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INDIA & NEW ZEALAND A RELATIONSHIP READY FOR ITS NEXT PHASE

APRIL, 2023



India 
New Zealand
Business Council
SINCE 1988

Prepared by


DUCO
CONSULTANCY

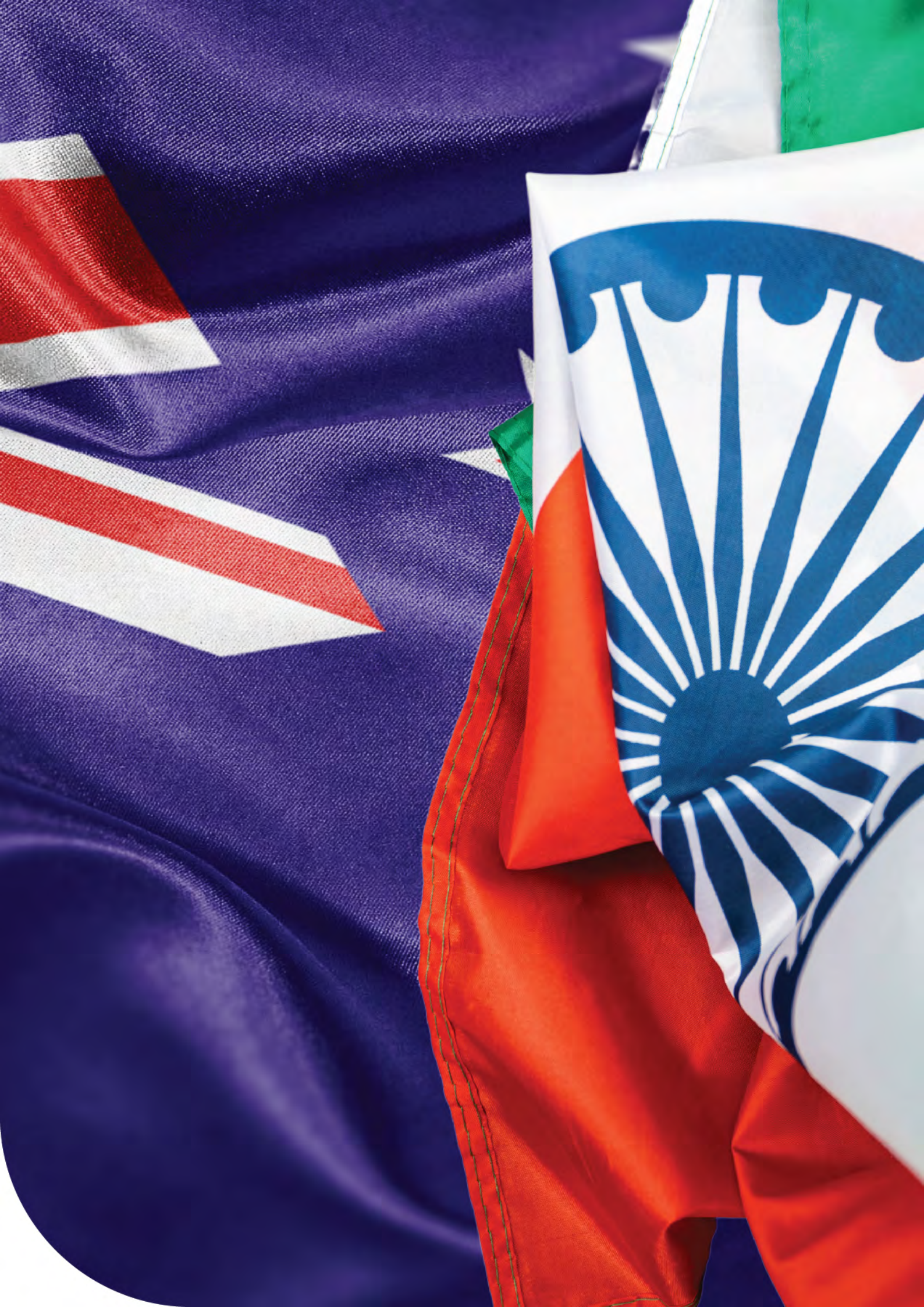
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FOREWORD



For the past six months, the India New Zealand Business Council has been listening to our members and to others with an interest in lifting the relationship between India and New Zealand. The process has been constructive. Two themes have been coming through loud and clear.

First, a stronger relationship with India is vital to New Zealand's economic future. India will soon become the world's third largest economy and is unlikely to halt there. India is already home to the world's largest national population, including a deep pool of educated skilled and highly mobile English-fluent youth. No economy of a comparable scale is growing as rapidly as India's; none has greater potential over the medium and long term to scale their industries, reshape consumer trends and alter the geopolitical balance.

Securing access to a diverse set of trading partners and markets has long been a central preoccupation of our country's trade policy and must remain so. But our business relationship building with India cannot begin or end with finding markets for New Zealand-sourced goods and services. The scaling potential for New Zealand manufacturing and service businesses operating in India also presents a significant opportunity to build business.

Furthermore, a quarter of a million New Zealanders - fully 5% of our population - claim Indian heritage. Many more come to study, visit, and work. They make huge contributions to the well-being of our country and are well placed to do more for its relationship with India.

The second theme that came through is that India is *different*; accordingly, it requires a *different approach*. Fifteen years of trying to negotiate a conventional trade agreement, first bilaterally then through the RCEP, has delivered nothing. The priority needs to be on strengthening the wider bilateral trade relationship; a comprehensive trade agreement is unlikely to be secured with India unless, and until, a deeper more trusting trade relationship is established. The message is that progress in trade liberalisation will involve understanding and acting on what New Zealand can do for India, just as clearly as what India can do for New Zealand.

India must be a diplomatic priority for New Zealand. It is very encouraging to see the recent step-up in

diplomatic activity that both governments are making to engage and find fresh approaches. Dialogue and trust will lead to trade and investment.

The recent visits to India by senior New Zealand Government Ministers and, in the opposite direction, Indian Foreign Minister Jaishankar have been refreshingly warm and productive. Minister Jaishankar characterised the relationship as being "*...ready for its next phase*". He also made the point that strong commercial relationships and the bonds between businesspeople that underpin them are an important part of the foundations of any relationship between two countries. INZBC strongly agrees with both points.

New Zealand has some catching up to do - as a country with a lot to offer India, we are at risk of being further marginalised as the centre of economic and geopolitical gravity shifts towards India over the next generation. New Zealand must get serious about India and invest in this relationship now - we cannot afford to be left behind.

Our report, and the recommendations in it, are aimed at leaders in government, business, academia, and the cultural and sporting sectors, with the objective of creating greater coherency and urgency in our approach to India. All of us have a role to play.

