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Report Name: New Zealand and India Conclude Negotiations on Free Trade Agreement

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Post: Wellington

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Report Highlights:

New Zealand and India concluded negotiations on a Free Trade Agreement (FTA) on December 22, 2025. The agreement now needs to be examined by the New Zealand Parliament, which will adopt any domestic legislation required to implement the FTA before planned elections on November 7, 2026.

Background

New Zealand and India concluded negotiations on a [Free Trade Agreement \(FTA\)](#) on December 22, 2025, marking a historic milestone in bilateral economic relations and one of the fastest concluded agreements in recent Indian and New Zealand trade history. The [negotiation process was formally launched](#) on March 17, 2025, by New Zealand Prime Minister Christopher Luxon and Minister of Agriculture, Forestry Trade and Investment Todd McClay, during a visit to New Delhi..

The decision to pursue an FTA followed a period of sustained engagement between the two countries. Minister McClay made several ministerial visits to India throughout 2025 to lead multiple rounds of negotiations, that were also supported by official visits by Minister of Foreign Affairs Winston Peters to support broader diplomatic relations. In March 2025, the New Zealand government opened a public consultation to inform stakeholders on the proposed FTA ahead of formal talks.

Since the formation of the current coalition government in November 2023, closer economic ties with India have been highlighted as a key trade priority. India's growing economy presents significant opportunities for New Zealand exporters and investors, with India ranking as New Zealand's 12th-largest export market, accounting for just over 1.5 percent of total goods and services exports 2025.

Over the course of 2025, negotiators engaged in multiple formal negotiation rounds and inter-sessional technical discussions, culminating in a comprehensive agreement by year-end. Throughout negotiations, New Zealand's objectives included tariff elimination, expanded market access for goods and services, and investment facilitation, while the Indian Government prioritized enhanced mobility for skilled professionals and service providers.

The agreement now needs to be examined by the New Zealand Parliament, which will adopt any domestic legislation required to implement the FTA before planned elections on November 7, 2026. In India, the FTA is authorized by the Union Council of Ministers led by the Prime Minister and will undergo a legal review to ensure accuracy and consistency with domestic laws in inter-ministerial consultation. If during this process the FTA is found not consistent with domestic law, the Indian Government will make amendments to domestic law through the parliamentary approval process.

Outcomes for Agricultural Products

Agricultural products or primary industries represented 82.9 percent of exported goods from New Zealand in 2025. As such, the FTA has a strong focus on eliminating tariffs and improving market access for food and fiber exports. Table 1 outlines the key tariff outcomes for New Zealand agricultural exports because of the FTA, including trade data for January to November 2025.

The FTA summary shared publicly by the Government of India highlights that the agreement delivers unprecedented duty-free access for Indian exporters to New Zealand while safeguarding India's sensitive sectors. These sectors include dairy, apples, kiwifruit and honey.

Table 1: Key Tariff Outcomes and New Zealand Export Trade Data

Product Category (HS Code)	Most Favored Nation Basic Custom Duty Imposed by India	Proposed Tariff at Entry into Force for New Zealand	2025 Trade Data	
			New Zealand Exports to India (\$USD)	U.S. Exports to India (\$USD)
Forestry (HS 44)	10 percent	Eliminated on Entry into Force	\$ 49,647,127	\$ 90,958,267
Fresh Apples (HS 080810)	50 percent	25 percent	\$ 47,313,349	\$ 38,787,788
Wool (HS 5101)	2.5 percent	Eliminated on Entry into Force	\$ 44,970,359	\$ 1,113,982
Milk Albumin (HS 3502)	20 percent	11 percent	\$ 39,987,559	\$ 57,622,456
Kiwifruit (HS 081050)	30 percent	0 percent then 16.5 percent Out-of-Quota	\$ 19,697,511	\$ -
Dairy (HS 04)	30 percent	30 percent	\$ 3,789,269	\$ 3,913,881
Sheep Meat (HS 0204)	30 percent	Eliminated on Entry into Force	\$ 642,223	\$ -
Avocados (HS 080440)	30 percent	Tariff eliminated over 10 years (no Entry in Force quantity)	\$ 260,176	\$ -
Wine (HS 2204)	150 percent	66-83 percent reduction over 10 years (25-50 percent final tariff)	\$ 223,102	\$ 350,771
Honey (HS 0409)	60 percent	75 percent reduction over 5 years; ending at 16.5 percent	\$ 126,698	\$ 241,033
Fish & Sea food (HS 03)	30 percent	Mostly eliminated over 7 years	\$ 71,518	\$ 49,056,005
Cherries (HS 080910)	30 percent	Tariff eliminated over 10 years (no Entry in Force quantity)	\$ 14,623	\$ 3,534,924
Infant milk formula (HS 190110)	50 percent	Tariff eliminated over 10 years (no Entry in Force quantity)	No exports in last 2 years	\$ 193,062

Source: New Zealand Ministry of Foreign Affairs and Trade and Trade Data Monitor LLC

Note: The Government of India may impose additional taxes and surcharges on top of the MFN basic customs duty.

