



BACKGROUNDERS
Press Information Bureau
Government of India

India – New Zealand Free Trade Agreement

One of India's fastest-concluded FTAs

December 22nd, 2025

Key Takeaways

- India- New Zealand FTA **eliminates duty on 100% of Indian Exports**
- **USD 20 billion investment** commitment over 15 years, strengthening long-term economic and strategic cooperation.
- India protects its key interests in **dairy and agriculture** ; Huge win for **labour intensive sectors like textile and leather**.
- New Zealand signs Annex on **Health and Traditional Medicine Services** for the first time.
- **Student Mobility and Post Study Work Visa** for STEM Graduates, Skilled Professionals ; opens new visa pathway for **5,000 skilled** occupations.

Introduction

India has steadily expanded its global trade partnerships to strengthen economic growth, create jobs, and enhance its global standing. After signing six Free Trade Agreements in the last five years, the latest being with Oman this month, India and New Zealand have just concluded negotiations for a forward-looking FTA, marking a historic milestone in bilateral economic relations. The Agreement delivers unprecedented duty-free access for Indian exports to New Zealand while safeguarding India's sensitive sectors, strengthening economic resilience, and promoting inclusive growth aligned with India's national priorities.

India and New Zealand announced negotiations for a Free Trade Agreement (FTA) In March 2025. Following several rounds of negotiations, the **India-New Zealand FTA** was concluded in December 2025, becoming **one of India's fastest-concluded FTAs**. This FTA enhances **market access and tariff preferences** for Indian exports to New Zealand, while serving as a gateway to the wider **Oceania and Pacific Island markets**. The agreement opens opportunities for India to emerge as a key supplier of skilled workforce, alongside prospects for future cooperation in areas such as **AYUSH and services** such as Yoga Instructors,

Indian Chefs, and Music Teachers, and services under sector of interests like IT, Engineering, Healthcare, Education, and Construction.



Overall, the agreement 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: Bilateral Trade Ties

India's partnership with New Zealand is shaped by both economic realities and strong people-to-people ties. Currently, New Zealand is India's **second-largest trading partner in Oceania**.

At **USD 49,380**, New Zealand is among the **higher-income economies** in Oceania. In 2024, New Zealand's imports stood at USD 47 billion, while exports were USD 42 billion. New Zealand **invests nearly 8% of its GDP** annually overseas, with total overseas investment valued at USD 422.6 billion as of March 2025.



Around **300,000 persons of Indian origin and NRIs** live in New Zealand, making up nearly 5% of its population. This diaspora acts as a cultural and economic bridge, supporting stronger bilateral ties and demand for Indian goods and services.

This FTA builds on the socio-economic foundation aimed at creating new opportunities.

- **Merchandise Trade:** Grew from USD 873 million in 2023–24 to USD 1.3 billion in 2024–25, registering a 49% growth.
- **Merchandise Exports to New Zealand:** Rose to USD 711 million in 2024–25, showing a positive trend of 32%.
- **Services Trade:** India's services exports to New Zealand grew by 13% in 2024, reaching USD 634 million. Major sectors include travel, IT, and business services.
- **India and New Zealand** merchandise bilateral trade increased from USD 855 Million in 2015-2016 to USD 1298 Million in 2024-2025. The exports increased by 130% whereas imports only increased by 7.21% in 10 years. In 2024-25, the exports from India to New Zealand was higher than imports from New Zealand, maintaining positive trade balance with the country.



Salient Features of the FTA

- The FTA **eliminates duty on 100% of Indian Exports**
- A **USD 20 billion investment** commitment over 15 years strengthens long-term economic and strategic cooperation.
- Through **Agricultural Productivity Partnership**, the FTA collaborates with farmers to boost productivity and integrate them in the global value chains.
- The **FTA boosts MSMEs and Jobs through Zero-duty access** for labour-intensive sectors including textiles, apparel, leather, footwear, gems & jewellery, engineering goods and processed foods.
- **India has offered market access** in 70.03% of the tariff lines while keeping 29.97 % tariff lines in exclusion. Immediate Elimination (EIF) on 30%, Rest is phased.

- **Certain products are kept in exclusion** such as 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.

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Enhanced Market Access for Indian Goods

Gains to India from FTA

- New Zealand's **market access offer** covers **immediate elimination of duties (zero duty) on 100% of tariff lines of New Zealand** (8,284 tariff lines), from Entry into Force.
- New Zealand maintained **tariffs around 10% in around 450 lines of key Indian exports in products including** textile/apparel products, leather and headgear, ceramics, carpets, automobiles and auto components. Additionally, the **average applied tariff at 2.2% in 2025 will become zero from EIF.**
- The offer **extends gains** to several products and sectors
 - **Labour intensive sectors** like textiles and clothing, leather and footwear;
 - **Emerging and advanced engineering sectors** like transport/auto, pharmaceuticals, plastic & rubber, electrical & electronic machinery, mechanical machinery, chemicals and;
 - **Agri Products** like fruits and vegetables, coffee, spices, cereals, processed foods
- Gains from **import** to support domestic industries: **wooden logs, coking coal, waste and scrap of ferrous, non-ferrous metals**