Earl Rattray
Chair INZBC

India & New Zealand 

The Current State

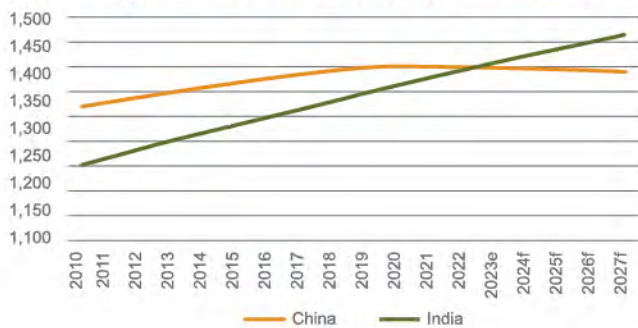




India - An emerging economic superpower.

India is the world's largest democracy and is reported to have now surpassed China as the world's most populous nation. India is home to world's largest pool of educated English-fluent youth with an insatiable desire to succeed in the world.

Population Growth - 2010-2027 - In Millions



(Source: International Monetary Fund, World Economic Outlook Database, October 2022)

Over recent years, India has embarked on a series of ambitious economic initiatives, under the local concept of *Atmanirbhar Bharat* (or 'Self-reliant India'), including the 'Make in India' campaign, with the goals of promoting sustainable economic growth, creating new jobs, and improving the standard of living of its citizens.

India is currently the world's fifth largest economy and multiple reports forecast that India will grow to be the world's third largest economy within the next five years, with high GDP growth that will outstrip even that of China. Like any emerging economic powerhouse, India features enormous opportunity, capability, and vast needs that will have to be met to sustain their trajectory. It is in everyone's interest to align with India.

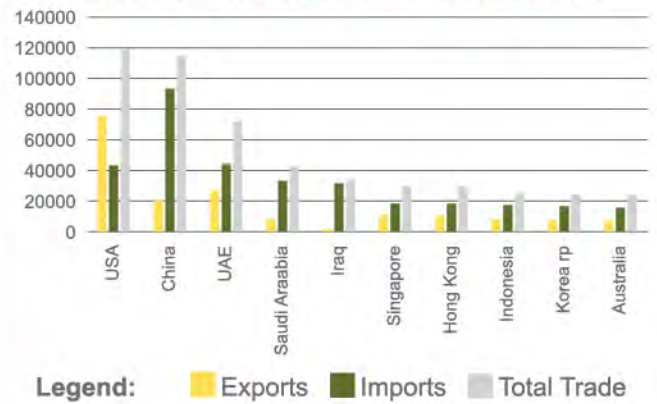
India's main trading partners are USA and China. India's tenth largest trading partner is Australia with over US\$25B in bilateral trade (with the announcement of a Free Trade Agreement (FTA) between the two countries, that figure is set to rise markedly).

YoY% Change in GDP - China vs India



(Source: International Monetary Fund, World Economic Outlook Database, October 2022)

India's Top Trading Partners - 2022 - US\$M



(Source: <https://tradestat.commerce.gov.in/>: India Department of Commerce)

New Zealand's trade with India - Mixed progress

New Zealand's Merchandise exports to India are dominated by wood products, wool, metals. High value Dairy (eg Whey proteins and Lactose), Kiwifruit, Apples & Pears, Sheep meat and Meatby-products (eg blood serums) are among the large contributors to NZ\$430M in merchandise exports to India in 2022. ▶



The Current State

Log exports have fallen by over NZ\$250M over recent years, pending changes to phytosanitary protocols being agreed; this has been the major factor in an overall decline in the export revenue numbers since 2019. Merchandise imports from India - reported at NZ\$1.14B in 2022 - continue to grow, having almost doubled since 2015.

The major Import categories are pharma products, clothing and textiles, industrial machinery, precious gems, and mineral oils.

There appears to be, overall, lower tariff rates for goods imported into New Zealand from India, relative to goods imported into India from New Zealand.

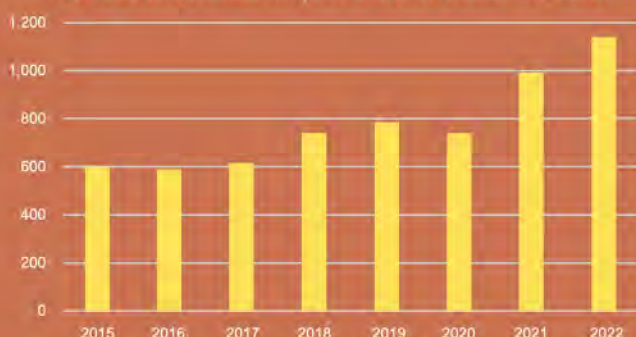
Prior to 2021, Services export earnings, notably Education and Tourism, form a high percentage of the overall export trade from New Zealand to India. In 2020 (the most recent Services statistics available) total Services exports were over NZ\$1.02B, compared to Merchandise exports at NZ\$677M in 2020.

The potential to increase the contribution of Services to the balance of trade with India cannot be overlooked.

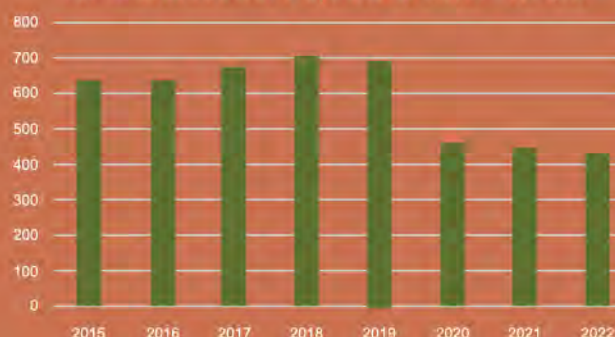
New Zealand's Trading Strategy with India - Room for improvement.

Much of New Zealand's historic effort to promote trade between the two countries has focused on achieving a comprehensive FTA. The FTA negotiation process both bilaterally and within the scope of RCEP, revealed differences on both sides. Restarting that process is unlikely to be successful at this time. However, progress towards a growing and successful trade relationship with India can certainly be advanced in the medium term. As Minister Mahuta has stated, *"there are other ways of strengthening relations with India"*.

NZ Merchandise Imports from India - NZ\$M

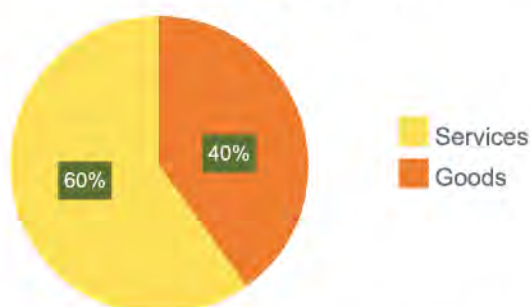


NZ Merchandise Exports to India - NZ\$M



(Source: <https://www.trademap.org/> : Trade Map)

NZ Exports to India - Services vs Merchandise - 2020 (Total Trade: NZ\$1.7B)



(Source: <https://www.stats.govt.nz/> : Stats NZ)

These 'other ways' are not alternatives to a comprehensive FTA, in which business will always be interested, but, in the context of modern India, they are a prerequisite to achieving one.

