

# EY Trade Alert

India-New Zealand FTA signed in April 2026, enabling zero-duty access for Indian exports to New Zealand

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## Executive summary

### India-New Zealand Free Trade Agreement (IN-NZ FTA) – EY Trade Alert

#### Overview

On 27 April 2026, India and New Zealand signed a landmark India-New Zealand Free Trade Agreement (IN-NZ FTA) at New Delhi, described by the Government of India as a *“once-in-a-generation agreement”* aimed at boosting exports, MSMEs, investment flows, skills mobility and economic cooperation. While negotiations for an FTA were initially launched in 2010, focused negotiations this time commenced in March 2025 and concluded in December 2025.

The IN-NZ FTA is a comprehensive, modern trade agreement covering trade in goods and services, investment facilitation, mobility of professionals and students, Customs and trade facilitation, sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), intellectual property rights and institutional cooperation. A defining feature of the agreement is zero-duty

market access for 100% of Indian exports to New Zealand from the date of entry into force, while India has adopted a calibrated approach towards sensitive agricultural and dairy sectors, keeping certain sensitive products out of the Agreement's ambit.

## Key benefits

### Enhanced market access

#### Indian exports to New Zealand

New Zealand will eliminate customs duties on 100% of its tariff lines, providing immediate zero-duty access to all Indian exports upon entry into force, subject to compliance with applicable Product-Specific Rules of Origin.

Pre-FTA tariffs in New Zealand ranged from 0% to 10%; 58% of tariff lines are already tariff free, with peak 10% duties applied on selected industrial and consumer products.

#### *Key beneficiary sectors for India include:*

- Textiles and apparel (garments, fabrics, yarns, carpets)
- Leather and footwear (raw, intermediate and finished goods)
- Engineering goods and auto components
- Pharmaceuticals and medical devices
- Marine products (including shrimp and processed seafood)
- Chemicals, plastics, electronics, gems and jewelry

#### Exports from New Zealand to India

India has offered tariff liberalization on 70.03% of tariff lines, covering approximately 95% of New Zealand's bilateral exports to India by value, while excluding 29.97% of tariff lines to safeguard sensitive sectors.

Liberalization is structured as follows:

- ~30% of tariff lines: Immediate duty elimination; covers wood, wool, sheep meat, leather-raw hides, etc.
- ~35.6% of tariff lines: Phased elimination over three, five, seven and 10 years; includes petroleum oil, malt extract, vegetable oils, and selected electrical and mechanical machinery, peptones, etc.
- ~4.37% of tariff lines: Partial tariff reductions on products such as wine, pharmaceutical drugs, polymers, aluminum, iron and steel articles, etc.

- ~0.06% of tariff lines: Tariff Rate Quotas (TRQs) and seasonal tariffs including on products such as Mānuka honey, apples, kiwi fruit and albumins including milk albumin.

#### Sensitive sectors protected (India)

India has fully excluded from tariff concessions critical domestic sectors, including:

- Dairy products (milk, cream, whey, yoghurt, cheese, butter, caseins)
- Select agricultural products (onions, pulses, sugar, edible oils, spices)
- Animal, vegetable or microbial fats and oils
- Artificial honey
- Arms and ammunition
- Selected metals (aluminum, copper) and specific gems and jewelry lines, and other notified sensitive tariff lines as specified in the final schedules

This approach aligns India's trade liberalization objectives with food security concerns, farm income protection and domestic industrial policy.

#### Economic growth, investment and jobs

The Agreement is expected to support employment generation and investment-led growth, particularly in India's labor-intensive sectors such as textiles, apparel, leather, footwear, marine products and MSME-dominated manufacturing clusters.

A key feature of the agreement is New Zealand's commitment to facilitate and promote up to US\$20 billion in investment into India over a 15-year period, targeting manufacturing, infrastructure, renewable energy, agri-technology, innovation and emerging technologies. The FTA includes a rebalancing clause to address any material shortfall in investment delivery.

#### Services, professional mobility and education

- Services market access: New Zealand has extended commitments across 118 services sectors, with Most-Favoured-Nation (MFN) treatment in 139 sub-sectors, covering areas such as computer services, professional services, education, financial services, telecommunications, construction, distribution and tourism.

