THE NZ-INDIA FREE TRADE AGREEMENT

August 2026

New Zealand INTERNATIONAL BUSINESS FORUM

Contents

Foreword

New Zealand exporters are operating in a rapidly changing global economy. Strategic competition, new technologies and shifting supply chains are creating challenges, but also new opportunities. For a small, trade-dependent country, building a wider range of strong economic relationships is essential to our resilience and future prosperity.

The New Zealand-India Free Trade Agreement is therefore both timely and strategically important. It gives New Zealand businesses access to one of the world's fastest-growing major economies and provides a framework of rules and greater predictability at a time when both are badly needed.

The agreement delivers commercially meaningful gains, with tariffs reduced or eliminated on 95 percent of New Zealand's current exports. Its value, however, extends beyond goods trade to education, tourism, services, investment and deeper people-to-people connections.

Official economic modelling provides a conservative starting point. It captures the FTA's direct effects, but not the wider gains that may flow from new products, stronger commercial relationships and India's extraordinary long-term growth.

This agreement will not transform trade overnight – and dairy access remains unfinished business. But it positions New Zealand to participate more fully in one of the defining economic growth stories of the coming decades, provide greater optionality in our export relationships and build a stronger partnership with India over time.

Felicity Roxburgh, Executive Director
New Zealand International Business Forum

Reuben Tucker, Managing Director
Institutional and Business Banking, Westpac NZ

Executive summary

Key messages.

- NZ and India signed the FTA on 27 April 2026 after negotiations concluded in December 2025.
- India is one of the world's fastest-growing major economies and offers access to a market of 1.4 billion people – one fifth of the world's population.
- Under the FTA, 95% of New Zealand's current exports gain tariff elimination or substantial tariff reductions.
- Estimated tariff savings of around NZ$43 million annually from day one, rising to about NZ$62 million when fully implemented based on current trade levels.
- While not game changing, modelling suggests that the FTA could add close to 0.1% to GDP over the next decade.
- The merchandise trade benefits are likely to be larger over time as India's economy grows, even more so if – as seems likely – the FTA encourages proportionally greater trade with India.
- Importantly, benefits from the FTA extend beyond traditional merchandise trade to investment, services, tourism and education exports.
- In addition, there are benefits related to strategic relations and economic diversification – especially important in the current geopolitical environment.

Top NZ exports to India, year to March 2026

Product	$m
Travel	1154.8
Fruits and nuts	130.3
Wood	99.0
Aluminium	88.9
Dairy	86.0
Wool	83.6
Iron and steel	80.2
New Zealand miscellaneous provisions	75.5
Wood pulp and recovered paper or paperboard	62.5
Optical, medical, and measuring equipment	35.8
Government services, n.i.e	28.5
Electrical machinery and equipment	22.8
Copper	21.6
Mechanical machinery	15.1
Organic chemicals	10.3
Pharmaceuticals	8.5
Oil seeds	7.6
Hides, skins, and leather	6.1
Vegetables	3.5

Source: Stats NZ

Why the NZ-India FTA is a big deal

"The NZ-India FTA is not simply about selling more goods into India. It is about securing NZ's position in one of the most important economic growth stories of the next 20 years and reducing dependence on traditional export markets."

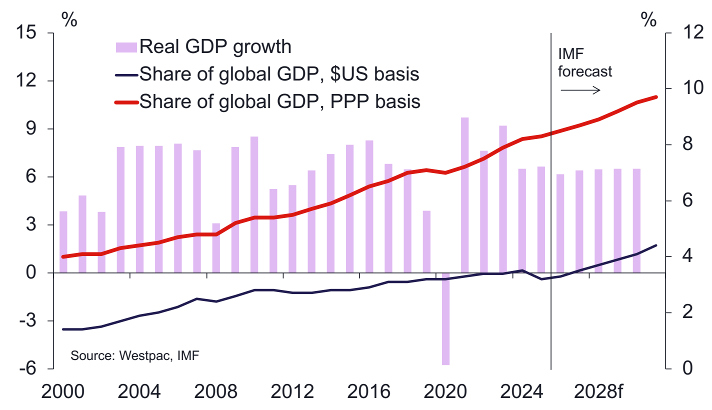
Why India matters – a global economic powerhouse.