New Zealand identified India as a priority country in its "Opening Doors to India" policy in 2011, and, at the same time, New Zealand launched the NZ Inc. India Strategy, aiming to make India a core trade, economic, and political partner for NZ by 2015. While this led to a temporary increase in trade between 2011 and 2015, since then the trade figures have declined. ▶



The Current State

Furthermore, in 2020, the Ministry of Foreign Affairs and Trade (MFAT) released the strategy 'framework' paper "India-NZ 2025 - Investing in the Relationship, which built on earlier policy papers and envisioned a more "enduring strategic relationship" with India over the next five years.

The paper identified six relationship goals:

- 1 A relationship based on mutual trust that advances our shared interests
- 2 An improved capability for New Zealanders to engage with India
- 3 A goods and services trade that grows for shared prosperity
- 4 A New Zealand value proposition that is known and understood in India
- 5 Stronger and broader cultural connections
- 6 Shared approaches bilaterally and in international forum

Well-made and relevant, these points are still largely unfulfilled.

Australia's recent equivalent strategy paper ('An India Economic Strategy to 2035', released in 2018) is a comprehensive high-resolution roadmap for advancing its economic relationship with India. New Zealand can learn from Australia's approach and subsequent success.

Diplomatic Engagement - Picking up, but New Zealand is under-represented in South Asia.

All New Zealand interests in India recognise the value of a strong diplomatic presence in the region. The business community is clearly very appreciative

of the work that the New Zealand High Commission and other Government agencies do on their behalf in India. It is evident that the diplomatic role of Government, its visibility and influence can be a key success factor in developing trade with India.

Regrettably, in the last 40 years there have only been four formal Prime Ministerial visits to India, and it is now fast approaching a decade since the last one occurred. While there have been Prime Ministerial engagements at other international venues, there remains a widespread view that our highest-level government engagements *in India* are vitally important in advancing our relationship with India. The very recent (non-Prime) Ministerial visits to India are therefore very encouraging and a strong signal of intent. Momentum being regained must be sustained!

New Zealand has a High Commission in New Delhi and a Consulate in Mumbai - smaller and fewer offices compared to those of Australia and Singapore, for example. Its staff also service the diplomatic relationship with Nepal, and with Bangladesh which is becoming an increasingly important trade partner. It does not appear that any high-level government delegation has visited these two countries in at least the last 50 years.

While the recent addition of a High Commission in Sri Lanka is very helpful, it remains that New Zealand's diplomatic resources both in India and the South Asia nations they service are spread too thin and stretched too far - diluting the effort in India, which, on its own, is so large and diverse that it needs dedicated focus.

The result of this neglect over a long period is that New Zealand is not visibly contributing, in a meaningful way, to meeting the vast needs of a region, which supports 20% of the world's population and still faces significant development challenges.

INZBC understands that the Government invests some NZ\$40M in various aid projects in ASEAN countries, but virtually nothing in India or South Asia. If New Zealand's commitment to investing in relationships and to raising visibility in the region backed by funding, New Zealand should look to partner with India to deliver meaningful development projects there. A welcome outcome of these initiatives would be a more sophisticated understanding of the region, its opportunities, and challenges. ▶



The Current State

At the same time, the Asia New Zealand Foundation, largely funded by Government, has a long history of leading impactful and welcome engagements aimed at growing knowledge and confidence in India. These activities could be scaled and with an even greater emphasis on India to have an even greater impact.

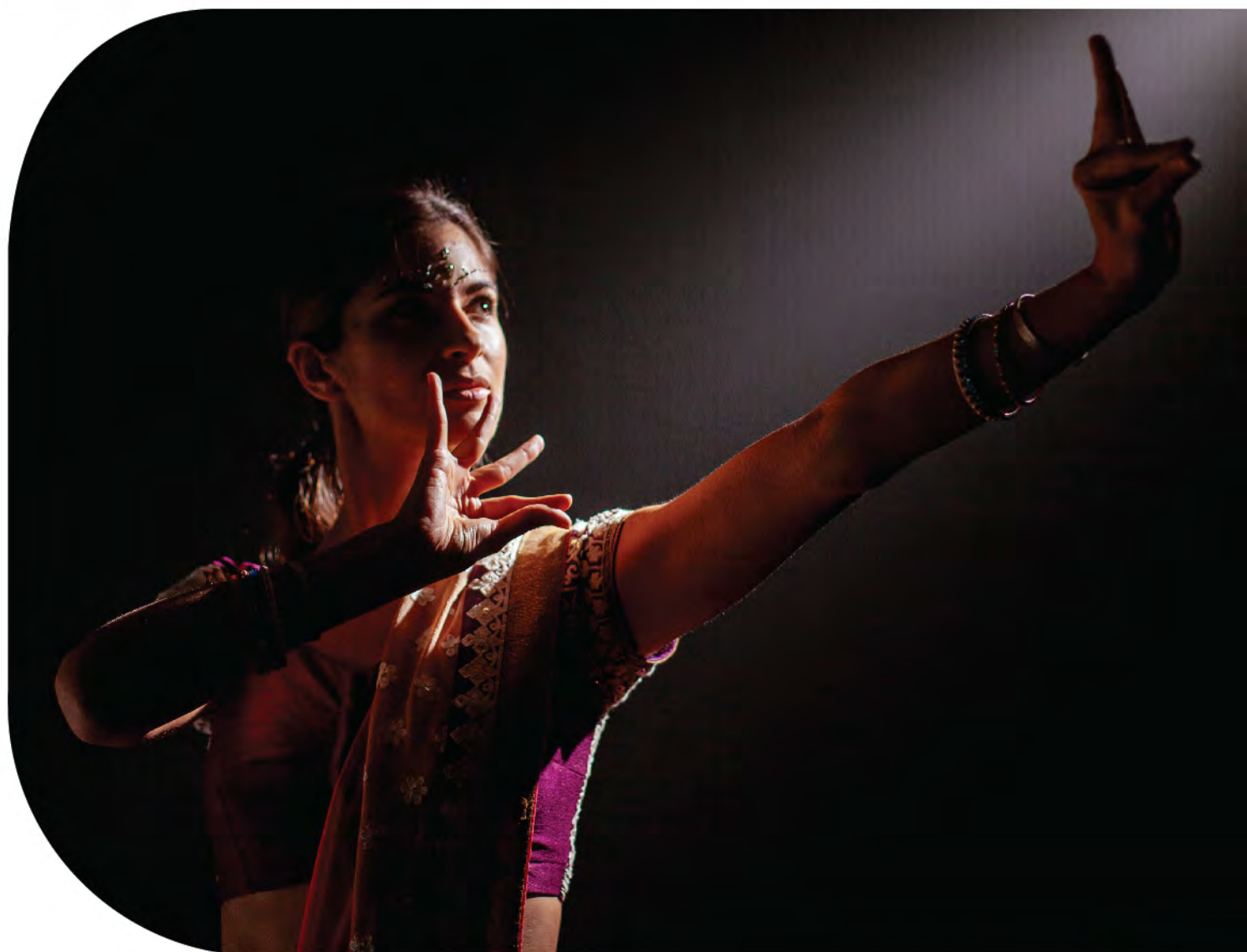
Sporting and Cultural relations - The glue that holds us together.

