

# India–New Zealand Free Trade Agreement

APRIL – 2026



# Comprehensive market access for Indian exports

- Signed on 27 April 2026, at Bharat Mandapam, the India-New Zealand (NZ) Free Trade Agreement (FTA) was concluded in just 9 months\*\*. The comprehensive multi-chapter agreement secures 100% duty-free access for all Indian exports to New Zealand, while opening 70% of India's tariff lines to New Zealand goods.
- Deal Overview - Built-in one-year review and most-favoured-nation (MFN) protection clauses will progressively deepen liberalisation. Geographical indication (GI) protection amendments due within 18 months of entry into force are a critical near-term watch-point.

Feature	Details of the agreement
NZ tariff elimination	100% of 8,284 tariff lines eliminated from day one
India tariff concessions	70.03% of tariff lines covering 95% of current bilateral trade
Investment commitment	USD 20 billion foreign direct investment (FDI) into India over 15 years
Mobility pathways	5,000 temporary employment entry visas for Indian professionals
Trade target	Growing bilateral trade from USD 2.4 billion (2024*) to USD 5 billion in 5 years
Chapters covered	Comprehensive multi-chapter agreement: Goods, services, investment, dispute settlement, Sanitary and Phytosanitary Measures (SPS), Technical Barriers to Trade (TBT), Legal
Sensitive exclusions (India)	Dairy, onions, sugar, honey are protected from concessions

**USD 20 billion** NZ investment in India (15 yrs)

**100%** Duty-free access for Indian exports

**5,000** Temp employment visas for Indians

**Key beneficiary sectors:** • Textiles & apparel • Leather & footwear • Pharmaceuticals • Engineering goods • Processed foods • Information Technology (IT) services • Auto components

Source: PIB, Ministry of Commerce & Industry, Govt. of India; New Zealand Foreign Affairs & Trade.  
 \*Total trade in goods and services, calendar year 2024. Source: Ministry of Commerce & Industry, Govt. of India  
 \*\*Launched March 16, 2025; concluded December 22, 2025

# Sector impact analysis

Micro, small & medium enterprises (MSME) readiness on Rules of Origin compliance will determine actual benefit utilisation. Pharma fast-track and AYUSH recognition can be operationalised ahead of full ratification, delivering early-mover gains.

**Full duty-free access:**  
New Zealand eliminates tariffs on all 8,284 tariff lines upon entry into force, giving India a clean sweep on goods exports.

**Textiles & leather advantage:**  
India gains the lowest effective tariff rate among major apparel exporters. The elimination of tariffs creates immediate price parity gains.

**Pharma fast-track:**  
The deal recognises Good Manufacturing Practice (GMP)/ Good Clinical Practice (GCP) inspection reports from United States Food and Drug Administration (US FDA), European Medicines Agency (EMA), and United Kingdom Medicines and Healthcare products Regulatory Agency (UK MHRA), eliminating duplicate inspections and accelerating market entry for Indian drug manufacturers.

**Sensitive sector protection:**  
India successfully excluded dairy, sugar, onions, honey, and edible oils, shielding domestic farmers from high-volume NZ agricultural competition.

**MSME & women focus:**  
Dedicated provisions target MSMEs, artisans, and women entrepreneurs, with specific market access channels in textiles, handicrafts, and AYUSH products.

## Sectoral Impact Summary

Sector	Expected impact	Primary reason
Textiles & apparel	High positive	100% duty-free; prevents order flight to Bangladesh
Pharmaceuticals	High positive	Fast-track regulatory recognition; zero duties
Engineering goods	Moderate positive	Lower input costs; integration into NZ supply chains
IT services	High positive	Broader services commitments; stronger bilateral ties
Agriculture	Neutral / positive	Protected dairy; Agri-cooperation centres established
Leather & footwear	High positive	Removal of all duties; global positioning boost

# Sector impact analysis — Tariff comparison

India's concessions to NZ are phased up to 10 years, protecting sensitive sectors. Leather exporters in Agra are best positioned for immediate scale, targeting USD 50 billion by 2030.

