

Submission to the Foreign Affairs, Defence, and Trade Committee

International Treaty Examination of the New Zealand – India Free Trade Agreement

Submitted by the New Zealand Council of Trade Unions Te Kauae Kaimahi

15 May 2026

IN UNION, TOGETHER.
union.org.nz

This submission is made on behalf of the 32 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (NZCTU). With over 340,000 union members, the NZCTU is one of the largest democratic organisations in New Zealand.

The NZCTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga), the Māori arm of Te Kauae Kaimahi (NZCTU), which represents approximately 60,000 Māori workers.

Introduction

1. The New Zealand Council of Trade Unions Te Kauae Kaimahi (NZCTU) welcomes the opportunity to submit to the Foreign Affairs, Defence, and Trade Committee on the New Zealand–India Free Trade Agreement.
2. The NZCTU recognises the importance of trade to New Zealand economy and society. Our policy approach on trade agreements is to identify possible risks to the New Zealand economy, employment, local businesses, and other interests, while also recognising the advantages that some sectors may accrue from enhanced access to foreign markets.
3. The NZ–India FTA has been negotiated in the context of an increasingly fractious geopolitical environment. New Zealand is a highly trade-dependent economy and currently has a reasonably concentrated trade portfolio in terms of major trading partners and the goods we export. There is an increasing degree of risk attached to our large trading partners like the United States and China, and our largest exports are commodities vulnerable to large swings in price and demand.
4. Given this context, it is sensible for New Zealand to seek to diversify its trade relationships and improve access to markets for goods and services produced in New Zealand. Trade agreements can be a useful mechanism for achieving these goals.
5. However, it is critical that trade agreements are well designed and that the New Zealand public has adequate time and information to properly consult on the development of an agreement. The NZCTU has concerns about the NZ–India FTA on both fronts.
6. This submission outlines the NZCTU’s main areas of concern regarding the agreement and its negotiation. These are:
 - The labour standards and protections in the agreement are totally inadequate.
 - The commitment to promoting US\$20 billion foreign direct investment into the Indian economy by 15 years of entry into force is unrealistic and has potential downsides for New Zealand.

- The commitment to assist India in levelling-up its production of kiwifruit, apples, and honey risks undermining New Zealand exporters of these goods.
 - The agreement was negotiated in total secrecy and the timeframe for the treaty examination is unacceptably short.
7. The NZCTU cannot support this agreement due to the lack of labour protections it contains.
 8. The NZCTU recommends the treaty ratification process is significantly extended, to enable genuine public consultation.

Labour standards and protections

9. The NZCTU's long-standing position is that trade relationships must support workers' fundamental rights, both in New Zealand and among our trade partners. Consistent with this, our view is that preferential trade agreements should be negotiated with countries that have demonstrated adherence to international labour standards and protections. Failing that, agreements need to commit trade partners to lifting their labour standards and protections.
10. Labour rights are unavailable to many workers in India. In the International Trade Union Confederation's Global Rights Index for 2024, India was among the 38 countries that received the second lowest rating of "no guarantee of rights" for workers. Although formal labour rights exist in India, in practice most workers – particularly those who work in the informal economy – have no effective access to these rights.¹
11. According to estimates by Walk Free, an international human rights organisation that monitors modern slavery, there are an estimated 11 million people living in conditions of modern slavery in India – both forced labour and forced commercial sexual exploitation.²
12. World Vision NZ has published estimates of the exposure of New Zealand consumers to imported goods made in whole or in part with forced or child labour. India was found to be a significant source of risk here – for example, an estimated \$74 million worth of garments imports to New Zealand were linked to high instances of forced/child labour in India.³
13. Given these major labour rights problems in India, the NZCTU would expect any trade agreement with that country to contain a strong and enforceable labour chapter that commits India to materially improving its labour standards and protections.

¹ [ITUC, 2024 ITUC Global Rights Index: The World's Worst Countries for Workers](#), ITUC, 2024

² <https://www.walkfree.org/global-slavery-index/country-studies/india/>

³ [World Vision NZ, Risky Goods Supply Chain Risk Report 2023: Aotearoa New Zealand Imports Linked to Child and Forced Labour](#), 2023.

14. Unfortunately, the Trade and Sustainable Development Chapter in the NZ–India FTA uses largely non-binding language and anyway is not covered by the Dispute Settlement Chapter, making it unenforceable in practice. It will do little, if anything, to support higher labour standards and protections in India.
15. Articles 12.2 and 12.3 provide for some labour commitments, but the language used is relatively weak:
 - In Article 12.2(2) parties “are committed not to encourage trade by derogating from or, through a sustained or recurring course of action or inaction, failing to effectively enforce their respective environmental and labour laws in a manner affecting trade between the Parties”.
 - In Article 12.3(1), parties “commit to respect, promote and realise, in good faith, the fundamental principles and rights at work”.
 - In Article 12.3(1)), “Each Party affirms their commitment to effectively implement in their laws and practices the ILO conventions which that Party has ratified”.