Indian culture is becoming more visible in New Zealand. Since 2002, Diwali has been acknowledged as the official holiday of the Indian community in New Zealand. The Asia New Zealand

Foundation has for many years supported the week-long celebrations in partnership with local city councils. In 2018, in a historic first, the Auckland Harbour Bridge was decorated with Diwali-themed lights.

Large festivals that showcase Indian culture so effectively in Australia, such as Confluence: Festival of India in Australia, are yet to feature in New Zealand.

In the opposite direction too, there is unfilled potential. People in India take a great interest in Te Ao Māori when they are exposed to it, as was recently seen with the participation of Te Wehi Haka - The Haka Experience in India's National Tribal Dance Festival in the state of Chhattisgarh. But INZBC is not aware of any major exhibitions of Māori art ▶





and material culture being brought to India or its neighbours.

New Zealand's selective stance on immigration and travel visas during Covid has created a negative perception among many in the New Zealand Indian community. Furthermore, it disrupted Business access to skilled staff for training and employment. New Zealand has some reparative work to do to restore its reputation as a welcoming and generous country.

Possibly New Zealand's greatest visibility In India appears on the sports fields, where our sportsmanship and competitiveness is legendary, and greatly admired. New Zealand's relationship building should also further leverage our luminaries from well-known sports who already have

connections to India. Our leading international sports people, notably our cricketers, have already shown they are very effective trade ambassadors for New Zealand.

Overall, New Zealand's visibility - diplomatically, culturally, and commercially - is relatively low in the wider Indian sub-continent.

India & New Zealand 

**Success
in the future -
What will
it take?**





Imports across the board from most destinations can face high tariff barriers, non-tariff barriers (e.g. onerous import licensing and testing requirements), and the need, at times, to compete with domestic subsidies. Regulatory settings in India can be complex and require careful navigation to facilitate trade. Sector knowledge, together with decision-making influence, is at times required to find solutions. Both these elements call for a close alignment, dialogue, and supportive connections.

What is India telling us?

A key point made by Minister Jaishankar in his recent visit to New Zealand was that a strong relationship with India will require strong business foundations. INZBC believes these strong business foundations must include:

- **Focusing on and understanding India's needs**
- **Adopting a public/private approach to the India challenge**
- **Collaborating for mutual benefit**
- **Establishing the right forums and connection points**

Focusing on India's needs

INZBC believes there is a pressing need to understand and articulate India's economic and social objectives, in order to identify and support New Zealand's business and diplomatic priorities.

Indian business culture is strongly relationship-based, with many large businesses being family-owned and operated. Earning trust - being regarded as a friend, not a threat - needs to be the highest priority for New Zealand's exporters engaging with Indian businesses.

Finding where India's interests intersect with New Zealand's capabilities will present the most effective path to growing trade relationships. In this way New Zealand can establish a high-trust, relationship-based model, ultimately leading to benefits for both parties. At the same time, this helps us better understand how to enter the market and how to recognise the possibilities of the market.

At the INZBC Summit 2022, India's High Commissioner to New Zealand H.E. Neeta Bhushan encouraged New Zealand companies to work closer with India. Ms. Bhushan remarked that India and New Zealand needed to establish mutually beneficial partnerships and collaborations in various sectors. The sectors she singled out were Agriculture, Forestry, Agritech, Fintech, Education, and Renewable Energy.

It was helpful to hear Ms. Bhushan say that she will focus on these key areas to strengthen bilateral ties: developing and strengthening connectivity (people to people and through air travel), Tourism, Telecom, Digitisation, Research and Development, Education, and Traditional Medicine.

Many market observers have pointed out that considering India as one big market can be a mistake. With its 28 states and 8 Union Territories - most with larger populations than our own, and with different climates, communities, religions, languages and needs - India has a diversity and scale of markets that New Zealanders need to appreciate to fully understand the opportunities that India presents.

To their credit, several of New Zealand's leading specialist manufacturers have established strong footholds in India contributing to Foreign Direct Investment (FDI), employment, and economic growth. Similarly, New Zealand's Services sectors provide examples of leading business growth in Fintech, Education, Tourism, and Digitisation - based in India and in conjunction with Indian counterparts. ▶

Success in the future - What will it take?



Several of New Zealand's major Agriculture and Horticulture sector exporters have made significant in-market investments and are supporting technical cooperation programs.

These initiatives are helping to build relationships with Indian counterparts. Exporters have clearly indicated they are willing to do more where it leads to recognition and to a relaxation of trade barriers. This outcome cannot be achieved by business alone.

Adopting a public/private approach to the India challenge

Building strong business foundations with India will require a coordinated and sustained effort from both the public and private sectors.

New Zealand needs to approach this challenge as one team - government and business complementing each other in the on-going pursuit of a common goal.

Government visibility has great significance in India. A key enabler of success in the region is the association of Government and Business, and the tacit endorsement of businesses by Government.

ExportNZ recently noted: *'...there needs to be an "all-hands-on-deck" approach from the business community and the government. New Zealand Inc., inclusive of non-government partners and businesses, needs to come together to form a broad-scope strategy that all parties can agree on and work to.'*

Moreover, the Auckland Chamber of Commerce has written: *'Lack of sustained effort by New Zealand businesses and Government is the biggest issue. This would mean an inability to secure most of the potential India holds for New Zealand. With dedication and focus however both goods and services trade can grow exponentially in time.'*

INZBC recognises there will be new constraints on public spending in the years ahead and that existing Diplomatic funding and existing resources will need prioritising. INZBC believes that both strategically and economically, New Zealand's relationship with ►





India must be one of those priorities. Existing resources are applied most effectively through a joint effort at the senior levels of our political, business, and public-service leadership.

A New Approach to trade engagement: Collaborating for mutual benefit

The need for collaboration with India is a consistent theme INZBC encountered when talking to business leaders.

A trading relationship shaped not only by what India can do for New Zealand business, but *equally* by what New Zealand business can do for India, is more likely to lead to lower trade barriers over time. Collaboration and the concept of mutual benefit is the cornerstone of a high-trust relationship model with India, and it must span government, business, cultural, and academic levels, incorporating technical cooperation in our areas of expertise. Working within India can pave the way for complementary imports,

and should be encouraged, acknowledged, and leveraged by Government for market access. Likewise direct investment in India presents an opportunity to scale New Zealand manufacturing and service sector growth and should also be encouraged and supported.

