



6 December 2023

Minister of Foreign Affairs

For approval by

15 December 2023

## Our India Relationship

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**BRIEFING** Overview Submission

**PURPOSE** To outline an approach for lifting New Zealand's relationship with India.

## Recommended referrals

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Prime Minister	For information by	15 December 2023
Minister of Immigration	For information by	15 December 2023
Minister of Defence	For information by	15 December 2023
Minister for Trade	For information by	15 December 2023
Minister for Economic Development	For information by	15 December 2023
Minister of State for Trade	For information by	15 December 2023

## Contact details

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NAME	ROLE	DIVISION	WORK PHONE
Joanna Kempkers	Divisional Manager	South and South East Asia	s9(2)(a)

## Minister's Office to complete

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|----------------------------------------------|-----------------------------------------------|------------------------------------|
| <input type="checkbox"/> Approved            | <input type="checkbox"/> Noted                | <input type="checkbox"/> Referred  |
| <input type="checkbox"/> Needs amendment     | <input type="checkbox"/> Declined             | <input type="checkbox"/> Withdrawn |
| <input type="checkbox"/> Overtaken by events | <input type="checkbox"/> See Minister's notes |                                    |

### Comments

## Our India Relationship

### Key points

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- India is emerging as a strategically important actor globally, with the world's largest population, the fourth most powerful military and fifth largest economy. It is <sup>s6(a)</sup> engaging in the Pacific region.
- A closer, more mature relationship with India presents significant potential for New Zealand in a number of areas, and would enable us to build the political links necessary to influence India on other issues of strategic importance to us.
- Elevating and maintaining a regular rhythm of political engagement, at leader-level and across a range of portfolios, will be vital to reinforce to India the priority that New Zealand ascribes to this relationship. Early visits by the Minister of Foreign Affairs and the Minister for Trade would both inform policy settings and pave the way for the Prime Minister's visit (with a trade delegation) in the second half of 2024, after India's <sup>s6(a)</sup> general election.
- The last visit by a New Zealand Prime Minister to India was in 2016. Of the six Foreign or Trade Minister visits to India since then, including your own travel to New Delhi and Mumbai in 2020, three have occurred since September 2022. By comparison, in the same period since 2016 there have been 17 bilateral visits by the Prime Minister, Foreign or Trade Minister to France, Germany or the UK.
- In response to our ongoing interest in a free trade agreement (FTA) India has been clear that it seeks a 'broad-based relationship' with New Zealand. For India this means lifting the relationship across multiple sectors.
- A recent all-of-government effort, developed in partnership with business, has helped chart an agenda across a range of portfolio areas (e.g. defence, education, foreign affairs, customs, and trade). However, our focus and the resources applied to date have not been sufficient to deliver the impact which will be necessary to achieve a step-change that could make us a more compelling partner for India.
- We will need to be prepared to consider innovative approaches as a pathway to any negotiations for a comprehensive FTA, if we are to overcome the stumbling blocks encountered in previous negotiations, such as dairy market access for New Zealand or labour mobility and migration arrangements for India. <sup>s9(2)(d)</sup>
- <sup>s6(a)</sup>

Deborah Geels  
for Secretary of Foreign Affairs and Trade

## Our India Relationship Recommendations

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It is recommended that you:

- |   |                                                                                                                                                                                                                         |                 |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 1 | <b>Agree</b> to the following engagement settings to build a deeper and broader relationship with India:                                                                                                                | <b>Yes / No</b> |
|   | a) fostering regular dialogue with India, including at a senior political level;                                                                                                                                        |                 |
|   | b) developing and using a consistent bilateral relationship narrative that is predictable, with message discipline across government;                                                                                   |                 |
|   | c) maintaining positive cooperation with India in areas which serve our mutual interests;                                                                                                                               |                 |
|   | d) <sup>s9(2)(d)</sup>                                                                                                                                                                                                  |                 |
|   | e) acting in good company with other partners where we take issue with, or disagree with, India's views.                                                                                                                |                 |
| 2 | <b>Agree</b> for officials to develop a Cabinet paper outlining a strategy to secure a sustained lift in New Zealand's relationship with India, and coordinate relevant NZ Inc. agency inputs.                          | <b>Yes / No</b> |
| 3 | <b>Advise</b> if you would like to discuss the information in this submission with officials or to receive more information on specific issues, including options for engagement with your Indian counterpart.          | <b>Yes / No</b> |
| 4 | <b>Note</b> the Minister of Trade intends to visit India before the end of the year to engage with his Ministerial counterpart and relevant business sectors on options for advancing stronger trade and economic ties. | <b>Yes / No</b> |
| 5 | <b>Refer</b> a copy of this submission to the Prime Minister, Minister of Immigration, Minister of Defence, Minister for Trade, Minister for Economic Development and the Minister of State for Trade.                  | <b>Yes / No</b> |

Rt Hon Winston Peters  
Minister of Foreign Affairs

Date:        /        /

## Our India Relationship Report

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1. Our relationship with India matters. We will need a renewed focus, engaging all parts of NZ Inc. if New Zealand is to achieve the impact necessary to secure increased attention and engagement from New Delhi.

