

FACTSHEET: INDIA AND NEW ZEALAND CONCLUDE FREE TRADE AGREEMENT

A new generation trade agreement built on Tariffs, agricultural productivity, Investment and Talent

A Forward-Looking Partnership for Viksit Bharat @2047

- India and New Zealand announced the successful conclusion of negotiations for a forward-looking Free Trade Agreement (FTA), marking a historic milestone in bilateral economic relations. The Agreement delivers unprecedented duty-free access for Indian exporters to New Zealand while safeguarding India's sensitive sectors, strengthening economic resilience, and promoting inclusive growth aligned with India's national priorities.
- **Towards a Shared Partnership of Economic Growth and Prosperity:** Bilateral trade between India and New Zealand has already demonstrated strong momentum, with total trade in goods and services reaching USD 2.4 billion in 2024, and India maintaining a trade surplus.
- The India-New Zealand FTA **establishes a predictable, transparent framework that expands** market access, enhances trade in services, creates mobility pathways, encourages long-term investment, and builds agriculture productivity.

India-New Zealand Principal Outcomes: The Winners

- **100% Indian Exports receive Duty-Free Access:** New Zealand will provide *100 per cent duty-free market access* on all tariff lines, covering 100 per cent of India's current exports. This ensures immediate competitiveness for Indian products across labour-intensive manufacturing and in pharmaceutical, chemical, engineering, and agri-processed sectors, reducing landed costs and expanding export opportunities. Earlier New Zealand maintained peak tariffs of 10% in key Indian exports like textile and apparel products, leather, ceramics, carpets, automobiles and auto components. With the zero-duty market access to Indian products, India will become competitive in New Zealand and have a level playing field in New Zealand.
- India has offered market access in **70.03% of the tariff lines** covering **95% of Bilateral Trade Value** while keeping **29.97 % tariff lines in exclusion**. Immediate Elimination (EIF) on 30%, Rest is phased
 - The products that are kept in **exclusion are mainly-** Dairy (milk, cream, whey, yoghurt, cheese etc.), animal products (other than sheep meat), vegetable products (onions, chana, peas, corn, almonds etc.), sugar, artificial honey, Animal, vegetable or microbial fats and oils, Arms and Ammunition, Gems and Jewellery, Copper and Articles (Cathodes, Cartridges, Rods, Bars, Coils etc.), Aluminium and articles thereof (Ingots, billets, wire bars) among others.
 - **30.00%** of tariff lines will have **immediate duty elimination**, covering wood, wool, sheep meat, leather-raw hides etc.

- **35.60% of tariffs are subject to phased elimination over 3, 5, 7, and 10 years**, including petroleum oil, malt extract, vegetable oils, and selected electrical and mechanical machinery, peptones etc.
 - **4.37%** of products face **tariff reductions**, such as wine, pharmaceutical drugs, polymers, aluminium, iron and steel articles etc.
 - **0.06%** fall under **tariff rate quotas**, including honey, apples, kiwi fruit, and albumins including milk albumin.
- **Advancing Agricultural Productivity and Farmer Incomes, while Protecting India's Sensitive Sectors:** New Zealand is delivering innovative **Agriculture Productivity Action Plans** for kiwifruit, apples, and honey to improve productivity, quality, and sectoral capabilities. The cooperation includes the establishment of Centres of Excellence, improved planting material, capacity building for growers, collaborative research, and technical support for orchard management, post-harvest practices, supply chain performance and food safety. Projects for apple cultivators and sustainable beekeeping practices will enhance production and quality standards.
 - **India has a calibrated and responsible market access approach through seasonal Quotas:** Market access for the selected agricultural products (Apples, Kiwifruit, Manuka Honey) and Albumins from New Zealand will be managed through a Tariff Rate Quota system with Minimum Import Price and other safeguards, ensuring quality imports, consumer choice while protecting domestic farmers. All TRQs for Apples, Kiwifruit and Manuka are linked to delivery on Agriculture Productivity Action Plans and monitored by a Joint Agriculture Productivity Council (JAPC), balancing market access with protection of sensitive domestic agricultural sectors.
 - *Mānuka Honey:* Currently applicable duty: 66%; current imports from New Zealand: 14.2 MT (US\$ 0.3 mn) and from world: 356.8 MT (US\$ 1.9 mn); in-quota TRQ: 200 MT p.a. with MIP of US\$ 20/kg and 75% tariff reduction over 5 years; out-of-quota: MIP of US\$ 30/kg with 75% tariff reduction over 5 years. Duty will be 56.1% (year 1); 46.2% (Year 2), 36.3% (year 3), 26.4% (year 4), 16.5% (Year 5 onwards).
 - *Apples:* Currently applicable duty: 50%; current imports from New Zealand: 31,392.6 MT (US\$ 32.4 mn) and from world: 519,651.8 MT (US\$ 424.6 mn); in-quota TRQ: 32,500 MT (Y1) rising to 45,000 MT (Y6) at 25% duty with MIP of US\$ 1.25/kg (seasonal window: 1 April–31 August); out-of-quota: Applicable prevailing Duty.
 - *Kiwi Fruit:* Currently applicable duty: 33%; current imports from New Zealand: 5,840 MT (US\$ 16.9 mn) and from world: 49,167 MT (US\$ 61.4 mn); in-quota TRQ: 6,250 MT (Y1) rising to 15,000 MT (Y6) at 0% duty with MIP of US\$ 1.80/kg (seasonal window: 1 April–15 October); out-of-quota: 50% MoP with MIP of US\$ 2.50/kg.
 - *Albumins including Milk Albumin:* Currently applicable duty: 22%; current imports from New Zealand: 3,429.7 MT (US\$ 28.9 mn) and from world: 18,801.4 MT (US\$ 175.3 mn); in-quota TRQ: 1,000 MT (Y1) rising to 3,000 MT (Y5) at 11% duty; out-of-quota: Applicable prevailing Duty.

