



KAMARAJ IAS ACADEMY
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India–New Zealand Free Trade Agreement (FTA)

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Christopher Luxon, Prime Minister of New Zealand, announced that India and New Zealand are set to sign a long-awaited Free Trade Agreement (FTA). The agreement marks a major step toward strengthening bilateral economic and trade relations between the two countries.

Significance of the Agreement

The FTA is being projected as a major economic breakthrough, especially for New Zealand, as it will provide access to India's vast market of around 1.4 billion consumers.

For a trade-dependent economy like New Zealand, the agreement is expected to boost exports, create jobs, and increase incomes by enhancing global competitiveness.

Key Features of the FTA

The agreement is expected to:

Reduce or eliminate tariffs on a large share of traded goods

Provide duty-free or concessional access to multiple sectors

Enhance cooperation in trade, services, and investment

Earlier negotiations indicate that about 95% of New Zealand exports to India may see tariff reduction, while Indian goods will gain wider access to the New Zealand market.

Economic Context and Trade Potential

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India is currently one of the fastest-growing major economies, making it an attractive market for global trade partners.

The bilateral trade between India and New Zealand is relatively modest (around \$2–2.4 billion), but the FTA aims to significantly expand trade and investment flows.

Strategic Importance

The agreement is part of India's broader strategy to:

Expand global trade partnerships

Diversify export markets

Strengthen economic ties in the Indo-Pacific region

For New Zealand, the deal fulfills a long-standing policy commitment and enhances engagement with one of the world's largest economies.

Additional Key Facts:

FTA (Free Trade Agreement):

An agreement between countries to reduce or eliminate trade barriers like tariffs and quotas

India–New Zealand Trade Relations:

Merchandise trade: ~ \$1.3 billion

Total trade (goods + services): ~ \$2.4 billion (2024)

Major Export Items:

India ? Textiles, pharmaceuticals, engineering goods

New Zealand ? Agricultural products, forestry, wool, meat

Sensitive Sectors:

India has protected sectors like dairy and agriculture in negotiations

Investment Commitment:

New Zealand may invest around \$20 billion in India over time

Part of India's FTA Strategy:

India is simultaneously negotiating FTAs with UK, EU, Oman, and others