

# 'New Zealand not yet ready to resume FTA talks with India'

**MUTUALLY SENSITIVE ISSUE.** Bilateral trade is growing in a sustainable way but dairy sector remains a sticky point, says Minister Damien O'Connor

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New Zealand is not ready to resume free trade agreement (FTA) negotiations with India at the moment as "sensitivities" from both sides need to be worked out over time, New Zealand Trade and Agriculture Minister Damien O'Connor has said.

However, bilateral trade has been growing outside the FTA in a sustainable way, and needed to be pushed further through partnerships, the Minister said in an interview with *businessline*. Market ac-

cess in the dairy sector had been one of the main sticky issues between the two sides when the bilateral FTA talks initiated in 2010 collapsed mid-way due to lack of progress.

## KEY ISSUE

"The dairy sector continues to be both economically and politically sensitive in India, especially with the general elections scheduled next year. It will be difficult for New Zealand to accept an FTA without dairy and right now India cannot make concessions in the sector," a person tracking the matter stated.



**DEEPENING TIES.** Union Minister of Civil Aviation Jyotiraditya Scindia and New Zealand Minister of Agriculture Damien O'Connor signing MoUs to expand civil aviation between the two countries

The Minister replied in the negative when asked whether India-New Zealand FTA ne-

gotiation was about to restart. "No, it's not. Not immediately. We have come up

with a large delegation here (to Delhi) and it's really around building partnerships," he said.

O'Connor said that India and New Zealand were managing to increase bilateral trade even without an FTA.

"There is trade and it's growing even in the absence of an FTA. And we think we can grow that in a steady and sustainable way. And the issues of FTAs, where we get into technical details and some of the sensitive areas, we believe will be worked through over time. But at this point, we're here to build partnerships," he said.

After five years of negotiations, India and New Zealand had their last round of FTA talks in Delhi in 2015. Talks then came to a standstill. While the Regional Comprehensive Economic Partnership (RCEP) talks led by China, of which both India and New Zealand were a part, took precedence at that time, even after India's exit from RCEP the two countries did not get back to the negotiating table.

"It was expected by some that New Zealand would want to restart FTA talks with India after the successful completion of the India-Australia

Economic Cooperation and Trade Agreement last December, but that does not seem to be happening. It could also be because India managed to keep the entire dairy sector out of the ECTA," the source said.

## SENSITIVE SECTOR

Without directly apportioning blame on the dairy sector for the stalled FTA talks, the Minister acknowledged that the sector was sensitive for both countries.

"The dairy industry is very important to both India and New Zealand. And it is obviously high on sensitivity. We

understand its importance for the livelihoods of those engaged in the dairy industry. At the moment we are not engaged in any partnerships other than those where we share technology to help one another in better productivity using what we understand are limited resources," he said.

India-New Zealand bilateral trade in 2022-23 was at \$1.02 billion which is the same as in 2018-19. However, after dipping in the pandemic period and touching \$862 million in 2021-22, bilateral trade posted a 19 per cent growth (year-on-year) in 2022-23.