This wording is notably different from the binding language of “shall” used in higher-quality Trade and Sustainable Development and Labour chapters (such as in the NZ–EU FTA and NZ–UK FTA).

16. Ratifying an agreement with no effective labour standards and protections increases the risk that New Zealand will import goods made in India in exploitative or forced conditions. For example, the National Interest Analysis (NIA) estimates that clothing and footwear imports will see significant increases as a result of the agreement.⁴ As noted above, clothing from India is a high-risk good that is linked strongly to forced and child labour.
17. Ratifying this agreement also increases the risk that New Zealand companies are put at an unfair commercial disadvantage, due to the comparatively low labour costs that businesses located in India can rely on – with these low costs sometimes because of severe labour exploitation. It is indeed noted in the NIA that competition will increase for domestic New Zealand producers in some industries.⁵

Labour chapter priorities

18. The NZCTU cannot support an agreement with such a weak labour chapter. The labour chapter should be renegotiated to cover the following:
 - A commitment that Parties will ratify all ILO fundamental conventions. New Zealand has yet to ratify conventions 87, 138, and 187, though is now compelled to do so under the NZ–EU FTA. India has yet to ratify the enabling conventions of 87 and 98 and the health and safety conventions of 155 and 187.

⁴ MFAT, National Interest Analysis: New Zealand–India Free Trade Agreement, 2026, p. 11.

⁵ NIA, p. 11.

- A commitment that Parties will provide high levels of workers’ protection and shall strive to improve these protections over time.
- A commitment that Parties will not derogate from the levels of protection afforded in their labour laws. Preferably, this provision would cover any derogation, regardless of regulatory intent. At minimum, it should cover derogation with the intent of encouraging trade or investment.
- Clear dispute settlement mechanisms through which breaches of labour obligations can be addressed.
- A commitment that Parties will work to eliminate modern slavery. This would be consistent with New Zealand’s obligation as a Member of the ILO to work to end modern slavery in the next decade, and also with the bipartisan Member’s Bill currently in Parliament. This is all the more important given the high incidence of modern slavery in India.
- A provision banning the importation of goods that are found to be produced in whole or in part by forced labour. This should be supported by an enforceable enterprise-specific dispute process, which could be modelled, for example, on the USMCA Rapid Response Mechanism.⁶ The RRM enables stakeholders to file complaints relating to violations of the rights to freedom of association and collective bargaining at the level of individual firms and provides for rapid enforcement of these rights at the level of the firm. Trade unions in the United States have used it to successfully address labour rights abuses.
- A commitment that Parties will recognise the specific vulnerability of migrant workers to exploitation and will implement their labour laws accordingly.
- A commitment to furthering gender equality in trade and employment. Provisions are made in the NZ–India FTA but they are weak and non-binding.
- Establish Domestic Advisory Groups, such as those provided for under Article 24.6 of the NZ–EU FTA. These groups can help to ensure that social partners are actively involved in supporting the full implementation of labour provisions.

The investment commitment

19. Article 9.2 of the Investment Promotion and Cooperation Chapter provides that “New Zealand shall promote FDI [foreign direct investment] from investors of New Zealand into India with the aim to increase such investment by US Dollars 20 billion within 15 years of the date of entry into force of this Agreement”. This is around NZ\$33.6 billion on current exchange rates.
20. The commitment to “promote” FDI is binding, though it is unclear if the aim of reaching US\$20 billion within 15 years is binding. There has been mixed messaging coming from

⁶ Provided for in Annex 31-A of the United States–Mexico–Canada Agreement.

the two governments that are party to the deal regarding this issue. The New Zealand government has noted the US\$20 billion target is aspirational, while the Indian government appears to be treating it as a harder commitment.⁷