Gains for Agriculture, Technology Cooperation, and Farmer Income Growth

- New Zealand have agreed on focused Action Plans for **kiwifruit, apples, and honey** to improve productivity, quality, and sectoral capabilities of these fruits growers in India

- The cooperation includes the establishment of **Centres of Excellence**, improved planting material, capacity building for growers, technical support for orchard management, post-harvest practices, supply chains and food safety.
- Projects for premium apple cultivators and sustainable beekeeping practices will enhance **production and quality standards**.
- **This is Paired with Market access** for the selected agricultural products (Apples, Kiwifruit, Manuka Honey) from New Zealand in India.
- **This access will be managed through a Tariff Rate Quota (TRQ) system with Minimum Import Price and seasonal imports**, ensuring consumer choice while protecting domestic farmers.
- All TRQs are linked to **Agri-technology Action Plans** and monitored by a **Joint Agriculture Productivity Council**, balancing market access with protection of sensitive domestic agricultural sectors.

Enhanced Opportunities Beyond Goods

Services

- **Best-Ever Offer by New Zealand:** Commitment across 118 services sectors, with Most-Favoured Nation (MFN) treatment in 139 sectors.
- **Health & Traditional Medicine Annex:** For the first time, New Zealand has signed an annex to facilitate trade in Ayurveda, yoga, and other traditional medicine services with India. 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

Mobility & Education

- **Student Mobility:** New Zealand signed **Annex on Student Mobility and Post Study Work Visa** for the first time with any country. Indian students can work up to 20 hours per week while studying, even if there are policy changes in future, with extended post-study work visas (STEM Bachelor: 3 yrs; Master's: up to 3 yrs; Doctorate: up to 4 yrs).
- **Professional Pathways:** A quota of 5,000 visas for skilled Indians for stay upto 3 years in the sectors of interest to India which include Indian iconic occupations (AYUSH practitioners, Yoga Instructors, Indian Chefs, and Music Teachers) and Other sectors of interest - IT, Engineering, Healthcare, Education, and Construction

- **Working Holiday Visa:** 1,000 young Indians annually can avail multiple entry in New Zealand for a period of 12 months.
- These provisions create unprecedented opportunities for Indian youth and professionals to gain global exposure.

Investment and Economic Co-operation

FDI Commitment: New Zealand will invest **USD 20 billion in India over 15 years**, strengthening long-term economic ties.

Organic Primary Products: Mutual recognition of **organic certification** to be agreed between the two sides.

MSME Cooperation: Institutional **linkages to help small businesses** access trade-related information and global markets.

Technical Assistance: Cooperation has been agreed in AYUSH, audio visual industries, tourism, sports and traditional knowledge systems. The FTA promotes India's **AYUSH systems** internationally, encourages medical value travel, and positions India as a global wellness hub.

Cultural & Traditional Knowledge

- Dedicated cooperation in Ayush and Indian traditional knowledge has been agreed.
- Engagement with New Zealand's indigenous Maori communities to promote cultural exchange and mutual respect. This strengthens India's soft power and global recognition of its heritage.

Regulatory & Institutional Provisions

- **Pharmaceuticals & Medical Devices:** Annexes for expedited regulatory pathways and recognition of inspections from trusted regulators (US, EU, UK, Canada).
- **Intellectual Property Rights:** Binding commitment by New Zealand to amend its laws within 18 months to provide EU-level protection for India's Geographical Indications (GIs).
- **Customs & Trade Facilitation:** Advance rulings, electronic documentation, and faster clearance times (within 48 hours, 24 hours for perishables).
- **Rules of Origin (ROO):** Robust framework to prevent circumvention and ensure integrity of preferential access.

Way Forward

Subject to mutual agreement and in the interest of transparency, the negotiated texts may be published on an agreed date following the formal joint announcement. The Agreement will be signed upon completion of domestic processes in both countries and is expected to enter into force after ratification, with the timeline envisaged for next year.

Sectoral Highlights

The India–New Zealand FTA secures duty free or preferential access across a wide range of sectors. These gains are expected to boost India’s exports, create jobs, and strengthen the competitiveness of Indian industries in the Oceania region.



Sector	India's Exports	Tariff Coverage	Impact & Opportunity
Agriculture	USD 51.8 billion in 2024–25 , up from USD 48.3 billion in 2023–24, 7.3% growth .	1,379 tariff lines, accounting for 17% of all product tariff lines Elimination of tariffs at peak 5% (with tea already at zero duty)	Fruits and Vegetables: enhances access for fresh produce and horticultural exports. Coffee, Tea, Cocoa, and Spices: supports exports of niche, premium, and value-added agri-products. Cereals: improves the global competitiveness of Indian grain exports. Processed Foods: benefits exports of ready-to-eat and processed food products, strengthening India's food processing sector.