New Zealand's new trade engagement with India should be focused on areas where mutual value can be added. It has been noted that most of India's top twenty trade partners, including its top two, do not have FTAs. While an FTA remains the gold standard for trading relationships to which New Zealand aspires, its absence does not mean trade relations and opportunities cannot be advanced. However, progress will require patience, persistence, an understanding of Indian needs from an Indian perspective, generosity of spirit, and a long-term view of the opportunities.

The kiwifruit industry's current proposal to work alongside Indian growers for mutual benefit is well aligned with this ambition and direction. Premium Lamb exporter QualityNZ has recently commissioned in-market processing facilities, while NZAPI has been supporting Horticultural development in India for over a decade. These initiatives can set an example for other businesses to emulate, especially if they pave the way for greater access over time .

In the finance sector technology is evolving quickly. In a major new development, India is looking to its trading partners, particularly those with large Indian diasporas, for their support in making its revolutionary Universal Payments Interface (UPI) more internationally operational. Several South-East Asian countries have already begun to accept UPI payments through QR-codes. The National Payments Corporation of India is now negotiating with Australia to integrate UPI with Australia's own New Payments Platform. New Zealand must align with such innovation and technologies platforms unfolding in India, which will quite realistically and very quickly become the global standard.

It should be noted that the Australian FTA, which was specifically tailored for India, came on top of an already very healthy bilateral trade. The FTA is the result of many years of careful and considerate collaboration with India across a broad, combined diplomatic, cultural, and commercial front.





Establishing the right forums and connections to concentrate and co-ordinate strategic thinking

Strong business foundations must be reinforced by effective, resourced and recognised subject forums and connection points. New Zealand needs to concentrate and co-ordinate its strategic-thinking strength on India. It needs the combined effort of all interested parties (New Zealand and India) working together, which will be much stronger than the sum of individual efforts.

Today, business groups such as INZBC, Chambers of Commerce, BusinessNZ, and the NZIBF play an important role in fostering economic engagement and building commercial networks. Association with well-known Indian entities such as the Federation of Indian Chambers of Commerce and Industry (FICCI), the Confederation of Indian Industry (CII), Australia New Zealand and India Business Association (ANZIBA), and Invest India, who are natural partners of New Zealand-based business groups, will strengthen the strategic thinking.

INZBC believes an important step is to establish and resource a dedicated joint India-New Zealand Leadership Forum, modelled on elements of the existing Australia New Zealand Leadership Forum (including the Young Leader's Forum), which could drive and co-ordinate the types of initiatives recommended in this report. This forum would include business leaders, trade organisations, government officials, technologists, academia, and community leaders from both countries. The forum would synthesize and optimize the efforts of all groups involved in advancing bilateral trade between India and New Zealand. The forum would need a dedicated secretariat, resourced as a priority, to engage in trade diplomacy and strategic relationship building endeavours.

MFAT earlier proposed a similar model that could leverage the Joint Trade Council (JTC), to strengthen its agenda and lift its visibility. INZBC supports this concept.

Collaborative international platforms can also be an effective avenue for connection. An example is the International Solar Alliance (ISA) - conceived as a ►





initiative by India and France to mobilize international efforts against climate change through the deployment of solar energy solutions. The ISA has funds earmarked to support the development of a solar-power industry in Oceania, an endeavour in which New Zealand would be a natural partner.

The biggest boost to our people-to-people connections would undoubtedly be the establishment of a direct air service between our two countries. While this is ultimately a commercial decision, it needs to be on the agenda. Government and business leadership can do much to build confidence of all parties in the viability and sustainability of the route.

Common themes from our contributors on supporting trade and investment

In addition to the major points made above, the contributors to this report made many instructive points that INZBC have summarised into the following themes.

- **Showcasing New Zealand in India.** While New Zealand should not take a one-size-fits-all approach in such a complex market, there are common features that make New Zealand a good country to deal with that could be showcased more prominently, particularly our technological and manufacturing capabilities, which are enhanced by product and business integrity.
- **Connectivity both for people and goods** - can and should be improved. Increased flights between the two countries would lower costs and stimulate opportunities for people-to-people interactions. New Zealand should also consider the successful Australian model (large multi-million-dollar state-funded programs to attract air capacity) and provide dedicated funds to encourage development of air connectivity.
- **Visas are a problem.** New Zealand needs to implement faster processing of tourist visas and grant longer validity periods, with the possibility of multi-entry and multi-year visas. New Zealand should also consider aligning visa approval with Australia to allow travelers to visit both Australia and New Zealand as dual destination visitors. ▶





• **Recognising Qualifications.** Ongoing failure to recognise equivalence in Indian professional and trade qualifications leaves New Zealand at a disadvantage. New Zealand should look to India to fill our skills gaps by aligning New Zealand's recognition of Indian skills and professional qualification equivalence with India's other trading partners.

• **Addressing Seasonal Labour Shortages and Training the Trainers.** New Zealand should introduce a program to both address skilled seasonal labour shortages in the horticultural sectors and to train Indian horticulturalists in New Zealand to industry standards recognised in New Zealand and the UK, using New Zealand and Pacific technical experts. The trainees would return to India with qualifications to deliver training in any country and to further grow the pool of globally mobile professionals, who could then be able to address seasonal labour demands in northern and southern hemisphere growing seasons. The program could be expanded to include other horticultural, forestry and agricultural sectors.

• **New Zealand's Immigration Settings are Uncompetitive.** There is a need to review our Immigration Policies to make them easier for Indians to settle here and contribute to the economy, in line with India's major trading partners.

• **Target Quick Wins through Early Tariff Relief.** In the absence of a formal FTA, identify potential product categories for early tariff relief. These would be product categories that present no conflict with Indian domestic production, including counter-seasonal supplies, technical ingredients and components, and food supplements. Regrettably, some New Zealand exporters may divert India-bound production - that would previously have been sourced in New Zealand - to Australia, because of the tariff advantage enjoyed by Australia.

• **A fast-track mechanism is needed for resolving existing trade obstacles** and creating a seamless trade environment. New Zealand business needs Government support in the prioritisation and resolution of trade obstacles. For example, engineering the reopening of the India market for exporting logs - wood exports have declined sharply while waiting for an agreement on phytosanitary protocols.

• **Expanding our Sporting Connections.** India's

sport culture is expanding and diversifying. Hence, New Zealand needs to increase its sporting connections, encouraging more cross-nation events in rapidly ascending sports such as hockey, shooting, badminton, volleyball, and tennis. New Zealand should further leverage our sporting personalities from well-known sports who already have connections to India.