--Phase Out of Tariffs: The concluded FTA delivers zero-duty access for 100 percent of Indian exports to New Zealand. On the other hand, the tariffs for most New Zealand agricultural product exports are expected to be phased out over time or a Tariff-Free-Quota will be established to secure greater access.

Forestry, wool and sheep meat are the only agricultural commodities with tariffs eliminated on entry into force. Similar provisions have not been granted for dairy products, except for infant milk formula and milk albumins. As announced in the recent Situation Outlook for Primary Industries by the Ministry for Primary Industries (MPI) in December 2025, dairy products accounted for 45 percent of New Zealand’s agricultural products export revenue.

For wine, market access advantages will be future proofed with a commitment that any better outcome offered to India’s FTA partners will be automatically passed on to New Zealand; similarly, the FTA contains a consultation commitment for dairy should India offer tariff concessions to a comparable economy in future.

Other Provisions:

--Non-tariff barriers: Both governments have indicated a strong intention to address non-tariff barriers (NTBs) through the FTA, with a focus on fast-tracking pending market access applications on a reciprocal basis and simplifying certification and import permit procedures. These measures are expected to reduce administrative delays and compliance costs for exporters, particularly in regulated sectors such as food, agriculture, pharmaceuticals, and manufactured goods.

During negotiations, the Government acknowledged that New Zealand maintains a highly stringent regulatory regime, administered by specialized agencies such as MPI that enforce rigorous standards for safety, efficacy, and product quality. As a result, commentary has suggested that while the FTA may streamline administrative procedures, it is unlikely to lead to rapid increases in export volumes from India in highly regulated sectors. Instead, the FTA will favor Indian firms that can meet New Zealand's technical and regulatory standards. Over time, this may encourage Indian exporters to upgrade production processes, product design, and compliance systems, thereby improving competitiveness in other high-standard markets beyond New Zealand.

--Organics Trade: As part of the FTA, India seeks a Mutual Recognition Arrangement (MRA) with New Zealand that would recognize India's organic certification system as equivalent based on the acceptance of a mutually accepted third country standard, [Australia](#). Through this, India hopes to expand its organic exports to New Zealand for various products, including Basmati rice, flax seeds, arabica cherry coffee, psyllium husk (Isabgol), soybean meal, and black tea.

--Geographical Indicators (GI) Recognition: New Zealand agreed to undertake a review of GI protections with the aim of harmonizing protections agreed in the European Union (EU) FTA within the India FTA. This was initiated by the Indian government to protect intellectual property and facilitate the registration of India wine, spirits and other goods, as this was a consideration made by New Zealand in their EU FTA. Timelines for this harmonization would be 18 months from agreement entering into force followed by public consultations.

Implementation and Entry into Force

This agreement now needs to be examined by Parliament. In the New Zealand system, Parliament scrutinizes and may express a view on major bilateral treaties but does not approve or ratify any treaty - that is for the government only. Separately, it must also pass any domestic legislation required to implement the treaty, before the government ratifies it. The current government is a coalition between three parties, National (49 seats), New Zealand First (8 seats) and Association of Consumers and Taxpayers (ACT Party, 11 seats), with a combined 68 seats out of 123. New Zealand has a unicameral voting system that usually requires a 50 percent majority vote to pass laws.

--Legislative Uncertainty Emerges: A key coalition partner, New Zealand First, has expressed opposition to this agreement through a [statement](#) released by party leader and current Foreign Affairs Minister Winston Peters. Through the statement, New Zealand First takes issue with India not reducing significant tariff barriers faced by the New Zealand dairy sector while New Zealand opens its market completely to Indian products. Peters adds "This is not a good deal for New Zealand farmers and is impossible to defend to our rural communities."

This FTA would be New Zealand's first trade deal to exclude major dairy products - including milk, cheese and butter. During January-November 2025, New Zealand exports of these products were NZ\$24 billion (US\$13.9 billion), or 30 percent of total goods exports for the country

If the government hopes to secure a majority, it will have to address the concerns of coalition partners and/or seek bipartisan support from opposition or crossbench parties. Leader of the Opposition and Labour Party leader Chris Hipkins has indicated that his party is supportive of trade agreements, but his party will conduct a review of this FTA to understand its implications and potentially respond with questions. Media reports indicate that Trade Minister McClay is supportive of Labour seeking clarifications and additional information on the FTA in order to secure the party's support.

Attachments:

[Fact-Sheet-NZ-FTA-dec-22-for-Website-ver2.pdf](#)

[NZ-India-FTA-Benefits.pdf](#)

[NZ-India-FTA-Key-Tariff-Outcomes.pdf](#)