BusinessNZ
THE VOICE OF BUSINESS

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Foreign Affairs, Defence, and Trade Committee
Parliament Buildings
Wellington
Via Email

19 July 2026

Tēnā koe,

Re: India Free Trade Agreement Legislation Bill – Letter of Support

Introduction
Business New Zealand (BusinessNZ) welcomes the opportunity to provide this submission on the India Free Trade Agreement Legislation Amendment Bill.

The BusinessNZ Network is New Zealand's largest business organisation. We are able to tap into the views of over 76,000 employers and businesses across the country.

Support for the Bill
BusinessNZ strongly supports the India Free Trade Agreement Legislation Amendment Bill.

As the Committee will be aware, BusinessNZ previously made a detailed submission to the Foreign Affairs, Defence and Trade Committee during the International Treaty Examination of the New Zealand-India Free Trade Agreement (FTA), alongside ExportNZ. In that submission, we strongly supported the Agreement and recommended that it proceed to ratification without delay.

We continue to consider the FTA to be strategically important to New Zealand and, while not without limitations, a commercially meaningful agreement that will strengthen New Zealand's economic relationship with one of the world's fastest-growing major economies. The Agreement provides meaningful new opportunities for exporters, supports export market diversification, reinforces the rules-based trading system, and establishes a strong foundation for expanding the bilateral relationship over time.

The legislation before the Committee is an important step in bringing the Agreement into force and enabling New Zealand to implement its obligations under the FTA.

BusinessNZ therefore supports the passage of the India Free Trade Agreement Legislation Amendment Bill without any amendments. Timely ratification and effective implementation are essential to realising the benefits of the agreement. Delays risk undermining New Zealand's competitive position and reducing the value of the agreement.

Previous Submission

Our earlier submission set out BusinessNZ's views on the commercial benefits of the Agreement, the importance of timely implementation, the opportunities it creates for New Zealand exporters, and recommendations regarding future engagement with India. Those views remain current.

Our joint BusinessNZ-ExportNZ submission to the Committee in May 2026 is attached as Annex 3.

Recommendation

BusinessNZ recommends the Foreign Affairs, Defence and Trade Committee:

- note BusinessNZ's continued support for the New Zealand-India Free Trade Agreement;
- support the India Free Trade Agreement Legislation Amendment Bill; and
- report the Bill back to Parliament without amendment so that the Agreement can enter into force as soon as practicable.

Thank you for considering this submission.

Yours Sincerely,

Katherine Rich
Chief Executive
Business New Zealand

ANNEX 1.

About Business New Zealand

BusinessNZ is New Zealand's largest business advocacy body, representing:

- Regional business groups EMA, Business Central, and Business South,
- Major Companies Group of New Zealand's largest businesses,
- Gold Group of medium-sized businesses,
- Affiliated Industries Group of national industry associations,
- ExportNZ representing New Zealand exporting enterprises,
- ManufacturingNZ representing New Zealand manufacturing enterprises,
- Sustainable Business Council of enterprises leading sustainable business practice,
- BusinessNZ Energy Council of enterprises leading sustainable energy production and use,
- Buy NZ Made representing producers, retailers and consumers of New Zealand-made goods.

BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the makeup of the New Zealand economy.

In addition to advocacy and services for enterprise, BusinessNZ contributes to Government, tripartite working parties and international bodies including the International Labour Organisation (ILO), the International Organisation of Employers (IOE) and the Business and Industry Advisory Council (BIAC) to the Organisation for Economic Cooperation and Development (OECD).

ANNEX 3.

Submission by

ExportNZ
EXPORTERS HELPING EXPORTERS

BusinessNZ
THE VOICE OF BUSINESS

to the

Foreign Affairs, Defence, and Trade Parliamentary Select Committee

on the

International Treaty Examination of the Free Trade Agreement between the Government of New Zealand and the Government of India

16th May 2026

PO Box 1925
Wellington
Ph: 04 496 6555

1. Introduction

1.1 Export New Zealand (ExportNZ) and Business New Zealand (BusinessNZ) welcome the opportunity to submit on the International Treaty Examination of the New Zealand–India Free Trade Agreement (FTA).

1.2 ExportNZ is a national industry body representing New Zealand's export businesses. As a division of BusinessNZ, ExportNZ works with exporters across goods and services sectors, supporting firms to grow internationally and advocating for policies that enable export success.

1.3 BusinessNZ is New Zealand's largest advocacy body representing the views of the business sector. The BusinessNZ Network is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

1.4 Export-led growth remains central to New Zealand's economic model. Approximately one in four jobs in New Zealand is tied to exports, and the sector contributes materially to national income, regional development, and business resilience. Trade agreements are therefore not abstract instruments; they are practical frameworks that determine whether New Zealand firms can compete effectively in global markets.