- Population of more than 1.4bn people, making India the world's most populous country.
- Expected to become the world's third-largest economy this decade due to rapid growth in incomes and consumer spending.
- Within five years, India's middle class is expected to exceed the entire population of the EU or ASEAN.
- Increasing influence in global trade, technology, investment and geopolitics.

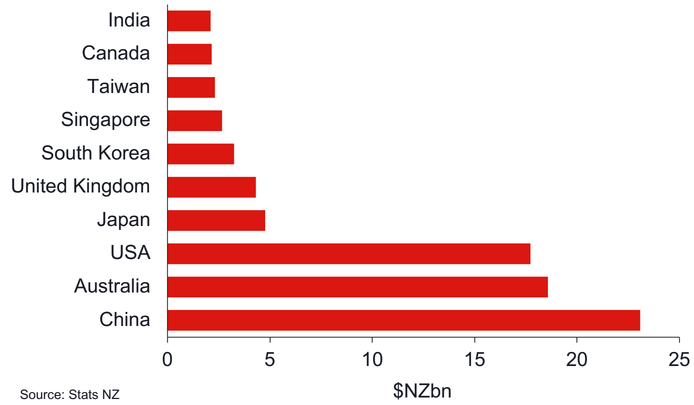
Why NZ wants this deal.

- **Growth:** Supports the Government's objective of doubling export earnings over the next decade. Expands opportunities for exporters, investors and service providers.
- **Competitiveness:** Competitors including Australia, the UK and Chile already enjoy trade advantages or preferential arrangements in the Indian market. The FTA helps level the playing field for New Zealand businesses.
- **Diversification:** India is currently only New Zealand's 10th-largest export market despite its economic scale. NZ exports remain concentrated in a relatively small number of markets. Diversifying reduces economic risk.

India, GDP growth % share of global GDP



NZ exports – top 10 destinations



The long road to an NZ-India FTA

"After more than a decade of stalled negotiations, both countries concluded a high-quality agreement that opens the door to a much deeper economic partnership over the coming decades."

The culmination of 16 years of stop-start negotiations.

- The NZ-India FTA represents the culmination of more than 15 years of negotiation efforts.
- Previous attempts stalled largely because of sensitivities around agriculture – especially dairy – and market access.
- Renewed political commitment from both governments in 2025 ultimately delivered an agreement that many had considered unlikely just a few years ago. That commitment reflects:
    - **India's economic ascent:** India is emerging as one of the world's most important growth markets, and demand for premium food, education and services is accelerating.
    - **A renewed focus on diversification:** A growing desire to reduce reliance on a small number of export destinations and an increased focus on resilience amid geopolitical uncertainty.
    - **Greater strategic alignment:** Both countries see benefits in a deeper Indo-Pacific engagement, including recognition that economic and strategic relationships increasingly go hand-in-hand.

India-NZ FTA Timeline

2010
Negotiations launch
- Formal NZ-India FTA negotiations begin
- Strong optimism about India's growth
- Goal of deepening economic integration

2010-2015
Slow progress
- Multiple negotiating rounds
- Dairy access emerges as major obstacle
- Agricultural sensitivities remain

2015-2024
Negotiations stall
- Talks largely dormant
- Limited progress on key issues
- Deal increasingly viewed as unlikely

March 2025
Relaunch
- Leaders recommit to negotiations
- Trade relationship elevated strategically
- New momentum established

December 2025
Agreement concluded
- Negotiations successfully completed
- Agreement reached after nine months of renewed talks

April 2026
FTA signed
- Agreement signed in New Delhi
- Landmark milestone in bilateral relations
- Ratification process begins

2026
Ratification
- Parliamentary scrutiny
- Domestic implementation procedures
- Entry into force following approval

Key features of the agreement

"The FTA lowers both tariff and non-tariff barriers to trade, and includes some future-proving provisions to allow NZ to participate should India negotiate better deals with other countries".

95% of New Zealand's merchandise exports benefit.

- 95% of New Zealand's current exports to India receive tariff elimination or substantial tariff reductions.
    - 57% of exports become duty-free immediately upon implementation.
    - 82% of exports become duty-free once all tariff phase-ins are complete.
- The average tariff on New Zealand's current exports falls to around 3%.

The benefits extend beyond tariff reductions.

