

## India and New Zealand to Resume FTA Talks in September Amidst Growing Trade



India and New Zealand are set to hold the third round of negotiations for a proposed Free Trade Agreement (FTA) in September, signaling a renewed push to deepen economic ties between the two nations. This follows the successful conclusion of the second round of talks in New Delhi on July 25, which saw significant progress across multiple areas.

The discussions, which formally commenced in March 2025 during New Zealand Prime Minister Christopher Luxon's visit to India, aim to forge a "balanced, comprehensive, and forward-looking agreement." The Commerce Ministry stated that the second round, held from July 14 to July 25, achieved notable advancements in areas including Trade in Goods and Services, Investment, Rules of Origin, Customs Procedures and Trade Facilitation, Technical Barriers to Trade, Sanitary and Phytosanitary Measures (SPS), and Economic Cooperation. Virtual intersessional meetings are planned before the September round to maintain momentum.

Bilateral merchandise trade between India and New Zealand reached USD 1.3 billion in the fiscal year 2024-25, marking a robust growth of 48.6% over the previous financial year. India's exports to New Zealand stood at \$711.08 million, while imports from New Zealand were \$587.15 million. Key Indian exports include packaged medicaments, motor vehicles, and machinery for dairy, while New Zealand's primary exports to India encompass wool, fresh fruits, and iron and steel.

A key sticking point in previous negotiations, and one that remains a sensitive issue, is New Zealand's desire for greater access to the Indian dairy market. India has historically been

cautious about opening its dairy sector in trade agreements to protect its large population of small-scale dairy farmers. This issue has been a consistent hurdle in India's trade negotiations, with the dairy sector notably excluded even from the recently finalized India-UK FTA.

Despite such challenges, both countries express optimism for the FTA. The agreement is expected to enhance trade flows, support investment linkages, promote supply chain resilience, and establish a predictable and enabling environment for businesses in both countries. For New Zealand, the agreement offers an opportunity to diversify its export markets beyond traditional partners, while India aims to secure market access for its burgeoning pharmaceutical, textile, information technology services, and agri-product sectors.

The renewed vigor in these FTA talks reflects India's broader strategy of forging strategic trade partnerships globally, as evidenced by its recent agreements with Australia, the UAE, and the UK. As the third round approaches, the focus will be on finding common ground on sensitive sectors to unlock the full potential of trade between these two Indo-Pacific partners.