- Professional mobility: A dedicated Temporary Employment Entry (TEE) visa pathway enables up to 5,000 Indian professionals at any given time to work in New Zealand for up to three years, including professionals in IT, engineering, healthcare, education, construction, AYUSH, yoga, culinary and creative occupations.
- Student mobility:
  - Indian students may work up to 20 hours per week during studies.
  - Post-study work visas of up to three years for STEM Bachelor's and Master's graduates, and up to four years for doctoral graduates, subject to domestic immigration laws and procedures of New Zealand.
- Working Holiday Scheme: 1,000 young Indians annually may live and work in New Zealand for up to 12 months, promoting youth mobility and skill development.

#### Regulatory facilitation and non-tariff measures

- Pharmaceuticals and medical devices: The FTA enables acceptance of Good Manufacturing Practice (GMP) and Good Clinical Practice (GCP) inspection reports from comparable regulators (US FDA, EMA, UK MHRA, Health Canada, etc.)<sup>1</sup>, subject to sectoral regulations, significantly reducing duplicative inspections and accelerating market entry.
- Customs and trade facilitation:
  - Cargo clearance within 48 hours; express and perishable consignments within 24 hours
  - Recognition of Authorised Economic Operators (AEOs)
  - Automation, digitization and paperless single-window systems
- SPS and TBT Chapters: Dedicated chapters provide for electronic SPS certification, simplified import permits and fast-tracking of market access applications, balancing trade facilitation with health and safety objectives.

#### Tariff rate quotas and agriculture cooperation

Market access for select New Zealand agricultural products (notably Mānuka honey, apples, kiwi fruit and albumins) is governed through TRQs combined with minimum import prices, seasonal windows and safeguard mechanisms. These are complemented by an Agricultural Productivity Partnership, including Centres of Excellence and Joint Action Plans focused on productivity, quality enhancement and farmer income protection.

#### Intellectual Property and Geographical Indications

New Zealand has committed to amending its Geographical Indications law within 18 months of entry into force, subject to completion of its domestic legislative process, to enable registration of Indian GIs beyond wines and spirits. This expands protection for iconic Indian products such as Darjeeling tea, Basmati rice and regional handicrafts in the New Zealand market.

#### Agreement structure

The IN-NZ FTA is a multi-chapter agreement covering, inter alia:

- Trade in goods, Rules of Origin, Customs procedures, SPS and TBT
- Trade in services, investment facilitation and Movement of Natural Persons
- Digital trade-related disciplines, Intellectual Property Rights and MSME cooperation
- Agriculture productivity, traditional knowledge, cultural cooperation and institutional mechanisms
- Dispute settlement and final provisions

#### Implementation Note

Tariff concessions and trade facilitation benefits under the India-New Zealand FTA are expected to become operative upon completion of domestic ratification procedures, amendments to applicable laws and issuance of corresponding Customs notifications. Businesses should validate tariff staging, Product-Specific Rules of Origin, TRQ conditions and services schedules based on the final legal text once formally notified. Early mapping of tariff schedules and origin requirements is recommended.

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<sup>1</sup> United States Food and Drug Administration (US FDA), European Medicines Agency (EMA), UK Medicines and Healthcare products Regulatory Agency (UK MHRA)

## Note

This Alert is based on publicly available information released by the Government of India and New Zealand authorities, including PIB and Ministry of Commerce factsheets. It is intended for general guidance only and does not constitute legal or tax advice.

Stakeholders should verify all commitments, schedules, tariff concessions and conditions against the official signed text and annexures of the India-New Zealand FTA. Professional advice should be sought for transaction specific matters.

## Conclusion:

The India-New Zealand FTA represents a strategic, balanced and future-oriented trade partnership, combining full-duty elimination for Indian exports with careful protection of India's sensitive sectors, along with deep commitments in services, mobility, regulatory cooperation and investment facilitation.

Stakeholders should proactively assess supply chains, Rules of Origin, visa pathways and regulatory interfaces to fully leverage the Agreement as it progresses towards entry into force.

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