21. The NZCTU has three central concerns here. First, it is highly improbable that New Zealand will be able to fulfil this commitment. New FDI outflows from New Zealand have averaged a grand total of NZ\$77 million per year over the past two decades.⁸ Although 2025 saw relatively high outflows of almost NZ\$1.5 billion, there is no reason to believe this is the beginning of a new trend. Against this history, to meet its FTA commitment New Zealand would need to be pouring an average of \$2.2 billion in new FDI per year *into India alone*. This is fanciful.
22. Second, building from this, the agreement provides India a huge degree of latitude in determining what remedies to take in the event that it believes New Zealand has not upheld this part of the deal. If the Indian government is dissatisfied with New Zealand's work to implement Article 9.2 the following process will be followed. First, a multi-layered government-to-government consultation process to attempt to resolve the issue. Failing that, New Zealand can request a 3-year grace period, though this is at India's discretion to grant. Finally, India is then allowed to "undertake proportionate remedial measures to rebalance the concessions provided to New Zealand", for example, by clawing back tariff concessions. What constitutes "proportionate remedial measures" in this regard is open to interpretation. And India appears to have unilateral power in deciding what is proportional. In turn, New Zealand will have no ability to respond to disproportionate measures taken by India because the Investment Promotion and Cooperation Chapter is not covered by the Dispute Settlement Chapter.
23. Third, we question whether it is in the national interest to funnel FDI of this magnitude into the Indian economy. New Zealand has a well-documented lack of savings and shallow capital markets.⁹ Both are impediments to economic development that need to be overcome in the next couple of decades. Most New Zealanders would not see any benefits from outward FDI to India; rather, the benefits would accrue in most cases to a small strata of wealthy investors. Meanwhile, New Zealand would be further starved of much-needed capital.
24. We note that there is no discussion in the NIA about the feasibility of this objective, and the disadvantages covered by the NIA are limited to the threat of tariff clawbacks.

⁷ For example, see the reporting on this from [Hayden Donnell](#), 'Oh crap: it really looks like India thinks we're gonna invest \$33 billion in their economy', *The Spinoff*, 4 May 2026.

⁸ March years. Statistics NZ, Infoshare, Table BOP061AA.

⁹ This was recently reiterated in the annual OECD economic survey of New Zealand. The OECD identified shallow capital markets and low private savings were identified as some of the most important structural constraints on economic growth in New Zealand. [OECD](#), *OECD Economic Surveys: New Zealand 2026*, May 2026.

Cooperation and technical assistance

25. Tariff rate cuts for kiwifruit, apples, and honey are among the main advertised benefits of the FTA from New Zealand’s perspective. New Zealand kiwifruit exporters benefit from an immediate duty-free quota of 6,500 tonnes of fruit, rising to 15,000 tonnes over six years. They also benefit from a reduced tariff rate (33.5% to 16.5%) for trade beyond the duty-free quota. New Zealand apple exporters benefit from an immediate tariff reduction (50% to 25%) for up to 32,500 tonnes of fruit per year, with this quota growing to 45,000 tonnes over six years. New Zealand mānuka honey exporters benefit from a phased tariff reduction from 66% to 16.5% over five years.
26. It is important that the select committee understands that these benefits have been secured because New Zealand has agreed to assist Indian producers of kiwifruit, apples, and honey to improve their productivity. These commitments are set out in the Economic Cooperation and Technical Assistance Chapter, the annexes to that chapter, and Annex 2B.
27. The Economic Cooperation and Technical Assistance Chapter provides that the parties establish an Agriculture Productivity Partnership, with the aim of “establishing a long-term cooperation partnership between New Zealand and India to help increase returns to Indian farmers, fishers and producers through improved productivity in agricultural and allied sectors” (Article 14.4); a Joint Agriculture Productivity Council to implement this partnership (Article 14.5); and the development of action plans relating to specific agricultural goods (Article 14.9), with some of these action plans already under development. Annex 14A then establishes binding commitments for New Zealand to assist Indian producers in levelling-up their productivity through a Kiwifruit Action Plan, an Apple Action Plan, and an Apiculture and Honey Cooperation Action Plan.¹⁰
28. There are two issues to be aware of here. First, it needs to be recognised that the tariff concessions India has provided are contingent on New Zealand making good on these technical assistance commitments. And these commitments of New Zealand are not without potential downsides. Notably, there is the downside that New Zealand diminishes its comparative advantage in the production of kiwifruit, apples, and honey. It is reasonable to expect that this could have a negative impact on Indian demand for New Zealand exports of these products over time. It also needs to be considered whether this poses a risk to New Zealand exports to other markets if India becomes more competitive in those products over time.
29. Second, India will be able to reverse its tariff concessions for these products if New Zealand does not fulfil its technical assistance obligations.¹¹ Annex 2B provides for consultation mechanisms in the event that India is not satisfied New Zealand has met

¹⁰ Through these action plans, New Zealand commits to assisting Indian producers in “enhancing kiwifruit production and fruit quality” (Article 14A.3), “enhancing horticultural productivity at orchard level, improving rootstock, yield, and post-harvest performance” for apples (Article 14A.3), and supporting “the development of India’s honey industry” (Article 14A.4).

¹¹ Annex 2B provides that: “The TRQs and the market access offered are subject to New Zealand’s actions to fulfil its obligations under the respective action plans within the timelines set out in paragraph 2 [which is 5 years]”.

these obligations and that “India may notify New Zealand of its intention to rebalance the concessions offered by it and may suspend the market access referred to in paragraph 3 for the relevant product, as appropriate, in whole or in part”.