Sector	Previous NZ tariff	New deal tariff	Impact on business
<b>Textiles &amp; apparel</b>	Up to 10%	<b>0%</b>	High benefit: Immediate price competitiveness; prevents order diversion to Bangladesh/Vietnam.
<b>Leather &amp; footwear</b>	Up to 10%	<b>0%</b>	High benefit: Strengthens global positioning; benefits exporters in UP and Tamil Nadu.
<b>Pharmaceuticals</b>	Regulatory friction + duties	<b>0% + fast-track</b>	Transformative: FDA/EMA inspection recognition removes duplicate costs; faster approvals.
<b>Engineering goods</b>	Up to 10%	<b>0%</b>	Growth: Auto ancillaries, machinery & chemicals gain cost advantage in NZ market.
<b>IT &amp; services</b>	Visa/regulatory friction	<b>Smoother access + 5,000 visas</b>	Indirect benefit: New employment visa pathway; broader services chapter commitments.
<b>Agriculture (excl. Dairy)</b>	Varied	<b>Calibrated access</b>	Neutral/positive: Tea, spices, processed foods benefit; dairy/onions/sugar protected.

# Macroeconomic impact & trade dynamics

USD 5 billion trade target implies around 30% CAGR which is ambitious but achievable if services trade sustains momentum. A potential NZ import surge warrants monitoring under the bilateral safeguard mechanism.

## Stabilising trade momentum

Bilateral merchandise trade reached USD 1.3 billion in FY25 but eased to USD 1.06 billion through April-Feb FY26. The FTA restores structural growth by eliminating tariff barriers across all Indian export lines.

## Boost to aggregate demand

Securing zero-duty export access for labour-intensive sectors supports income and employment in manufacturing hubs, fuelling domestic retail demand and strengthening aggregate consumption.

## Cost efficiency for exporters

India's duty-free access to raw materials from NZ - wood logs, coking coal, metal scrap - lowers input costs for construction, recycling, and industrial sectors, improving margin dynamics.

## Supply chain integration

The deal encourages integration of Indian MSMEs into Oceania-wide supply chains. NZ acts as a gateway to Pacific Island markets, amplifying India's reach beyond bilateral trade figures.

## Key trade metrics

**USD 1.3 billion**

Bilateral merchandise trade  
(FY2024-25)

**USD 2.4 billion**

Total two-way trade  
(goods + services)  
(2024, as per PIB, GoI)

**49%**

Year-on-year trade growth  
(FY2024-25)

**USD 5 billion**

Target bilateral trade within 5 years

## Export competitiveness & global integration

Coupled with EU-India FTA progress, this deal further elevates India's standing as a dependable long-term trading partner across multiple geographies.

# Investment & balance of payments

New Zealand has committed to invest USD 20 billion in India over 15 years, spanning high-growth sectors including emerging technologies, green energy, and financial services. A rebalancing clause allows India to take corrective measures if commitments are not met. Near-term FDI likely targets Agri-tech and education, while emerging technologies and green energy remain longer-horizon plays.

## FDI & portfolio inflows

The USD 20 billion commitment is expected to accelerate FDI into manufacturing, pharma, and green tech, narrowing the Current Account Deficit and strengthening the Balance of Payments.

## Capacity expansion

Renewed economic cooperation encourages Indian firms to scale operations, directly supporting job creation in both formal and informal sectors.

## Rupee stability

Higher capital inflows and institutional investor participation are expected to support the Indian Rupee over the medium term, reducing foreign exchange (FX) volatility.

## Mobility & human capital

5,000 temporary employment visas for Indian skilled professionals (3 yrs (Bachelor's/Master's) / 4 yrs (Doctoral)) expands human capital flows and improves remittance-linked income gains.

# Long-term growth implications

Strategic realignment: The India-New Zealand FTA extends beyond tariff cuts to deeper economic and geopolitical cooperation, positioning India as a primary partner in the Pacific region.

Industrial expansion: India's access to NZ technology and raw material inputs (timber, coal, metal scrap) enhances the next phase of manufacturing and industrial scale-up.

Investor confidence signal: The agreement negotiated in just 9 months, delivers a strong confidence signal to global investors, reinforcing India's commitment to rules-based international trade.

Women-led negotiation milestone: India's FTA team was led predominantly by women, marking the country's first women-led trade negotiation, a signal of institutional maturity and inclusion.

Pacific gateway: New Zealand acts as a strategic gateway to Pacific Island markets, enabling Indian pharma and engineering goods to build a broader Oceania footprint.

The deal is a structural shift in India-NZ economic relations, establishing a roadmap toward USD 5 billion bilateral trade. Long-term success depends on effective implementation, supply chain integration, and addressing non-tariff barriers in subsequent rounds.



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