Sikh separatist on Canadian soil, has developed into an international incident. Canadian Prime Minister Trudeau's allegations led to reciprocal expulsions of diplomats and the suspension of trade talks. This stand-off has stirred not only bilateral tensions between both countries but broader geopolitical implications.

What is the Impact of the Diplomatic Row?

The Canada-India conflict revolves around the longstanding tension over the Khalistan movement, a Sikh separatist campaign in India. Trudeau's decision to go public with accusations against India over this killing in Canada was met with swift backlash from New Delhi, which accused Canada of harbouring "extremist" elements. Both countries then took diplomatic steps back from each other, disrupting long-standing trade talks and putting further strain on their relationship. Total trade increased from $6 billion, in 2021, to $9 billion in 2022, but dropped to $8 billion in 2023 as per data from the Consulate General of India on Commerce. Both countries have suspended negotiations on two pivotal agreements—a Foreign Investment Promotion and Protection Agreement and a Comprehensive Economic Partnership Agreement.

How is the Conflict Affecting Global Alliances?

The crisis has also affected their shared alliances, especially within the U.S.-led "Five Eyes" intelligence alliance, which includes Canada, the U.S., the U.K., Australia, and New Zealand. As one of the most influential countries in the Indo-Pacific, India holds a crucial place in the U.S. strategic framework, particularly acting as a counterbalance to China's influence in the region. While the U.S. has supported Canada's call for transparency, it has refrained from taking sides openly.

Canada's 2022 Indo-Pacific Strategy highlighted India's role as an essential partner for Canada's goals in the region. However, India's established position within these networks could also present challenges for Canada, potentially blocking its path to joining key regional frameworks like the Indo-Pacific Economic Framework.

The tension has also posed challenges for countries like Australia and the U.K., both with significant Sikh and Indian populations and valuable diplomatic relationships with India. Australia, for instance, has refrained from taking a definitive stance, mindful of India's role in Indo-Pacific strategy. The U.K., likewise, has largely observed the conflict, wary of domestic tensions among its own Indian and Sikh communities that could be stirred by taking an active position on the matter.

Conclusion

For Canada, the situation presents a need for more nuanced diaspora diplomacy. For India, balancing its Western relations with concerns over Sikh separatism has become a key foreign policy consideration. The Canada-India crisis is the dynamics of modern international relations, where one incident can affect alliances and reshape policy priorities for many nations.