- The agreement facilitates trade, including: faster customs clearance procedures (Indian customs has committed to releasing goods within 48 hours and to endeavour to release perishable goods within 24 hours).
- The agreement includes some future proofing: For example, any future trade concessions granted by India to other countries for wine can flow through to New Zealand. Consultation mechanisms exist if India later provides dairy concessions to comparable economies.

The dairy sector will see limited gains.

- Most dairy products remain excluded from the agreement or subject to quotas and phased liberalisation.

Immediate winners

Sector	Outcome
Sheepmeat	Tariffs eliminated immediately
Wool	Duty-free from day one
Coal	Duty-free from day one
Most forestry products	Tariffs removed immediately
Industrial products	Large tariff reductions and phase-outs

Winners over time

Sector	Outcome
Kiwifruit	Duty-free quota around double current exports plus lower tariffs outside quota
Apples	50% tariff reduction within a large quota
Seafood	Tariffs removed over seven years
Bulk infant formula	Tariffs removed over seven years
Mānuka honey	Tariffs reduced from 66% to 16.5% over five years
Wine	Tariffs reduced from 150% to either 25% or 50% depending on product category

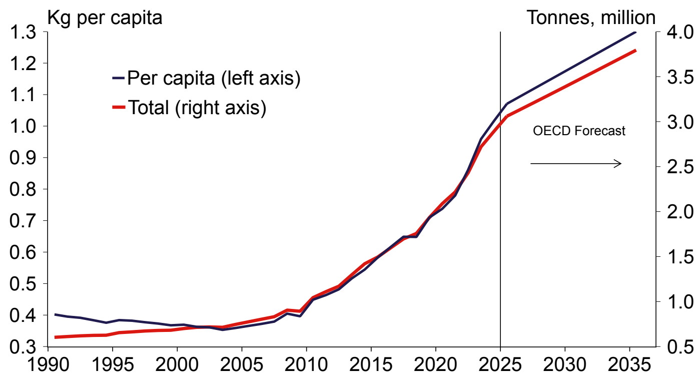
Sector deep dive: Sheep meat

"While coming off a low base, the Indian market for sheep meat is forecast to growth rapidly in coming years, building on the strong growth seen over the past decade."

Significant growth potential from a low base.

- A 33% tariff on New Zealand sheep meat is eliminated immediately upon the agreement coming into force, removing one of the biggest barriers to accessing the Indian market and placing New Zealand exporters in a substantially more competitive position.
- Indian consumption of lamb has near tripled over the past 15 years to over 3 million tonnes. Yet NZ's lamb exports to India start from a very low base (just $1.1m in 2025), meaning the FTA is more about creating a new market than defending an existing one. Export growth potential therefore extends well beyond the gains implied by current trade volumes.
- India's middle class is expected to grow to around 715 million people by 2030-31. Rising urbanisation, incomes and the growth of modern retail and food-service sectors are increasing demand for premium imported proteins, particularly among affluent consumers in major cities.
- NZ exporters are likely to target premium restaurants, hotels, catering businesses and high-income households, rather than the broader mass-market protein segment. This will support higher margins and brand positioning.
- Government modelling suggests red meat exports to India could increase by around NZ$130 million by 2036 relative to a no-FTA scenario, making sheep meat one of the major beneficiaries of the agreement.

Indian consumption of sheep meat



Sources: Macrobond, OECD, Westpac

"Access has been constrained due to a 33 per cent tariff on New Zealand sheep meat. This FTA will start the process of addressing those barriers and puts us in a stronger position as the market develops."

Kate Acland, Chair, Beef + Lamb New Zealand

"While India isn't a market which will result in a material change in our exports from day one, the sheer size of India represents plenty of potential..."

Dan Boulton, Chief Executive, Silver Fern Farms

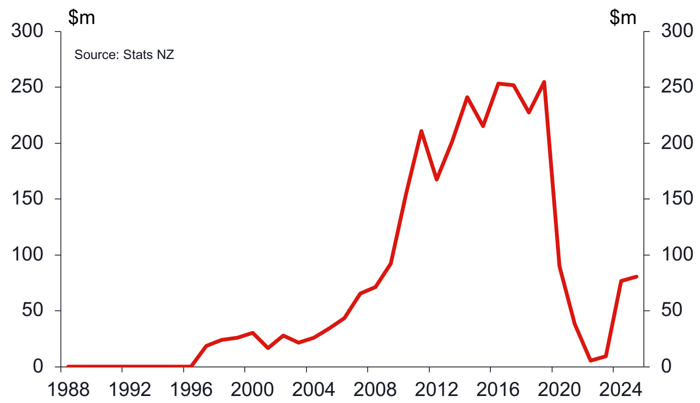
Sector deep dive: Forestry

"The FTA creates opportunities to diversify exports into a rapidly urbanising economy with substantial long-term demand for construction materials, packaging and processed wood products."