• **Raise Incentives for Indian Students coming to New Zealand.** New Zealand needs to encourage opportunities for Indian students by lowering the fee structure for them and providing a faster pathway to student visas as part of a dedicated program of education co-operation. New Zealand could establish internships and scholarships for Indian students, with an obvious reciprocity for New Zealand students. New Zealand-educated Indian youth will become strong future trade advocates and enablers.

• **Support Education in India.** Conversely, New Zealand education providers need to understand and acknowledge that India is determined to have more of its students educated at home. The future will belong to providers willing to establish a presence in India. Collaboration with Indian education institutions will help New Zealand gain important footholds in the growing Indian education sector.

• **Leverage Indigenous Connections.** Some eight million people in India identify as indigenous, and New Zealand should encourage indigenous-to-indigenous linkages, for example in areas like Māori agribusiness, tech, education, and women's empowerment. New Zealand should also facilitate cooperation in Traditional Medicine by bringing together practitioners of Indian traditional medicine (for example, Ayurvedic medicine) and Māori traditional medicine (for example, Rongoā Māori healing).

• **Cooperation in Decarbonization.** Currently, India's demand for high-quality emission reductions is not matched by supply. India's Ministry of Environment, Forest, and Climate Change (MEFCC) has recently notified that they have a National Designated Authority for engagement in carbon markets and have published the types of projects it would consider authorising for development. Active engagement with Indian officials, project developers and sectoral bodies can help ►

**Success in the future -
What will it take?**



New Zealand secure a share of the emissions-reduction partnership activities

foreshadowed by the MEFCC announcement.



India & New Zealand 

INZBC recommendations to the New Zealand Government





INZBC recommends that the New Zealand Government take the following immediate and near-term priority actions to grow the trade relationship with India:

Develop a Long - Term Strategy

India will not come to us; New Zealand needs to be proactive in reaching out to India. But this should be done with strategic intent-deliberately building a foundation for the future. If the approach doesn't change, the outcome won't change.

Practical Actions

- Finish the job started with the 'India-New Zealand 2025' work and its precursors. Commission an updated New Zealand strategy for India. It must look a generation ahead! Develop a qualified understanding of the economic, cultural, and geo-strategic influence India will have on the world and the opportunity that India presents to New Zealand now and in the future. As a country, we need to map out the potential to diversify our country's export base, to scale New Zealand businesses, and to attract India's highly skilled human talent. This important national strategic task requires dedicated and resourced focus. It must involve all necessary Ministries, Trade and NGO stakeholders. **Begin in 2023, for delivery 2024.**

- Set a target (eg to double New Zealand's two-way trade with India in five years). Work with industry to identify the easy wins and focus on them. This would include identifying HS code items to target for early tariff relief, having regard to Indian sensitivities and improving our competitiveness with Australia as a trusted reliable supplier.

Begin in 2023.

Combined Effort

Implement and support a public/private partnership leadership model. Public and Private sector leaders working together towards a common goal.

Practical Actions

- Facilitate and support the coordination and focus of effort, by bringing together the major trade stakeholder groups to co-design a model for an India-New Zealand Leadership Forum, which would ►





convene at the same time as the formal Joint Trade Committee. **Begin in 2023.**

Strengthen Relationships

Help build strong relationships with India. Strong relationships imply understanding, sharing and collaboration, and respecting India's sensitivities - across the board and consistently.

Practical Actions

- Prioritise diplomatic investment in taking the New Zealand-India relationship to its next phase, including regular scheduled Ministerial visits and reallocation of resources, to reflect the vital strategic importance of nurturing the diplomatic and trade relations with the world's fastest emerging large economy. **Begin in 2023.**
- Support INZBC efforts in making our institutions and businesses more 'India-capable'. Agree on and plan a once-a-year Government/Business Delegation to India. INZBC can coordinate with Ministries, business chambers, and trade associations to facilitate headline events including trade delegations, training seminars, roadshows, workshops, and trade fairs. **An annual plan should be adopted each December for implementation the following year.**
- Empower the Asia New Zealand Foundation to extend their successful innovation and entrepreneurial exchange programs to India. **Begin in 2023.**

In addition to the recommendations above, priority actions provided by industry groups include:

Tourism and Immigration

Practical Actions

- Direct Government agencies, especially Tourism New Zealand, Education New Zealand, Immigration New Zealand and New Zealand Trade and Enterprise, to work actively with New Zealand International Airports and Airlines to develop a compelling case for more air services (including direct services) between New Zealand and India. Agree to create a small non formal group to address the roadblocks and to push the direct flights between Mumbai and Auckland and/or Delhi and Auckland. **Target direct**

services within the next two years.

- Implement faster processing of tourist visas and grant longer validity periods, with the possibility of multi-entry and multi-year visas, or a defined visa-free entry period. Success will be measured by faster turnarounds than Australian processes currently achieve. **Begin in 2023.**
- Review our immigration policies to make it easier for Indian nationals to settle in New Zealand and contribute to the economy. The measure should be on par with Australia, Canada, and the UK. **Begin in 2023.**

Education

Practical Actions

- Proactively encourage opportunities for Indian students to study in New Zealand, with a targeted fee structure or rebate and providing a faster pathway to student visas. Create internships and scholarships for Indian students, with an obvious reciprocity for New Zealand students. Promote and encourage specialised professional and trade training for Indian students in high growth Indian Service sectors such as aviation, fintech, and hospitality. **Implement in 2024.**

Primary Industries

Practical Actions

- Beginning with horticulture, introduce programs to simultaneously address skilled seasonal labour shortages in the horticultural sectors, while training Indian horticulturalists in New Zealand by New Zealand and Pacific technical experts to industry standards recognized in New Zealand and the UK. The program could be expanded to include forestry and agricultural sectors. **Implement in 2024.**
- Address phytosanitary issues impacting forestry sector trade. **Begin in 2023.**
- Support current and future New Zealand primary sector collaboration efforts. **Begin in 2023.**

Finance Sector

Practical Actions

- Explore opportunities to strengthen financial cooperation with India; to understand and facilitate



smoother trade in alignment with India's moves to make its banking systems more internationally accessible (including the use of the Indian rupee to settle trade, and the use of digital payment systems). **Begin in 2023.**

Awareness

Practical Actions

- Facilitate and resource a dedicated India-New Zealand a Centre of Excellence (CoE), focused on research and reference that allows us to better understand the diverse needs of the Indian environment and the commercial, tax and employment regulatory settings. This CoE would work collaboratively with our proposed India-New Zealand Leadership Forum, as well as key knowledge partners. **Target establishment in 2023.**
- Direct the New Zealand Story leadership to convene a special session to develop a targeted narrative on what New Zealand has to offer India, including a focus on tech and high-end manufacturing capabilities. **Begin in 2023.**

Cultural and Aid Diplomacy

In addition to the above recommendations, several initiatives in Cultural and Aid diplomacy will add significant value to building relationships with India:

- Invite the President of India, the first indigenous woman Head of State in its history, to visit New Zealand.
- Consult the cultural and business sectors on the possibility of developing a major cultural exhibition highlighting Māori art and New Zealand multicultural imagery which could be deployed strategically in select Indian cities as the basis for a promotional campaign. Actively look for opportunities to collaborate with India in projects to promote sustainable development in India's neighborhood and our part of the Pacific.

