

0% duty on 100% exports: India secures NZ trade deal

Wellington commits to \$20 bn FDI in 15 years; dairy items excluded

SHREYA NANDI

New Delhi, 22 December

India and New Zealand on Monday announced the conclusion of talks on a free-trade agreement (FTA), under which Wellington will grant zero-duty access to 100 per cent of Indian exports and commit \$20 billion in foreign direct investment (FDI) over the next 15 years.

India, in return, has offered liberalised duties across 70 per cent of tariff lines, covering 95 per cent of New Zealand's exports to India in value terms. Duties will be eliminated immediately on 30 per cent of tariff lines once the agreement comes into force, including products such as wood, wool and sheep meat.

As much as 29.97 per cent of tariff lines are on the exclusion list, reflecting India's sensitivities. These include dairy products such as milk, cream, whey, yoghurt and cheese; animal products other than sheep meat; vegetables including onions, chana, peas and corn; as well as almonds, sugar, artificial honey and other items.

Turn to Page 6 ►

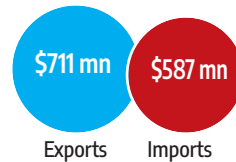
EDIT:
**More
ambition
needed** 9 ►

PAGE 4

■ In advanced stage of talks for trade pact with US: Goyal

Trade with the **Kiwis**

Bilateral merchandise trade (FY25): \$1.3 bn



Key exports:

ATF, textiles, pharmaceuticals, machinery, petroleum products

Key imports: Wood, steel and aluminium scrap, coking coal, turbojets, and agri/animal products (shorn wool, milk albumin, apples, kiwifruit)



Services trade (2024):

Exports: **\$634 mn**

Imports: **\$611 mn**

What's in **FTA**

- NZ's average applied tariff (2.2% in 2025) to fall to zero after implementation
- India offers market access on 70.03% of tariff lines, covering 95% of NZ's exports by value; 29.97% tariff lines excluded
- **The big gainers in India:** Textiles and apparel, leather and headgear, ceramics, carpets, automobiles and auto components
- Apples, kiwifruit and manuka honey from NZ subject to TRQ, MIP and seasonal limits, balancing consumer choice with farmer protection
- Exclusions mainly include dairy, most animal products, select vegetables & pulses, sugar, artificial honey, fats & oils, arms & ammunition, gems & jewellery, and copper

“CONCLUDED IN JUST NINE MONTHS, THIS HISTORIC MILESTONE REFLECTS A STRONG POLITICAL WILL AND SHARED AMBITION TO DEEPEN ECONOMIC TIES BETWEEN OUR TWO COUNTRIES”



Narendra Modi,
Prime Minister,
India

“INDIA IS THE WORLD'S MOST POPULOUS COUNTRY AND FASTEST-GROWING ECONOMY, AND THAT CREATES OPPORTUNITIES FOR JOBS FOR KIWIS, EXPORTS, AND GROWTH”



Christopher Luxon,
Prime Minister,
New Zealand

Mobility provisions

- Minimum 20 hours/week work permitted for students in NZ
- Extended post-study work visas for STEM graduates
- 5,000 professional visas in IT, engineering, health care, AYUSH, yoga, music and Indian cuisine for up to 3 years
- 1,000 working holiday visas, granting multiple entries in 12 months

The FTA is expected to be signed in 2-3 months after legal scrubbing, and to come into force within six to seven months. New Zealand will need parliamentary approval.

0% duty on 100% exports: India secures NZ trade deal

Wellington was keen on duty reduction and greater market access in the dairy space but New Delhi insisted on the sector's exclusion from the deal. A clause, however, allows New Zealand to seek consultations if India were to open its dairy market to countries such as Australia or Chile. Indian officials reiterated that the government would continue to protect the domestic dairy sector.

Once the FTA takes effect, India's average tariff on New Zealand imports will fall to 13.18 per cent, declining further to 10.3 per cent in five years and 9.06 per cent by the 10th year. India's simple average tariff on a most-favoured nation basis currently stands at 16.2 per cent.

"The India-New Zealand partnership is going to scale newer heights. The FTA sets the stage for doubling bilateral trade in the coming five years," PM Narendra Modi said in a post on X. India, he added, welcomed more than \$20 billion in investment from New Zealand across sectors, underpinned by its young workforce, startup ecosystem and reform-driven economy. Modi said he had spoken with his "friend" Prime Minister Christopher Luxon following the conclusion of the "landmark" agreement.

Negotiated over nine months, the

FTA is expected to double the current \$2.4 billion bilateral trade in goods and services within five years.

The agreement is likely to be signed within the next two-three months, following legal scrubbing of the text. As parliamentary approval will be required in New Zealand, officials expect the FTA to come into force within six-seven months.

Once signed, the pact will become India's seventh trade agreement since 2021, reflecting New Delhi's strategy of diversifying trade ties at a time of global realignment driven by Washington's protectionist tariff policies. Commerce and Industry Minister Piyush Goyal said it was India's third trade deal with a "Five Eyes" country, after agreements with Australia and the UK, with talks with Canada set to begin soon.

Officials said the agreement would help Indian companies gain a foothold not just in New Zealand but across the Pacific island economies, while also positioning India as a key supplier of skilled and semi-skilled labour. Commerce Secretary Rajesh Agrawal said India was increasingly focusing on FTAs with developed economies, where trade structures are more complementary.

According to the commerce

department, the agreement contains India's most ambitious services offer to date. It removes numerical caps on Indian students, guarantees at least 20 hours of work per week during study, and extends post-study work opportunities of up to three years for STEM graduates and four years for doctoral degree holders, creating clearer pathways for skills development and international careers.

A new Temporary Employment Entry visa pathway will allow up to 5,000 Indian professionals at any given time to work in New Zealand for up to three years. New Zealand will also issue multiple-entry working holiday visas to 1,000 young Indians each year, valid for 12 months. Market access commitments have been made across around 118 services sectors.

Ajay Srivastava, a former trade ministry official and founder of the Global Trade Research Initiative, said the agreement was less a trade breakthrough than a framework for deeper cooperation. "Its real impact will depend on how both countries use it to strengthen practical economic links," he said, adding that this would require building supply chains, expanding services trade, deepening education and skills partnerships, and leveraging diaspora and mobility provisions.