The FTA will aid the recovery of the forestry trade with India.

- Forestry products have typically been NZ's largest goods export to India, worth about $250m p.a. in the late 2010s. In 2019, NZ was the dominant exporter to India.
- NZ's decision to ban the use of methyl bromide fumigation – the only method acceptable to India at that time – saw exports sharply curtailed in 2020.
- The dispute has been resolved and exports have began to recover more recently, led by pulp. However, NZ has lost market share to other suppliers.
- NZ also lost market share to Australia due to the India/Australia trade agreement signed in 2022. The FTA will level the playing field with Australia.
- Under the FTA more than 95% of NZ forestry and wood exports receive immediate duty-free access, making forestry one of the earliest and most comprehensive beneficiaries.
- India's rapid urbanisation and infrastructure development are expected to drive strong growth in demand for timber, wood products, engineered wood and construction materials over coming decades.
- Growth in Indian housing, commercial construction and logistics infrastructure provides multiple demand channels for forestry products.
- Government-commissioned modelling suggests forestry and wood product exports to India could increase by approximately NZ$282 million by 2036.

NZ wood exports to India



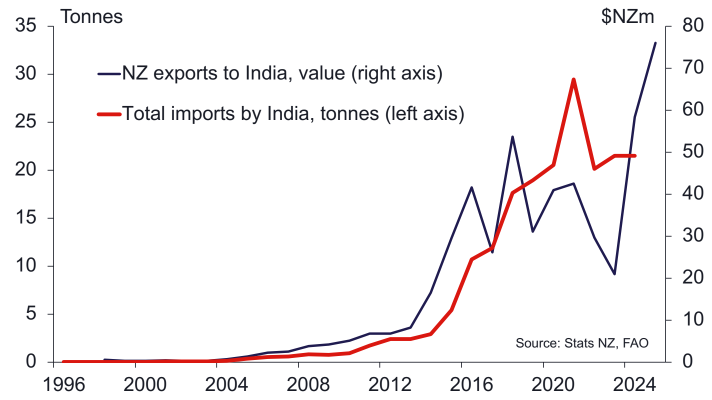
Sector deep dive: Kiwifruit

"The FTA's duty-free quota – around twice current export volumes – is designed to facilitate substantial future growth rather than merely support existing trade flows."

The FTA should boost Kiwifruit export volumes as well as returns.

- India is already an established market for New Zealand kiwifruit, with 7,200 tonnes (worth around $33m) exported in 2025 (around 15% of total Indian imports of kiwifruit). Exports are mainly concentrated in the main urban areas where demand for premium fruit is strongest.
- The FTA provides duty-free access for 15,000 tonnes and a reduced tariff of 16.5% (currently 33%) above the new quota, improving competitiveness and supporting future growth beyond the initial duty-free access allocation. This significantly expands the potential scale of the Indian market for NZ growers.
- India's middle class is projected to grow to around 715m people by the early 2030s, creating a rapidly expanding customer base. Meanwhile, changing consumer preferences are increasing demand for nutritious and premium fruit products, aligning well with Zespri's strong brand positioning.
- India's rapidly expanding modern retail sector and e-commerce grocery channels are improving distribution opportunities. NZ's counter-seasonal production profile provides a natural advantage, allowing exporters to supply fruit when domestic Indian production is limited and demand remains strong.
- The Kiwifruit Action Plan supports the FTA with a five-year green kiwifruit work programme supported by NZ growers to develop Indian grower capability with knowledge transfer, growing long-term consumer demand for kiwifruit in India to the benefit of both countries' counter seasonal industries.

Kiwifruit trade with India



"The India FTA reflects years of work by industry and government to build a partnership that creates value in both countries. Improved market access will give New Zealand kiwifruit growers the confidence to invest in one of the world's most exciting growth markets, while the Kiwifruit Action Plan helps strengthen local capability and grow the overall kiwifruit category for the benefit of growers and consumers in both India and New Zealand."