1.5 ExportNZ and BusinessNZ strongly support the New Zealand–India FTA and its ratification. This agreement represents a significant step forward in deepening New Zealand's engagement with one of the world's largest and fastest-growing economies. While not comprehensive across all sectors, the agreement delivers meaningful commercial gains and establishes a platform for future expansion of market access.

1.6 This submission focuses on the national interest case for the agreement, the commercial implications for exporters, and the importance of timely ratification and implementation.

2. Executive Summary

2.1 ExportNZ and BusinessNZ support the ratification of the New Zealand–India Free Trade Agreement and recommend that the Committee report in favour of the agreement progressing without delay.

2.2 The agreement is strategically important and commercially valuable. It provides improved access to a large and growing market, supports diversification of New Zealand's export base, and strengthens economic ties with a key Indo-Pacific partner.

2.3 The benefits of the agreement are tangible and immediate in several sectors, with tariff reductions, improved market access, and enhanced certainty for exporters. While some sectors do not achieve full liberalisation, the agreement should be assessed on its overall economic impact rather than individual outcomes.

2.4 Timeliness is critical. Delays in ratification risk eroding New Zealand's competitive position, particularly in the context of other economies negotiating similar agreements with India. Provisions such as Most Favoured Nation (MFN) clauses and staged tariff reductions mean that the timing of entry into force has direct commercial consequences for exporters.

2.5 ExportNZ and BusinessNZ therefore recommend that:

- The Committee should recommend that the New Zealand–India FTA proceed to ratification.
- The Committee should highlight the importance of timely progression through Parliament to ensure early entry into force.
- Government agencies should prioritise practical measures to support exporter utilisation of the agreement.
- We urge the New Zealand government to seek improved market access for dairy as opportunities arise in the near future.
- Ongoing monitoring should be undertaken to assess the impact of the agreement and identify areas for improvement.
- The agreement should be viewed as a foundation for further negotiations to expand market access over time.
- Note ExportNZ and BusinessNZ's request to make an oral submission to the Committee.

3. Strategic Context

The importance of India

3.1 India represents one of the most significant economic opportunities available to New Zealand exporters. With a population of approximately 1.4 billion people and a rapidly expanding middle class, India is expected to become one of the largest global economies within the next decade.

3.2 Economic growth in India is driving increased demand for high-quality food products, advanced manufacturing inputs, education services, and technology solutions. These are areas where New Zealand has established strengths and a strong international reputation.

3.3 Despite this potential, New Zealand's current trade relationship with India remains underdeveloped relative to its scale. Tariff and non-tariff barriers have historically constrained access, limiting the ability of New Zealand exporters to compete effectively.

3.4 The FTA addresses a number of these barriers and creates a more predictable and favourable environment for trade.

A changing global trade environment

3.5 The agreement must also be viewed in the context of a shifting global trading environment. Exporters are currently navigating increased geopolitical tension, supply chain disruption, and the re-emergence of tariffs and trade restrictions in many markets.

3.6 In this environment, diversification is not optional. It is a core risk management strategy for New Zealand exporters. Expanding access to India supports this diversification and reduces exposure to concentrated markets.

3.7 At the same time, New Zealand faces increasing competition in securing preferential access. Larger economies, including the European Union and the United States, are actively negotiating trade agreements with India. These developments heighten the urgency for New Zealand to secure and implement its own agreement.

4. Economic and Commercial Benefits

Goods market access

4.1 The agreement delivers meaningful tariff reductions across a significant range of New Zealand exports. A large share of current exports will benefit from either immediate tariff elimination or phased reductions over time.

4.2 This has direct implications for competitiveness. Even relatively small tariff reductions can materially affect pricing in a market such as India, where price sensitivity is high and margins are often tight.

4.3 Sectors expected to benefit include:

- Horticulture, through improved access for products such as apples and kiwifruit.
  - We understand that over time there will also be increased opportunities for tier 2 horticultural crops, including cherries, avocados, blueberries and persimmons.
- Sheepmeat, hides and skins, and petfood will all benefit.
  - Tariffs on sheepmeat exports (HS0204) will be reduced from 33 percent to zero on entry into force (EIF). This could deliver potential cost savings of $370,000 (based on 2025 trade).
  - All tariffs on hides and skins will be reduced to zero on EIF. This presents a potential cost saving of just over $330,000 (based on 2025 trade).
  - Further new opportunities presented for retail pet food (tariffs to zero – no trade at the moment, but this reduces a hurdle), and for prepared meat products.
- Seafood and forestry, through reduced tariffs and expanded quotas.
- Manufactured goods, where lower tariffs improve competitiveness and support export growth.