Marine		<p>USD 7.0 billion in FY25, up from USD 6.8 billion in FY24.</p> <p>Exports to New Zealand rose from USD 15.35 million to USD 15.89 million in the same period.</p>	<p>Marine sector covered across 363 tariff lines (4.4% of total).</p> <p>Pre-FTA peaks up to 5%, now reduced to zero</p>	<p>New Zealand's marine imports from the world averaged USD 0.26 billion.</p> <p>Zero-duty access under the FTA supports higher market access and export growth.</p>
Textiles & Clothing		<p>USD 36.9 billion in 2024–25, up from USD 34.8 billion in 2023–24, 6.1% growth.</p> <p>Exports to New Zealand rose from USD 98.14 million to USD 103.14 million for the same period.</p>	<p>1,057 tariff lines, representing 13% of total tariff lines.</p> <p>Pre-FTA peak tariffs were up to 10%, now fully eliminated, to ensure Zero-duty market access</p>	<p>New Zealand's imports of textiles and clothing from the world averaged USD 1.90 billion over the last three years.</p> <p>The move enhances India's competitiveness and supports higher export growth in the New Zealand market.</p>
Engineering Sector		<p>USD 77.5 billion in FY25; up from USD 64.4 billion in FY24, 20.3% growth.</p> <p>Exports to New Zealand rose from USD 47.76 million to USD 68.26 million for the same period.</p>	<p>Across 1,396 tariff lines (16.9% of total).</p> <p>Pre-FTA average duty peaks up to 10%, now eliminated.</p>	<p>New Zealand's engineering imports from the world averaged USD 11 billion in the last three years.</p> <p>Zero-duty access under the FTA supports higher market access and export growth.</p>
Leather & Footwear		<p>USD 5.5 billion in 2024–25, up from 5.3 billion in 2023–24.</p> <p>Exports to New Zealand stood at USD 8.52 million in 2024–25</p>	<p>Removal of tariffs across 181 tariff lines covering footwear, leather goods, and accessories;</p> <p>Pre-FTA peak tariffs up to 10%, now reduced to zero.</p>	<p>New Zealand's imports of leather, footwear, and related products from the world averaged USD 0.51 billion over the last three years;</p> <p>The move enhances India's market access and supports higher exports in mid- to high-value segments, including leather footwear, finished leather, bags, belts, wallets, and fashion accessories</p>

Pharmaceuticals	USD 24.5 billion in 2024–25 , up from USD 22.1 billion in 2023–24, 10.8% growth . Exports to New Zealand stands at USD 57.52 million in 2024–25.	Across 90 tariff lines; pre-FTA peaks up to 5%, now reduced to zero .	New Zealand’s pharmaceutical imports from the world averaged USD 1.4 billion in the last three years. The move expands market access and boosts export growth.
Plastic & Rubber	USD 13 billion in FY25 , up from USD 12 billion in FY24. Exports to New Zealand rose from USD 18.87 million to USD 23.66 million during the same period.	Across 397 tariff lines (4.8% of total tariff lines) Pre-FTA average duty peaks up to 10%, now eliminated .	New Zealand’s plastics and rubber imports from the world averaged USD 2.05 billion in the last three years . Zero-duty access under the FTA supports higher market access and export growth.

India’s Global Trade Networks

Free Trade Agreements are designed to open new opportunities for Indian businesses, farmers, students, and professionals, while also strengthening India’s role in global value chains. It is an agreement between two or more countries where the countries agree on certain obligations that affect trade in goods and services, and protections for investors and intellectual property rights, among other topics.

India’s FTA with other countries enhances competitiveness by **reducing or eliminating tariffs** and by improving market access for goods and services. They strengthen **intellectual property protection**, enable participation in **standards setting and government procurement**, and ensure **fair treatment for investors**. Overall, FTAs create a more predictable and level playing field for businesses operating across borders.¹

With the continued expansion of its global economic footprint, **India has increasingly emerged as a preferred partner for enhanced trade and economic cooperation**².

- India -Oman Comprehensive Economic Partnership Agreement (CEPA), 2025
- India -UK Comprehensive Economic and Trade Agreement (CETA), 2025
- India-EFTA Trade & Economic Partnership Agreement (TEPA) with Switzerland, Norway, Iceland, and Liechtenstein, 2024
- India- United Arab Emirates Comprehensive Economic Partnership Agreement (CEPA), 2022

¹ <https://www.trade.gov/free-trade-agreement-overview>

² <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2206194®=3&lang=1>

- India- Australia Economic Cooperation and Trade Agreement (ECTA), 2022
- India – Mauritius Comprehensive Economic Cooperation and Partnership (CECPA), 2021

Conclusion

The India–New Zealand Free Trade Agreement reflects a **defining moment in India’s trade diplomacy**, opening new avenues for comprehensive economic cooperation. By securing improved market access for Indian goods, expanding opportunities in services and mobility, and deepening collaboration in agriculture, investment and emerging sectors, the Agreement delivers tangible and wide-ranging benefits across the economy.

From farmers and MSMEs to students and skilled professionals, the gains from this Agreement are expected to be broad-based, reinforcing India’s position as a trusted, forward-looking global partner and advancing the vision of a **globally integrated Viksit Bharat 2047**.

References

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International Trade Administration

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