Jason Te Brake, Chief Executive, Zespri

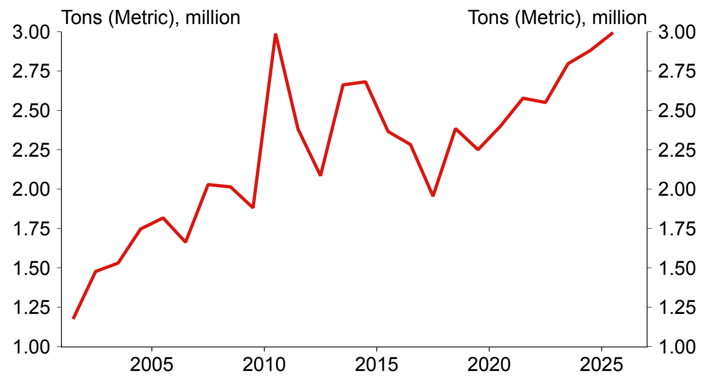
Sector deep dive: Apples

"The FTA delivers commercially meaningful access for New Zealand apples into one of the world's fastest-growing consumer markets."

The FTA delivers tariff and quota gains for apple producers.

- The FTA creates a NZ-specific tariff-rate quota for apples, with in-quota exports facing a 25% tariff. Exports above or outside the seasonal window of the quota (1 April-31 August) continue to face India's standard 50% tariff. NZ is the first country to secure preferential access for apples under any Indian FTA.
- Importantly, the initial quota of 32,500 tonnes – slightly above the 31,393 tonnes exported in 2025 – rises to 45,000 tonnes within five years. This will give NZ producers headroom to expand exports within the new lower tariff environment.
- Over the past 20 years, the Indian apple market has approximately doubled to 3 million tonnes. The market is expected to continue to grow significantly over coming years as India's middle class expands and as rising health awareness supports demand for fresh fruit and nutritious foods.
- NZ currently accounts for just 6% of the 520,000 tonnes of apples that India imports annually. So even within the existing market size, there is plenty of scope to grow exports by boosting NZ's market share.
- NZ apples are already recognised internationally for quality, food safety and consistency. And NZ's counter-seasonal production complements Northern Hemisphere suppliers. In addition, premium varieties such as Jazz™, Envy™ and Dazzle™ are well positioned for increasingly affluent urban consumers.

Fresh apple consumption in India



Sources: Macrobond, USDA, Westpac

"The India-New Zealand FTA is a milestone moment for our sector, substantially improving market access for New Zealand apple and pear into one of the world's fastest growing economies. For exporters, this materially improves the commercial viability of supplying premium New Zealand fruit to India. Exporters will work within trade windows and a quota for apples, but we're happy to do so as it won't compete with the Indian growers' season; our industry is committed to making this work long-term for both New Zealand and Indian growers."

Danielle Adsett, Chief Executive, New Zealand Apples and Pears.

Sector deep dive: Wine

"While currently a small market, wine consumption in India will likely continue its strong growth trajectory, with much of that growth to be driven by imports."

The wine industry stands to be a major beneficiary over time.

- The FTA delivers to the industry one of the largest tariff reductions achieved by any sector, transforming prospects that have been constrained by exceptionally high import duties (exports were valued at less than $300,000 in 2025).
- Indian wine tariffs, currently as high as 150%, will be cut to either 25% or 50% (depending on the value of the wine) over 10 years. The FTA includes a Most Favoured Nation (MFN) provision, ensuring that any better treatment India grants future FTA partners is extended to NZ. This is expected to prove useful, with an EU-India deal recently negotiated that would lower tariffs even further, and deliver those benefits more quickly. The FTA also creates a working group to address topics such as labelling requirements and certification processes.
- India's wine market starts from a very low base – annual consumption is just 23m litres and per capita consumption is very low by global standards. However, consumption has grown fourfold over the last 20 years and it is likely to continue to grow strongly, supported by rising incomes, urbanisation and rising demand for premium imported food and beverages. With India producing just 18m litres (compared with 280m litres in NZ), imports will drive this growth.
- Lower tariffs will also improve price competitiveness against other imported wines. NZ's strengths align well with emerging consumer preferences, including premium positioning, sustainability credentials, quality assurance and globally recognised varieties such as Sauvignon Blanc and Pinot Noir.

