India and Canada Thaw Frosty Relationship to Push Uranium Deal

By
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At the sidelines of the G20 Summit held in late November 2025 in Johannesburg, South Africa, the Prime Ministers of Canada and India agreed to enhance bilateral relations amid recent years of tense exchanges. Both leaders found consensus on a new uranium export deal worth 2.8 billion dollars, restarting a previous deal that ended in 2020. Under the terms of the new uranium export deal, the Canadian Cameco Corporation will deliver 100 million pounds of uranium to India over a 10-year period—twice as long as the previous agreement. Although this uranium deal is expected to assist India in meeting its objectives of achieving clean energy, it comes at a time when diplomatic tensions are still strained between the two countries, suggesting economic benefits once again outweigh political strife.

India is the third-largest energy-consuming country in the world, with a rapidly growing population and major developing industries. A significant amount (80 to 85 percent) of India's needed energy comes from coal and crude oil, which are nonrenewable energy sources and more cost-effective than wind and solar. To acquire cleaner and cheaper energy, India sees nuclear energy as the best available option.

India intends to produce 100 gigawatts of electricity solely from nuclear power by 2047. The uranium deal with Canada, therefore, will help to fuel India's existing fleet of pressurized heavy-water reactors. However, the uranium supplied under this deal has the potential to aid civilian purposes, but it also can serve military purposes. While keeping the contentious past of India's uranium misuse, one can predict that India can divert this material to military purposes as it has done by managing to divert plutonium produced in the CIRUS (Canada-India Reactor Utility Services) reactor.

The CIRUS reactor was a 40-megawatt heavy-water research reactor that Canada supplied to India in the 1950s for peaceful purposes. It later produced weapons-grade plutonium for the 1974 "Smiling Buddha" test and enough material for dozens of warheads by the time it shut down in 2010. India's Dhruva reactor, modelled on CIRUS, has operated since 1985 and continues to produce 20–25 kilograms of weapons-grade plutonium annually outside full safeguards. Canada no longer builds reactors in India and will only supply uranium for safeguarded civil reactors. Still, this agreement can free up India's domestic uranium holdings for its unsafeguarded, military-linked facilities.

As a signatory to the 1970 Non-Proliferation Treaty (NPT), Canada was shocked to discover its reactor supported the Indian nuclear weapons program, ending a nuclear relationship with India that had been ongoing since the 1950s. However, Canada quietly restarted a relationship with India in 1989 at the behest of Atomic Energy of Canada Limited and the CANDU Owners Group.

Although still staunchly opposing proliferation, Canada has relaxed certain restrictions in its relations with India to expand overall trade between the two countries to $30 billion by 2030. This was likely one such response to smooth over numerous diplomatic disputes between the two

countries, resulting from allegations that India had been involved in the death of a Canadian citizen. Hardeep Singh Nijjar, a Canadian citizen and Sikh separatist activist, was shot and killed outside a gurdwara in Surrey, British Columbia in June 2023. A few months after Nijjar's assassination, former Prime Minister Justin Trudeau said agencies were investigating "credible allegations" of possible involvement by Indian government agents.

Despite India and Canada expelling each other's diplomats after the killing, the new uranium deal shows that economic interests generally outweigh political interests over time. The uranium agreement further illustrates the double standard in many global nuclear arrangements: many large countries often temporarily or permanently suspend or relax the rules for their favored trading partners. Although India is not a signatory to the NPT, it has received support from many states to join the multinational Nuclear Suppliers Group.

India is also pursuing thorium and small-modular reactors (SMRs) to tap its vast thorium reserves in its three-stage nuclear program. While thorium is touted as more proliferation-resistant—thorium itself is non-fissile and only breeds the fissile isotope uranium-233 while in the reactor core— India's reprocessing expertise and unsafeguarded facilities could extract the material from spent fuel for military users. SMRs will increase risk through mass deployment across Indian sites that have spotty oversight being a non-NPT state; therefore, expanding dual-use options rather than limiting them.

Even though the new uranium agreement between New Delhi and Ottawa aims to enhance India's energy policy, several challenges and concerns remain regarding stability in South Asia. Namely, India is continuing to develop its nuclear arsenal. The international community should play a role in promoting greater balance: real non-proliferation means the equal and consistent application of non-proliferation policies, not the selective and convenient exemptions granted to India. By fostering greater equality among states, the risks associated with an unstable nuclear order can be reduced.

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