4.4 The value of these gains should not be understated. For many exporters, particularly small and medium-sized enterprises, tariff reductions can determine whether market entry is commercially viable.

4.5 ExportNZ and BusinessNZ also recognise that, for many businesses and sectors, India will represent a long-term opportunity rather than delivering immediate increases in trade. While tariff reductions are welcome and will improve commercial viability, businesses and exporters will still need to invest significant time and capital to build market knowledge, relationships, and confidence.

Services and investment

4.6 The agreement also includes provisions that support services, trade and investment. This is particularly relevant for sectors such as education, technology, screen sector and professional services, where New Zealand firms are particularly active in international markets. Many digital exporters (especially within weightless screen sector services such as film, VFX, Gaming and Postproduction), are currently identifying opportunities to enable remote collaborations via business partnerships with Indian screen production companies.

4.7 Improved regulatory transparency and clearer rules for engagement can reduce uncertainty and lower the cost of doing business. Over time, this supports the development of deeper commercial relationships and sustained market presence.

4.8 ExportNZ and BusinessNZ welcome the investment screening threshold increase from NZ$100 million to NZ$200 million for Indian investors. We note that this is the same screening threshold that is applied to most of New Zealand's other FTA partners.

4.9 ExportNZ and BusinessNZ support the amendments that need to be made to the Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 legislation to increase the security threshold.

Supply chain benefits

4.10 The agreement also facilitates access to inputs from India, which can improve the competitiveness of New Zealand manufacturers and exporters.

4.11 Lower input costs, increased supplier diversity, and more efficient supply chains all contribute to stronger business performance. These indirect benefits are often overlooked but are critical in a high-cost operating environment such as New Zealand.

5. Timing and Implementation

Importance of timely ratification

5.1 One of the most important considerations for the Committee is the timing of ratification and entry into force.

5.2 Trade agreements deliver benefits when they are operational and utilised by businesses. Delays in ratification can therefore have immediate commercial consequences.

5.3 In the case of the New Zealand–India FTA, timing is particularly important due to:

- The presence of MFN provisions, which may allow New Zealand to benefit from more favourable terms negotiated by other countries, but only once the agreement is in force.
- The structure of tariff reductions, which include both immediate cuts and scheduled reductions tied to specific dates.

5.4 A delay of even a few months can result in missed tariff windows, reduced competitiveness, and lost commercial opportunities.

5.5 New Zealand exporters do not operate in isolation. They compete directly with firms from other countries, many of which have greater scale and resources.

5.6 If competitor countries secure preferential access to India ahead of New Zealand, the relative position of New Zealand exporters will deteriorate. This is particularly relevant in sectors where margins are tight, and price competitiveness is critical.

5.7 ExportNZ and BusinessNZ emphasise the need for urgency in ratifying this Free Trade Agreement to ensure that exporters can take advantage of early EIF.

Implementation readiness

5.8 Ensuring that the agreement is fully utilised requires effective implementation.

5.9 This includes:

- Clear guidance for exporters on how to access preferences,

- Efficient customs processes and certification systems,
- Coordination between government agencies and industry.

Without this, there is a risk that the benefits of the agreement are underutilised, particularly by smaller exporters.

6. Addressing Key Concerns

Labour mobility provisions

6.1 Public discussion of the agreement has included concerns about labour mobility provisions.

6.2 It is important to clarify that these provisions are typically limited in scope, targeted at specific categories of workers, and designed to facilitate business activity rather than displace domestic employment.

6.3 From an exporter's perspective, mobility provisions can support:

- The movement of skilled personnel necessary to establish and manage operations,
- The delivery of services exports,
- The development of commercial relationships.

6.4 These provisions should be assessed in this context.

6.5 ExportNZ and BusinessNZ do not hold any concerns regarding the labour mobility provisions. New Zealand exporters and businesses need to have access to global talent pools when the skills and experience are not available here in New Zealand. India is and will continue to be an important source of skilled talent. This FTA will allow New Zealand to source the appropriate talent while retaining control over our immigration policy.

Investment commitments

6.6 Questions have also been raised regarding investment provisions and their implications.

6.7 It is important to distinguish between facilitating investment and mandating outcomes. Trade agreements generally provide frameworks that enable investment rather than requiring specific levels of investment.

6.8 From a business perspective, we believe that the FTA will allow for new opportunities between New Zealand and India to arise and pave the way for investment opportunities over the next 15 years that we cannot see yet.

6.9 We understand that the New Zealand Government’s obligation is to <u>promote</u> private investment from New Zealand into the Indian private sector. To this end, ExportNZ and BusinessNZ are committed to supporting the New Zealand government and ensuring that New Zealand fulfils its obligation to promote cross-border investment opportunities.