- **Long-term Investment of USD 20 Billion over 15 years in India:** New Zealand has committed to facilitating USD 20 billion in investment into India over 15 years, thereby supporting manufacturing, infrastructure, innovation and job creation. A Rebalancing Clause is in place enabling India to take remedial measures should delivery on investment be below commitment levels. Development of joint strategies to promote investment, research and innovation, technology flows, and skill development—particularly in high-value sectors such as renewable energy, digital services, and modern infrastructure are covered.
- **Unprecedented Student Mobility and Post-Study Opportunities:** For the first time with any country, New Zealand has created a dedicated pathway on Student Mobility and Post-Study Work Visas with India. The Agreement removes numerical caps on Indian students, guarantees a minimum of 20 hours per week work during study, and provides extended post-study work opportunities-up to three years for STEM Bachelor's and Master's graduates, and up to four years for Doctorate holders-creating clear pathways for skills development and global careers.
- **Opening Skilled Employment Pathways:** The FTA establishes a new Temporary Employment Entry (TEE) Visa pathway for Indian professionals in skilled occupations, **with a quota of 5,000 visas at any given time** and a stay of up to three years. This pathway covers Indian professions such as AYUSH practitioners, yoga instructors, Indian chefs, and music teachers, as well as high-demand sectors including IT, engineering, healthcare, education, and construction, strengthening skilled workforce mobility and services trade.
- **Empowering Youth through Working Holiday Visas:** The Agreement further enhances youth mobility through multiple-entry Working Holiday Visas for 1,000 young Indians annually, valid for 12 months, promoting global exposure, skills acquisition, and people-to-people linkages.
- **Market access commitments to India in New Zealand in about 118 services sectors** that include key sectors of interest to India including Computer Related Services, Professional Services, Audio Visual Services, Other Business Services, Telecommunication Services, Construction Services, Distribution Services, Education Services, Environmental Services, Financial Services, Tourism and Travel related Services, etc. and Most-Favoured Nation Commitment in about 139 sub-sectors which include major interests areas of India
- **Boosting Jobs, MSME-incubators, manufacturing in** MSME-driven and labour-intensive sectors such as textiles, apparel, engineering goods, chemicals, food processing, and electronics. Reduced trade barriers and regulatory certainty will strengthen Indian manufacturing and global value chain integration. Structured cooperation for MSMEs through enhanced access to trade-related information, export readiness programmes, and linkages with New Zealand's SME ecosystem. It supports collaboration among **SME centres** and integration into global value chains, with a focus on start-ups and enterprises owned by women and youth.