Wine consumption in India

"The FTA opens the door to a significant new opportunity for New Zealand wine. The significant reduction in tariffs over the coming decade and the inclusion of a Most Favoured Nation provision send a strong signal about the future direction of the market. New Zealand producers are well placed to build their presence in India, supported by our reputation for distinctive, premium and sustainable wines."

Anishka Jelicich, CEO, New Zealand Winegrowers.

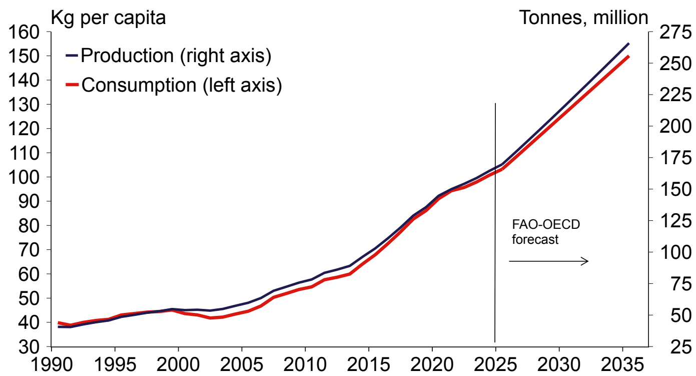
Sector deep dive: Dairy

"Political sensitivities meant that the dairy sector was largely excluded from the FTA. Future negotiations may see its inclusion given the mutual benefits that can only grow over time."

A huge opportunity still to be unlocked.

- Dairy is a sector with high political sensitivity in India and it is a sector that provides livelihoods for large numbers of small farmers. As a result, the dairy sector was largely excluded from the current FTA.
- India is the world's largest producer of milk, with output growing at average annual pace of about 5% over the past 20 years. India also accounts for around 25% of global dairy consumption, overwhelmingly supplied by domestic producers. India's significant Hindu population means that an estimated 40% of people follow a lacto-vegetarian diet, relying on dairy sources for protein.
- Indian consumption has been driven by population growth, rising incomes and increasing awareness of nutrition. While growing significantly in recent years, per capita protein consumption is for many lower income households below the recommendations of the Indian Council of Medical Research.
- India's tariffs on dairy products range from 30% to 60%, making exports to India very difficult. NZ dairy-based exports to India amounted to just $86m over the past year compared while total dairy imports by India of $1.3bn. However, over the next 25 years it is likely that India will face a significant dairy supply gap. NZ can help India to meet its growing dairy demand through the supply of products that complement domestic production. For example, high-quality NZ dairy ingredients will support Indian food manufacturing jobs.

Fresh dairy production/consumption in India



Sources: Macrobond, OECD, Westpac

"We know that there is significant unmet demand for New Zealand's high-quality dairy products in markets like India, and there will be mutual benefits for New Zealand and its trade partners if dairy protectionism can be overcome."

"Looking forward, and with tariffs now being largely resolved for other sectors, it's time to ramp up focused efforts and creative approaches to bring down trade barriers for dairy."

Guy Roper, DCANZ Chair

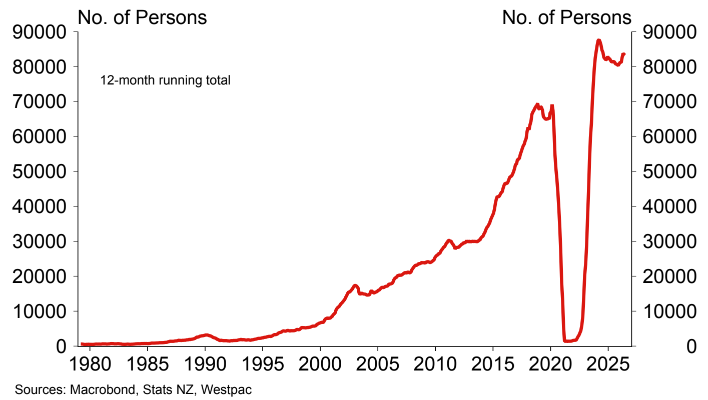
Education, tourism and people movement

"Short-term visitor arrivals from India have doubled over the past decade despite the lack of a direct air link. The potential for further growth is enormous."