6.10 Likewise, we are committed to supporting and facilitating investment from the Indian private sector into New Zealand.

Sectoral limitations

6.11 As with any trade agreement, not all sectors achieve full liberalisation. This is particularly evident in areas such as dairy.

6.12 ExportNZ and BusinessNZ are disappointed that the free trade deal does not include more expansive liberalisation in the dairy trade sector, with only very limited outcomes secured. The New Zealand dairy sector is one of our most important export sectors, and we believe that greater access in the Indian dairy market would be mutually beneficial for both sides.

6.13 We understand that India is a difficult negotiating partner, especially regarding dairy, and understand that there was a significant effort from negotiators to push for better outcomes for dairy exporters.

6.14 Given these limited outcomes, it is critical that New Zealand fully uses the opportunity of the review provisions contained in the Agreement and any other future opportunities to raise dairy barriers to trade with Indian counterparts.

6.15 We understand that there will be a review of the agreement one year after the FTA comes into force. We also understand that there is a dairy side letter that commits India to consultations with New Zealand, should it liberalise dairy trade for other partners. While this letter is limited in scope, covering only core dairy products (HS Chapter 04), it is important that these provisions are maximised where possible.

6.16 It is also critical that the provisions around a future import for re-export scheme are negotiated expeditiously, to enable exports of New Zealand ingredients (including dairy) into the Indian market for further manufacture and re-exportation. This scheme must be sufficiently flexible and administratively simple to enable proper utilisation of any such scheme.

6.17 ExportNZ, BusinessNZ, and our members in the dairy sector are prepared to work with the New Zealand government on future engagements and to ensure that dairy is not left behind. We urge the New Zealand government to seek improved market access for dairy as opportunities arise in the near future.

Domestic industry impacts

6.18 Concerns about the impact on domestic producers should be considered carefully.

6.19 It is important to recognise that export growth supports domestic industries through:

- Increased demand for inputs,
- Job creation across supply chains,
- Greater scale and efficiency.

6.20 At the same time, access to imported inputs can reduce costs and improve competitiveness for domestic firms.

6.21 Access to imported products can also bring about increased pressure on domestic production in relation to food supply resilience.

6.22 The relationship between exports and domestic production is therefore complementary rather than zero-sum.

7. Broader Economic Implications

Export growth and national income

7.1 Expanding market access is one of the most effective ways to increase opportunities for New Zealand's exporters. Access to larger markets allows firms to scale, innovate, and improve productivity.

7.2 The FTA contributes to this by opening new opportunities and reducing barriers to trade.

Regional development

7.3 Export growth has significant regional benefits. Many export industries are based outside major urban centres, and increased market access can drive economic activity in these regions.

7.4 This supports employment, investment, and community development.

Economic resilience

7.5 Diversification of export markets enhances resilience. By reducing reliance on a small number of markets, New Zealand is better positioned to manage external shocks.

7.6 The agreement with India is an important component of this diversification strategy.

Strategic positioning

7.7 Strengthening economic ties with India also has broader strategic implications. It reinforces New Zealand's engagement in the Indo-Pacific and supports a rules-based trading system.

8. Recommendations

8.1 ExportNZ and BusinessNZ make the following recommendations to the Committee:

1. **Support ratification**
   The Committee should recommend that the New Zealand–India FTA proceed to ratification.
2. **Emphasise urgency**
   The Committee should highlight the importance of timely progression through Parliament to ensure early entry into force.
3. **Ensure implementation readiness**
   Government agencies should prioritise practical measures to support exporter utilisation of the agreement.
4. **Market access for the dairy sector**
   We urge the New Zealand government to seek improved market access for dairy as opportunities arise in the near future.
5. **Monitor outcomes**
   Ongoing monitoring should be undertaken to assess the impact of the agreement and identify areas for improvement.

6. **Continue engagement with India**
   The agreement should be viewed as a foundation for further negotiations to expand market access over time.

7. **Request to make an oral submission**
   Note ExportNZ and BusinessNZ's request to make an oral submission to the Committee.

9. Conclusion

9.1 The New Zealand–India Free Trade Agreement represents a significant opportunity for New Zealand exporters and for the broader economy.

9.2 While not without limitations, the agreement delivers meaningful commercial benefits, supports diversification, and strengthens New Zealand's engagement with a key global partner.

9.3 The critical issue for the Committee is not whether the agreement is perfect, but whether it advances New Zealand's national interest. ExportNZ and BusinessNZ consider that it does.

9.4 Timely ratification and effective implementation will be essential to realising the benefits of the agreement. Delays risk undermining New Zealand's competitive position and reducing the value of the agreement.

9.5 ExportNZ and BusinessNZ therefore strongly support the progression of the agreement and encourage the Committee to recommend its prompt advancement.