- **Promoting Health, Wellness and Traditional Medicine:** For the first time in its trade agreements, New Zealand has a dedicated Health and Traditional Medicine Services access. This landmark provision promotes the global recognition of India's AYUSH systems, supports medical value travel, encourages collaboration in wellness services, and reinforces India's position as a global hub for health, wellness, and traditional medicine services. It gives centre stage to India's AYUSH disciplines (Ayurveda, Yoga & Naturopathy, Unani, Sowa-Rigpa, Siddha, and Homeopathy) alongside Maori Health practices.
- **Smart Regulation for Safe and Seamless Trade : Sanitary and Phytosanitary Measures** ensure an optimal balance between the protection of human, animal and plant life or health and the facilitation of trade in goods. Focus is on fast tracking of market access applications on reciprocal basis, simplified certification and import permit procedures, implementation of electronic SPS certification. Given New Zealand's high regulatory standards this recognition would substantially enhance global market access, reducing transaction costs and facilitating smoother market access while ensuring the necessary health and safety protections.
- **India's Intellectual Property to be accorded recognition:** The current GI Law of New Zealand only allows for India's wines and spirits to be registered. Commitment is now in place to taking all steps necessary including amendment of its law to facilitate the registration of India's wines, spirits and 'other goods', a benefit that was accorded to the EU by New Zealand. Timelines for this are 18 months from agreement entering into force.
- **Fast track mechanism for imports used for export manufacturing, Customs Procedure and Trade Facilitation:** This modernizes customs procedures to ensure predictability, transparency and consistency in trade between trade partners. Authorized Economic Operators, Automation and Single Window promote use of technology and paperless clearance. For India, these provisions are expected to result in faster cargo movement, particularly benefiting MSMEs and exports/imports of perishable and agricultural products. Reduced in clearance time -within 48 hours, 24 hours for express shipment and perishable goods.
- **Economic Cooperation and Technical Assistance:** The FTA offers opportunities for both sides to engage in cooperation and collaborative activities in various thematic agriculture and non-agriculture areas of interest. Cooperative activities include capacity building, technical assistance and other initiatives to enhance productivity, support farmer income enhancement, skill development, and diversification of cooperation beyond trade into R&D, training, and innovation. The areas of cooperation areas under agriculture include - *Horticulture, Honey, Forestry, Livestock, Fisheries, Apiculture, Wine sector*. In non-agricultural sectors, cooperation extends to traditional medicine systems (AYUSH), *preservation of traditional knowledge, audio-visual and creative industries, sports, and tourism, aiming to strengthen cultural exchange and sectoral innovation.*

From Farms to Factories: How the Agreement Reshapes Key Sectors

- **Textiles and clothing, a cornerstone of India's export economy,** stand to benefit from zero duty market access with immediate duty-free status. This will boost exports of apparel, garments, home textiles and furnishings, man-made fibres and traditional handloom products, fostering job creation and enhanced integration into global value chains.
- **For India's agriculture and processed food sectors,** elimination of tariffs on agricultural tariff lines, including fruits and vegetables, coffee, cocoa, spices, cereals and processed foods, enhances competitiveness in the New Zealand market.
- **Leather and footwear** stand to benefit from zero duty market access replacing peak duty of 10% with immediate duty-free status strengthening India's global position in footwear, leather goods and accessories.
- **Engineering, manufacturing and industrial goods, transport and automotive products, electrical and electronic machinery, mechanical machinery, plastics and rubber product, and chemicals** all derive tangible gains from tariff elimination or reduction, bolstering India's diversified industrial base in exports.
- **Boost to Pharma and Medical Devices through faster regulatory Access:** The FTA streamlines access for pharmaceuticals and medical devices by enabling acceptance of GMP and GCP inspection reports from comparable regulators, including approvals by the US FDA, EMA, UK MHRA, Health Canada and other comparable regulators. These will reduce **duplicative inspections, lower compliance costs, and expedite product approvals**, thereby facilitating smoother market access and supporting growth of India's **pharmaceutical and medical devices exports** to New Zealand.
- **Organics trade through Mutual Recognition Arrangement:** A stepping stone, an MRA (Mutual Recognition Arrangement) based on the acceptance of a mutually accepted third country's standard (Australia) will be a deliverable of this agreement. India is exporting more than 80 organic products during FY 2024-25. In the same period, total organic exports from India to New Zealand amounted to 2,401.53 MT, valued at USD 3.18 million. Organic products which are expected to gain further traction post Mutual Recognition Agreement (MRA) include Basmati rice, Flax seeds, Arabica Cherry AB, Psyllium husk (Isabgol), Soyabean oil cake, Organic Black Tea etc