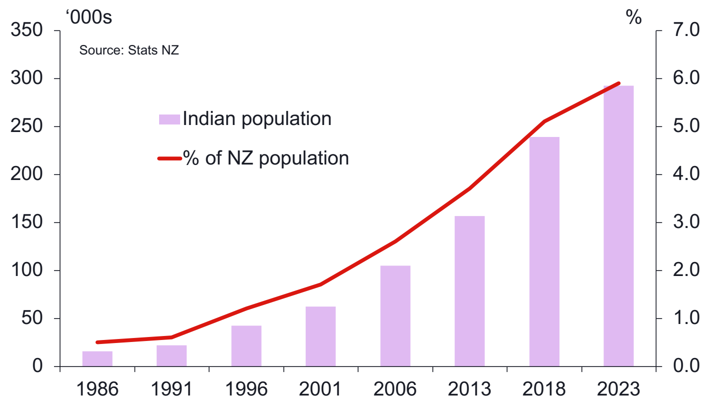
The largest gains may ultimately come from people, not products.

- **Education:** India is already one of the world's largest sources of internationally mobile students. India's Ministry of External Affairs estimates that 1.33m Indian students studied abroad in 2024/25. The FTA strengthens the broader relationship and creates opportunities for universities, schools, vocational providers and research institutions to expand their engagement.
- **Tourism:** Annual arrivals by Indian visitors have doubled to 80,000 over the past decade, but still account for just 2% of all arrivals into NZ and just 0.2% of all trips abroad by Indian nationals. As incomes rise and international travel becomes more accessible, India is likely to become an increasingly important source of visitors. Growth in holiday and business travel would provide benefits across aviation, hospitality, retail and regional tourism sectors.
- **Leveraging New Zealand's Indian diaspora:** New Zealand's large and growing Indian community (approximately 300,000 people) serves as a valuable "living bridge", helping foster business relationships, cultural connections, knowledge transfer and commercial opportunities between the two countries.
- **Creating a virtuous cycle of engagement:** Increased education, tourism and business connections tend to reinforce one another. Stronger people flows support trade and investment, while deeper economic links encourage further movement of students, visitors and businesses between the two countries.

Tourist arrivals from India



Indian population in NZ



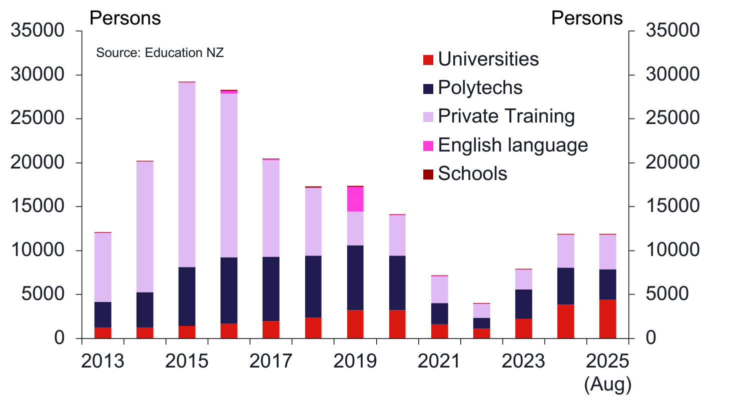
Sector deep dive: Education exports

"With nearly 12,000 Indian students already studying in NZ and India's middle class expected to expand by almost 280 million people within five years, education may become the largest and most enduring beneficiaries of the NZ-India FTA"

The education sector should also benefit from the FTA.

- India is already NZ's second-largest source of international students, with almost 12,000 Indian students enrolled. Moreover, education-related travel spending by Indian students already contributes nearly $800m to the NZ economy each year – far exceeding NZ's merchandise exports with India.
- There is significant scope to boost this revenue as NZ receives less than 1% of the total number of Indian students studying abroad. The FTA includes enhanced post-study work opportunities for Indian students who complete qualifications in NZ – an important marketing tool for attracting students in competition with other nations. The FTA may also raise awareness of NZ among prospective students and families.
- Moreover, India's growing demand for tertiary education, vocational and executive training, and international qualifications could make the education sector one of the most significant long-run beneficiaries of the FTA. India's middle class is projected to expand by almost 280 million over the next five years to around 715 million people, significantly increasing the number of families able to afford overseas education.
- Education exports also generate broader economic spillovers than many merchandise exports, supporting accommodation, tourism, retail, transport and local services spending alongside tuition revenue.

