

India, NZ aim to seal free-trade deal in 60 days



Commerce and Industry Minister Piyush Goyal



New Zealand Prime Minister Christopher Luxon

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India and New Zealand are hoping to sign a full-fledged, comprehensive free-trade agreement (FTA) within the next two months.

The proposed deal could expand bilateral trade by 10 times in a decade. And, considering that both countries are at different stages of development, there could be cooperation in agri-tech, dairy, food processing, pharmaceuticals, renewable energy, critical minerals, forestry, horticulture, tourism, and sports, Commerce and Industry Minister Piyush Goyal said on Tuesday.

“Let’s drive this relationship forward, and I look forward to Prime Minister Modi signing that agreement in 60 days,” New Zealand Prime Minister Christopher Luxon said at the India-New Zealand Economic Summit organised by industry body Federation of Indian Chambers of Commerce & Industry (Ficci).

Goyal said there are hardly any areas where both countries compete. However, there are a few areas of sensitivity but they can be navigated with mutual respect. “We are very aspirational and are working together in the spirit of cooperation, respecting each other’s sensitivities. We will be aspiring to do this equally fast; maybe faster,” he added.

After a 10-year hiatus, India and New Zealand on Sunday announced the restart of FTA negotiations. Both had entered into FTA negotiations 14 years ago, but talks stalled after 10 rounds of discussions. No formal round of negotiation took place after February 2015.

The announcement of the FTA revival plan was made dur-

ing Luxon’s visit to India on March 16-20 to deepen economic co-operation and forge stronger trade ties with India.

The timing of the launch of the FTA negotiation is crucial because global trade is up for a major reset due to the geopolitical churn. In line with that, countries are increasingly eyeing bilateral agreements. India also is negotiating trade deals with the United States (US), the United Kingdom (UK), the European Union (EU) and Oman. India and Australia are also negotiating a comprehensive FTA. India plans to sign FTAs with the US, EU and New Zealand before the end of this year.

Some thorny issues between New Delhi and Wellington have delayed finalisation of the pact. Talks had also slowed because both the countries, along with over a dozen others, were negotiating to be a part of the Regional Comprehensive Economic Partnership (RCEP) — a China-backed Asian trade bloc. While India negotiated for several years, it eventually stormed out of the RCEP in 2019.

Through an FTA, New Zealand has been pushing for greater market access for agriculture products and wine. However, India has been protecting its agriculture sector, and alcohol, by maintaining high import tariffs on such products.

India has always maintained that dairy products such as milk, butter and cheese, has a ‘red line’ for it due to political sensitivities. Similarly, India’s demand for easier movement of its skilled professionals and better access for its IT and services sector were also sticking points. Think-tank GTRI said India’s dairy imports from New Zealand are minimal — around \$0.57 million.

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