

# India, NZ revive FTA discussions after 10-yr pause

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India and New Zealand, after a hiatus of 10 years, announced on Sunday the resumption of negotiations for a “comprehensive and mutually beneficial” free trade agreement (FTA) to deepen bilateral economic ties.

The two countries entered into FTA negotiations nearly 15 years ago. However, after 10 rounds of discussions, the talks stalled in 2015.

“We are delighted to announce the launch of India-New Zealand Free Trade Agreement negotiations. This marks a significant milestone in our partnership, reflecting our vision to deepen trade ties and expand economic opportunities,” commerce and industry minister Piyush Goyal posted on X.

“With bilateral trade continuing to grow steadily, surpassing \$1 billion during April-January 2025, the FTA negotiations aim to unlock new avenues for businesses and consumers, fostering mutual growth and prosperity,” he said.

The announcement coincided with New Zealand Prime Minister Christopher Luxon’s four-day visit to India, which began on Sunday, to deepen economic cooperation and forge stronger trade ties.

“The India-New Zealand FTA negotiations aim to achieve balanced outcomes that enhance supply chain integration and improve market access. This milestone reflects a shared vision for a stronger economic partnership, fostering resilience and prosperity,” the commerce and industry ministry said in a statement.

The ministry said that Goyal and his counterpart from New Zealand Todd McClay met on Sunday to lay

the foundation for strengthening the economic and trade ties between the two countries.

“New Zealand’s average import tariff is only 2.3 per cent, with over half of its tariff lines already duty-free, meaning Indian goods already have substantial access to its market. In contrast, India’s average tariff stands at 17.8 per cent, meaning it would have to make significant reductions, making a traditional FTA less attractive for India,” a GTRI report said.

The time of the announcement is crucial, as global trade is poised for a major reset due to geopolitical tensions. Countries are increasingly eyeing bilateral agreements.

Currently, India is negotiating trade deals with the US, the UK, the European Union (EU), and Oman. India and Australia are also negotiating for a comprehensive FTA.

While thorny issues between New Delhi and Wellington delayed finalisation of the pact a decade ago, talks also

slowed down because the two countries, along with over a dozen others, were negotiating to be a part of the Regional Comprehensive Economic Partnership (RCEP).

New Zealand has been pushing for greater market access for agricultural and forest products, as well as wine. However, India has been protecting its agriculture sector, including alcohol, by maintaining high import tariffs on such products. India has always maintained that dairy products such as milk, butter, and cheese have a ‘red line’ due to political sensitivities.

However, a reduction in import duty for wine could be possible if talks restart. This is because India has cut import duty, but in a graded manner, for Australia under the FTA that kicked in December 2022.

## TRADE FLOW

- India’s key exports to New Zealand include pharmaceuticals, precious metals and gems, and textiles
- Key imports include iron and steel, aluminium, forest products, wool, fruits, and nuts
- India exported \$0.91 billion goods to New Zealand. New Zealand exported goods worth \$0.84 billion in 2023