Non-resident Indian students in NZ training



"Education is ideally positioned to benefit from the India-NZ FTA. New Zealand already welcomes thousands of Indian students each year, but we attract only a small share of India's globally mobile learners. The FTA enhances our attractiveness as a study destination through stronger student mobility settings and post-study opportunities, while creating a platform for deeper collaboration in education, research and skills development. Education New Zealand will work with the sector to capture this opportunity and deliver lasting economic, social and cultural benefits for both countries."

David Downs, CEO, Education New Zealand

Strategic and geopolitical benefits

"The NZ-India FTA is not just a trade agreement. It represents a significant upgrade in NZ's engagement with one of the world's fastest-growing major powers and strengthens NZ's long-term economic and geopolitical positioning in the Indo-Pacific."

The FTA is more than a trade agreement.

- The NZ-India FTA strengthens NZ's long-term economic resilience and strategic position in one of the world's most important growth regions. By expanding access to a major new market, the agreement reduces NZ's reliance on a relatively small number of export destinations and strengthens resilience to future geopolitical, economic or trade shocks.
- India is home to more than 1.4bn people. In purchasing power parity (PPP) terms it is already the world's third-largest economy, and will likely become so in US dollar terms by 2031. The FTA positions NZ to participate more fully in one of the most significant global growth stories of the coming decades.
- The FTA deepens engagement with an increasingly influential regional partner and reinforces NZ's commitment to open markets, economic integration and a rules-based trading system. This was exemplified by Indian Prime Minister Narendra Modi's visit to NZ this year – the first by an Indian Prime Minister in 40 years – and the "Roadmap to 2030" Joint Declaration.
- Beyond trade in goods, the agreement creates opportunities for greater two-way investment, business collaboration, technology partnerships and commercial links across a range of industries.
- Success should not be measured solely by tariff savings or export growth. The broader prize is a stronger bilateral relationship that supports trade, investment, influence and economic opportunities for many years to come.

The world's largest economies – US$ terms

Rank	Country	GDP (US$tn)
1	United States	32.4
2	China	20.9
3	Germany	5.5
4	Japan	4.4
5	United Kingdom	4.3
6	India	4.2
7	France	3.6
8	Italy	2.7
9	Russia	2.7
10	Brazil	2.6

The world's largest economies – PPP terms

Rank	Country	GDP (PPP $tn)
1	China	44.3
2	United States	32.4
3	India	18.9
4	Russia	7.5
5	Japan	7.3
6	Germany	6.4
7	Indonesia	5.4
8	Brazil	5.2
9	France	4.7
10	United Kingdom	4.7

Macroeconomic benefits

"While not game-changing in the near-term, the FTA should confer measurable benefits at the macro level. And they are likely to extend beyond that indicated by modelling the direct impact alone "

Positive effects that should accumulate over time.

- The NZ-India FTA is unlikely to be a near-term game changer. However, it will play a role in helping to progressively lift exports and incomes over time, providing options for exporters and by helping NZ to benefit from India's economic transformation.
- Modelling commissioned by the Government as part of the Economic Impact Assessment (EIA), produced by Motu, estimated that NZ's annual GDP will be around NZ$380 million higher by 2036 as a result of the agreement. India's share of global GDP is projected to rise from 3.4% in 2023 to perhaps 8.3% by 2050. Therefore, the long-run payoff will likely be significantly larger than the initial modelled gains.
- NZ exports to India are projected to rise around NZ$340 million by 2027 and NZ$836 million by 2036 under the FTA. Some of this growth will displace exports to lower value markets. Real wages are projected to increase modestly (less than 0.1%), with production workers seeing the largest gains.
- We view the EIA estimates as overly conservative as they only reflect the direct impact of the FTA. The gains are likely to be magnified if firms are encouraged to expand their presence in the Indian market, including by trading new products.
- In addition, the significant potential benefits accruing to education exports and tourism were not modelled by Motu. And the framework used by Motu did not allow for the possibility that the opportunities and connections provided by the FTA might lead to a modest boost in NZ's population growth.

"This kind of modelling is traditionally conservative, capturing the FTA's direct effects, but not the wider gains from new products, deeper commercial relationships, education, tourism and India's extraordinary long-term growth."

Felicity Roxburgh, Executive Director of the International Business Forum

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