Above all else, let's act quickly and decisively with practical and measurable steps. Let's agree to work on these action points, and set targets and timelines to achieve them, for the betterment of New Zealand and India.



India & New Zealand 

Appendix: Sector Viewpoint Summary





Sector Viewpoint Summary

As part of our investigation into the topics covered in this report, INZBC reached out to selected business leaders across a range of sectors for their opinion and guidance. The following sector viewpoints are a summary of the information INZBC received.

Goods Exporters

Primary Sector:

The Indian economy, particularly with its rapidly growing middle class, offers an increasingly large market for quality primary goods from New Zealand. All industries within the sector recognise the possibilities and are united in their desire to find ways to increase their penetration into that market. However, each industry within the sector is being presented with unique challenges and a fair number that are common to all.

In terms of common challenges, the usual combination high tariffs, licensing, testing requirements and domestic subsidies affect all industries in equal measure.

In terms of unique challenges, horticultural, dairy, and meat businesses see the need to complement considerable Indian domestic production capability, forestry has its conflicting phytosanitary regimens to overcome, the seed industry talks of the diversity of the market and the need to view India as multiple markets within one country.

The proposed solutions include a mixture of government intervention (e.g., in resolving phytosanitary and zoo-sanitary protocol issues at a government-to-government level), the development of high-value, differentiated products (e.g., Blood Serums and Bioactive Proteins), and taking advantage of counter-seasonal market opportunities (e.g., kiwifruit and apples in India's off-season), together with a formalised recognition of in-market investments in return for market access.

One theme that is consistent is the need to work proactively and collaboratively with Indian counterparts to develop true reciprocal partnerships. Some examples already taking place include:

The Kiwifruit Industry has proposed a programme wherein they work alongside local Indian kiwifruit growers to identify ways to improve their growing practices, supply chain, and sales and marketing

practices. In return, New Zealand would seek improved market access.

New Zealand Apples & Pears Inc. has proposed exchange programmes and research projects for students and tertiary institutions in the apple and pear sector, aiming to increase the flow of students, researchers, and workers in the sector; promoting young industry leaders; and developing key contacts with potential private-sector partners in India. NZAPI has been active in supporting horticultural development in Himachal Pradesh (HP) since 2010. In 2015 NZAPI was asked by the Government of Himachal Pradesh to provide expert consultative services for the preparation of a loan application to the World Bank to fund a capability building project.

The Meat Industry Association of New Zealand (MIA) noted that success in 10 years' time would mean that the industry '...been successful in establishing a range of cooperation programmes...', including food safety and cold storage/product handling expertise. MIA stated that, 'These activities will have built up understanding and trust between the two sides and have paved the way for a deeper economic relationship where trade barriers such as the current high tariffs (30 per cent) have been reduced or removed on all/most of the key products of export interest to the industry.'

The Dairy Companies Association of New Zealand has noted that the New Zealand dairy industry can play a small but important role in helping to meet India's growing dairy demand, by complementing domestic Indian dairy production. For example, the New Zealand can provide specialised dairy inputs that support India's growing value-add manufacturing sector, including high protein products. Where companies can supply specialised inputs, there is also the opportunity to engage technically with customers on new product development. This supports local manufacturing jobs and contributes to the wider Indian economy.

Manufacturing Sector:

Gaining entry into the manufacturing market in India arguably requires greater levels of resourcing and support than other markets, largely because there is a great deal to learn in terms of the dynamics of the local market there. In addition, many large local companies are family-owned and run, with decisions coming from a single head, and hence taking the time to establish meaningful relationships becomes key. ▶



Sector Viewpoint Summary

While India undoubtedly has a strong manufacturing capability of its own, there are still ample opportunities for specialist production capabilities (e.g., solutions related to food quality and safety). But New Zealand's manufacturing capability is not well known or understood in India - hence building manufacturing into the 'New Zealand Story' is of great importance to growing this sector.

Services Sectors

Aviation:

India is the fastest growing aviation market in the world and is ranked overall third based on passenger movement. Air India recently placed the world's largest aircraft order (470 aircraft), showcasing the enormous growth potential India holds. During their last budget, the Indian Government has announced the renovation of 50 airports and helipads to help improve air connectivity across India.

This huge growth will require well trained pilots, cabin crew, and maintenance engineers. New Zealand can help fill this gap both by training pilots and other aviation staff in New Zealand, and by setting up training centres in India. The New Zealand Government could help grow this training opportunity by reducing time frames for issuing student visas (currently 8-12 weeks) and by reinstating the 20-hours-per-week work permit (which was withdrawn post-pandemic, making New Zealand a less desirable option for most Indian aviation students).

Tourism and Travel:

The tourism and travel sector sees considerable untapped potential, in an already busy market - recent market surveys in India revealed that over 12 million Indians are actively considering New Zealand as a holiday destination - New Zealand has major counter-seasonal value, and with the large population of New Zealanders of Indian-origin there is the potential of 'visiting friends and relatives' (VFRs).

Counter-balancing the opportunities are the visa processing times (for both tourists and visiting students) and visa options (e.g., multi-entry, multi-year visitor visas), along with the lack of air connectivity (both in terms of the number of flights and the lack of direct connectivity). More flight

options are needed to bring down air fares to reasonable levels.

The New Zealand government could look to provide funds to encourage and develop air connectivity between India and New Zealand, and support jointly funded development projects with the Airport Authorities.

Indian travel agents would welcome more familiarisation with the New Zealand tourism market through workshops, roadshows, training programs, and familiarisation trips to New Zealand. This could underpin B2B and B2C tourism campaigns in India.

Healthcare Sector:

India has become a key supplier of pharmaceuticals to the New Zealand market, and this has only increased since Covid. The industry is looking for ways to build on and improve its relationship with Indian suppliers.

As with other sectors, collaboration is a major theme in the Healthcare sector - including New Zealand healthcare companies working with Indian hospitals, academic institutions partnering with one another on research and development - using South Asia as a hub for the exchange of healthcare knowledge and sharing of healthcare best practices.

In terms of opportunities:

- R&D beyond product engineering including: marketing, demographics, clinical trials, guideline formulation especially in the neonatal and paediatric space, disability etc.
- NZ-based NGOs supporting healthcare in India, including areas such as: newborn mortality, early diagnosis of disease states etc.,
- Collaboration with public hospitals such as AIIMS, Defence, Railways, CGHS, ESI and Government hospitals, along with teaching institutes, to enable knowledge and skill sharing in child and mother healthcare - helping to elevate the standard of care and triggering research opportunities.

