

# Nearly a decade on, New Zealand keen to restart FTA talks

Negotiations began 14 years ago, stalled after 10 rounds

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New Zealand has expressed a keen interest in restarting free-trade agreement (FTA) talks with India to enhance bilateral trade ties, said people privy to the development.

Although India is also keen on signing an FTA with New Zealand, it is still considering certain factors, as it is working on a revamped trade strategy and has almost finalised standard operating procedures for negotiating trade deals, one of the persons cited above told *Business Standard*.

The two countries entered into FTA negotiations 14 years ago, but talks stalled after 10 rounds of discussions, and no formal round of negotiations has been held since February 2015. While thorny issues between New Delhi and Wellington delayed the pact's finalisation a decade ago, talks also slowed as both countries, along with over a dozen others, were negotiating to be part of the Regional Comprehensive Economic Partnership (RCEP), a China-backed Asian trade bloc.

The RCEP is a trade pact between the 10-nation Association of the Southeast Asian Nations (ASEAN) bloc and five of their FTA partners – New Zealand, Australia, China, Japan, and South Korea. India eventually pulled out of RCEP after negotiating for several years.

Through an FTA, New Zealand has been pushing for greater market access for agricultural and forest products, and alcoholic beverages such as wine. However, India has maintained that dairy products like milk, butter, and

cheese are a 'red line' due to political sensitivities, and giving greater market access to these products may not be possible.

However, a reduction in customs duties for wine could be possible if talks restart, as India has already cut import duties on wine in a graded manner for Australia under the FTA signed more than two years ago. India's main interest is in making gains in the services sector and pushing hard for more work visas for skilled workers. India's total exports of goods and services to New Zealand stood at \$0.91 billion, while imports from New Zealand amounted to \$0.84 billion during the financial year 2023-24 (FY24), representing a total trade value of \$1.75 billion.

## TRADE MATHS

**\$0.91 bn:** India's exports of goods and services to New Zealand in FY24

**\$0.84 bn:** Imports from New Zealand in FY24

**Key imports:** Iron and steel, aluminum, logs and forestry products, wood pulp, wool, apples, and nuts

**Main exports:** Pharmaceuticals, precious metals and gems, textiles, and non-knitted apparel, among other items

India's goods exports to New Zealand in FY24 were \$0.54 billion, down 1.7 per cent Y-o-Y, while imports slumped by nearly 30 per cent at \$0.33 billion, commerce department data showed.

India mainly imports items such as iron and steel, aluminium, logs and forestry products, wood pulp, wool, and apples and nuts. Its main exports include pharmaceuticals, precious metals and

gems, textiles, and non-knitted apparel, among other items. New Zealand has about 3 lakh persons of Indian origin and non-resident Indians (NRIs). Currently, approximately 8,000 Indian students are pursuing higher education in various disciplines in the country.

In the absence of a trade agreement, both countries discussed possible innovative technical collaborations last year in the areas of agriculture and horticulture, including kiwi fruit, as well as pharmaceuticals, processing, storage, and transportation.