30. On their own, neither of these concerns are reasons not to ratify the agreement, but it is important they are considered by the committee as part of the overall costs and benefits of the agreement. We note that the potential downsides of this aspect of the agreement are barely discussed in the NIA.

Migration commitments

31. The provision of temporary work visas for Indian nationals was expected to be part of the agreement and is a relatively small quota. We do not anticipate this would have adverse effects on New Zealanders seeking employment, as temporary visas under the Trade in Services chapter are tied to Immigration NZ’s green list and a small set of culturally Indian occupations.
32. However, it’s worth noting that, while not containing concerning migration provisions, the agreement does continue the pattern of relying on migrant workers to fill skills gaps in areas that could be addressed domestically, with the right planning. Not all our skills deficits can be overcome – some are simply the inevitable product of New Zealand’s small size. But many are the result of poor workforce planning and can be addressed if we make the right choices.

Trade diversification and optionality

33. The NZCTU recognises that there are positive outcomes from the agreement. The centrepiece, of course, is the reduction in tariffs across numerous goods that New Zealand exports.
34. The NZCTU also recognises that trade-offs are part and parcel of a negotiation. We cannot expect to get all we want in a deal and we can’t expect to not make concessions.
35. However, the reality is that the forecast economic benefits of the agreement are very small. For example, the NIA notes that after 10 years from entry into force, annual GDP is forecast to be 0.07% higher (\$401 million) than under a no-FTA baseline scenario and real wages are forecast to be 0.07% higher.¹² These long-run estimates are, of course, highly uncertain, and the real impact could be lower or higher than modelled.

¹² NIA, p. 10.

36. The NIA goes on to note that, while the ‘initial gains from the FTA are modest’, ‘beyond 2036 the gains [...] are expected to grow by an average of 3.8% per annum, which compares to an expected 1.3% per annum rate of growth in the baseline’.¹³ Except, as discussed above, continued growth in trade with India under this FTA relies on the assumption that India is satisfied New Zealand has made good on its FDI commitments. Failing this, India can begin to clawback tariff concessions after 15 years of entry into force.
37. The benefits of the agreement appear largely to be found in the optionality provided to certain export industries in New Zealand. Although the overall increase in demand for exports is forecast to be relatively small, reduced tariffs provide exporters with a diversification option and also some redundancy in the case of a negative trade shock with an existing partner. In a geopolitically volatile world, this is not trivial. However, the select committee needs to recognise that overall economic impact of the agreement is likely to be very modest.

Consultation

38. One of the NZCTU’s long-standing concerns about New Zealand’s approach to FTAs has been the secrecy of negotiations. The text of a FTA is generally not made available for public comment until it has been signed. This makes genuine public consultation difficult, as by the time it is signed an agreement has a great deal of political momentum.
39. This process was replicated in the negotiation of the NZ–India agreement. However, the negotiations were even more secretive than usual, with social partners not even allowed to view and comment on draft text in-confidence (as has been standard practice with other trade negotiations). We understand this was at the request of the Indian government.
40. In this context, it is completely unacceptable that the New Zealand public and the select committee has been given only three weeks in which to review and comment on the agreement.
41. The text of the agreement runs to 569 pages (excluding tariff lines, which take the total to 1,364), plus an additional seven side letters. The National Interest Analysis is 149 pages. The length of the consultation material alone justifies a far longer consultation period.
42. But more important than the level of material that needs to be examined, this is an agreement that will sign New Zealand up to binding obligations for decades to come,

¹³ NIA, p. 10.

some of which may not be in our national interest. It therefore requires a robust period of public consultation.

43. The short timeframe for public consultation appears to be driven by the parliamentary calendar. Specifically, the government's need to ratify the agreement if it is to make good on the Prime Minister's reckless commitment to deliver a NZ–India FTA within this term – a commitment that also undermined what little negotiating leverage New Zealand had with India.
44. The NZCTU is appalled by this prioritisation of superficial politics – seeking a political 'win' in the form of a trade agreement – over substantive governance – which would require actually doing the work to make sure this agreement is in the national interest. The consultation period needs to be significantly extended to enable proper public scrutiny of this agreement. We recommend at least another 6 weeks is provided for this.

Conclusion

45. The NZCTU thanks the committee for the opportunity to make a submission on the NZ–India FTA.
46. The NZCTU reiterates that it cannot support this agreement due to the lack of labour protections it contains.
47. The NZCTU also reiterates that the timeframe for the treaty examination is completely inadequate. This is a deal that has been negotiated behind closed doors and that signs New Zealand up to binding obligations for decades to come. It needs to be properly scrutinised by the public and by the select committee. We therefore recommend the treaty examination process is extended for at least another 6 weeks.

For further information, please contact

Jack Foster

Policy Analyst

jackf@nzctu.org.nz