Technology:

The Technology Sector trade between New Zealand and India is dominated by large Indian multi-national IT companies operating in New Zealand (Wipro, Infosys, TCS, HCL etc..) and, conversely, smaller niche New Zealand companies working in India (VMG Digital, ▶



Sector Viewpoint Summary

Duco Consultancy, Valocity, The Energy Collective etc..)

Indian companies working in New Zealand are seen as adding value at scale to the New Zealand economy, delivering quality outputs at competitive prices. New Zealand companies, at the other end of the scale in India are adding value at a much smaller scale, generally in niche areas, often in highly competitive situations. But, despite the challenges there have been areas of significant success (e.g., Valocity was recently recognised as India's Fintech 'Scale Up of the Year'.) The emphasis is on quality over quantity, as India's growing affluence has led to an increased willingness to pay for good work. As time goes on this will become more of a factor.

Other challenges of working in India include dealing with power and internet outages, more corruption than what we see in New Zealand, and the relative volatility in culture and politics.

On that last point, successful New Zealand Fintech and other technology companies have observed the important role that the Indian Government plays in the management of business in India, and hence recognise the weight New Zealand Government support for and endorsement of New Zealand companies carries in India.

In terms of assistance that the New Zealand Government could provide to New Zealand businesses in the IT sector looking to succeed in that market, the following represent a good starting set:

- Introductions to prospective clients/contacts.
- Tech/research driven prospective client opportunities.
- Regular (monthly) actionable reports on industry gaps and developments in market.
- Connecting with complementary NZ and global businesses Financial, legal, political advice as required.
- Trade missions and other forums to help sell the New Zealand Story with respect to its technology sector

Banking & Finance:

India is a strategically, culturally, and economically important partner to New Zealand and the New Zealand community. Indian migrants are

recognised by banks as key contributors to our economy. They bring a strong entrepreneurial spirit, and an incredible passion for people-to-people links - something the sector sees as exactly what is needed to help grow trade, investment, tourism, education, tech etc.

Banks are looking at an easier transition of new migrants and investors into the New Zealand banking system. They see an opportunity to connect banks with prospective migrants at the grass root level.

At the same time, India's banking system is transitioning and developing payment systems that can operate worldwide. New Zealand needs to take part in this.

Education:

The following point are the main growth inhibitors in the Education sector, with respect to growing the India opportunity:

- **Immigration processing times** - With large numbers of international students coming back to New Zealand, it is important that students' visas are processed in a timely manner to ensure that students' first experiences of NZ are positive and to reduce the anxieties both students and education agents face.
- **Recognition of financial proof for student visas** – On occasions, there have been misunderstandings in recognising Indian students' financial proof documents when Immigration New Zealand (INZ) have assessed their student visa applications. In many cases, this has either led to rejected student visa applications or delays in visa processing. The current rules for financial proof for student visas are viewed as highly restrictive and harsh, in comparison to other competitor destinations.
- **NZ student visa costs** - Recognising the significant contribution Indian students make to New Zealand, student visa application costs should be reduced.
- **Mutual recognition of qualifications** - Recent agreements between Australia/India and UK/India that mutually recognise various qualifications, put the New Zealand international education sector at a disadvantage. With New Zealand education being globally recognised for its world-class excellence, it makes sense for NZ and India to pursue their own agreement for mutual recognition of qualifications. ▶



Sector Viewpoint Summary

• **Student and Staff Mobility support** - To encourage mobility between institutions for progressing internationalisation, knowledge sharing, and research collaboration, funding is required. The Government should commit to providing more funding to support mobility opportunities between the two countries.

To support mobility in both directions, simplification of visas is also essential.

• **Tax simplification for overseas institutions that would like to invest in India** - To support initiatives outlined in the National Education Policy of India (NEP), the Government should provide more information on tax obligations and incentives to institutions planning to invest in India to support the internationalisation objectives outlined in the NEP.

Other issues expressed include: high air fare prices inhibiting travel from India to New Zealand; lack of flexible study options for offshore students; and the need to increase Post-Study Work Rights for International graduates.

The Arts:

The Arts sector (particularly Music) provides the perfect vehicle for practising 'cultural diplomacy' and establishing lasting, reciprocal connections with the Indian Art community. One example perfectly illustrates this point:

Independent Music NZ (IMNZ), part of the Worldwide Independent Network of independent music trade associations, is considering an in-person meeting of the APAC Alliance (which does not currently include India) at India's All About Music conference. IMNZ seeks connectivity with India, allowing Kiwi artists and labels to scope out or continue business in India, gain access to new and larger music markets and perform at Indian music festivals, and to reciprocate by supporting regular tours of Indian artists to NZ.

Sports Entertainment:

As with the rest of the Indian economy, the Sports Entertainment sector has experienced high growth rates. Reports have indicated that the Sports Entertainment industry will grow at a CAGR of 9.5% between 2020 and 2024, to a total value of more than US\$18B.

The rise of Cricket's Indian Premier League is well known, but other leagues such as the Pro Volleyball League, Pro Kabaddi League, and Pro Wrestling

League are also growing rapidly.

Opportunities exist in sports manufacturing, sports technology, sports merchandise, coaching and training amongst other areas.

New Zealand companies like cricHQ and My Action Sport offer innovative digital scoring and live streaming technology to South Asia and other global regions. cricHQ has approximately three million users and cater to over 100 Indian state associations and over 30 Indian national governing bodies. They are expanding their business model to include tie-ins with various state cricket bodies.



About the India New Zealand Business Council

The India New Zealand Business Council [INZBC] is the principal India New Zealand trade advocacy and dialogue organisation. It has been operating since 1988, dedicated to the task of building trade relations between India and New Zealand. INZBC works closely across the range of Industry and public sector stakeholder groups both within New Zealand and India.

representing a broad cross-section of Goods and Services industries, both exporting and importing, INZBC is well engaged with the mainstay of corporate leaders of New Zealand.

For further information please see following links:
<http://www.inzbc.org>
<http://www.inzbusinesssummit.com>

INZBC is run by Board of elected members, who collectively have years of experience in this sphere and represent the key stakeholders in the advancement of trade and commerce between India and New Zealand. With over 200 members

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Duco Consultancy is a niche management and technology consulting company that currently operates across three continents in the following countries: New Zealand, Australia, Fiji, USA, and India. Duco Consultancy leverages our experienced team of consultants to provide cross-domain management, technology, and business consulting services to our clients, enabling their success. Our approach is business led and technology driven to deliver effective and cost-efficient solutions that truly address the client's business needs.

We pride ourselves in being a thoroughly effective consulting services provider in each market that we operate. We achieve this with a single-minded focus on delivering excellence, truly understanding our clients' needs, and working with them as a seamless team with responsibility and integrity.

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Our aim is to partner with our clients to create sustainable business outcomes through world-class solutions.



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