### Why the India relationship matters to New Zealand

#### Geostrategy and domestic politics

2. India is strategically significant. Led by Prime Minister Modi, India is promoting its international interests more assertively.<sup>s6(a)</sup>

India's modern foundations as a secular, multi-faith, multi-ethnic democracy. Moreover, in an increasingly multipolar world, where power is shared amongst a number of key players, India is taking its place at the top table of countries to shape global governance. It also sees itself as a bridge between the West and the Global South, which was a key theme of its Group of 20 (G20) chairing in 2023. India's increasing global role is also evident through its active engagement in the BRICS<sup>1</sup> and its ambition for a permanent seat on the United Nations Security Council.

3. <sup>s6(a)</sup>

This entails building stronger strategic ties with a wide range of countries, and reinforcing its role as an emerging power in an increasingly multipolar and disrupted global system.

4. India expects a larger global role and is looked to by others to balance China in the Indo-Pacific, most notably Australia and the US through India's engagement with the Quad. A key driver for this stance has been to counter Chinese ambitions in the region, particularly China's increasing presence in the Indian Ocean where India is the preeminent naval power.
5. India is moving closer to the Pacific, at a time when New Zealand is consolidating its links to South Asia (including through the opening in 2021 of a second diplomatic mission in the region in Sri Lanka). Prime Minister Modi's leadership of the Forum for India Pacific Islands Cooperation Summit in Port Moresby in May 2023 also demonstrated this shift.
6. India's interest in our region<sup>s6(a)</sup> builds on its existing diaspora links to Fiji. This new focus offers another avenue for foreign policy exchange on issues of strategic importance to each of us. India views New Zealand and Australia as important partners and intermediaries with the Pacific. It is in our interests to support India to engage as a constructive partner in the region and to work through existing regional architecture.

#### People-to-people ties

7. Whilst security is the cornerstone of India's other bilateral relationships, our limited discretionary defence/security capability means it views New Zealand through a much narrower lens. People issues (i.e. labour mobility<sup>2</sup> and growing diaspora) are a significant focus, and more recently our engagement on Pacific issues has come to the fore.
8. In recent years, India has been our largest source of skilled migrants and our second largest source of international students. A substantial proportion of those who come to New Zealand under temporary work visas are Indian. New Zealand's Indian-origin diaspora of around

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<sup>1</sup> The founding membership of BRICS is Brazil, Russia, India, China and South Africa. On 1 January 2024 Saudi Arabia, Iran, Ethiopia, Egypt, Argentina and the United Arab Emirates will join.

<sup>2</sup> Global labour mobility is a key priority for India's economic diplomacy. India uses bilateral arrangements to advance labour mobility access for particular sectors of professionals or students with its partners. This is at odds with New Zealand's approach to immigration, which focuses on filling skills and labour shortages and is generally not country specific.

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300,000 people now makes up at least 5% of the national population (and 8% in Auckland), contributing significantly to the social, political and economic life of our country.

9. India-New Zealand relations also benefit from strong sporting connections, especially in cricket. In 2026 we will mark 100 years of sporting ties with India.

### Economics

10. An expanding Indian economy, driven by a growing middle-class of increasingly affluent, better-educated young people, holds significant potential for New Zealand's economic interests, both as a commodity exporter and a provider of technology, expertise and services.
11. Currently, India is New Zealand's 19<sup>th</sup> largest goods export market – averaging NZ\$600 million per year from 2017-2021 – and accounts for 1% of New Zealand's goods exports. New Zealand provides just 0.1% of India's imports, ranking us as India's 75<sup>th</sup> largest goods import source.
12. There is scope for us to significantly lift this performance. The fifth largest economy in the world today (though largely driven by internal consumption), India could be second only to China in economic scale by 2050. There are few markets over the coming decades which offer a greater 'growth at scale' opportunity for New Zealand business than India, as we build our economy, grow our trade and diversify our export markets.

### Role for Ministers in the bilateral relationship

13. <sup>s6(a)</sup>

Sheer asymmetry in scale, and the fact that New Zealand is at the edge of India's geostrategic horizon, mean we need to invest more in consistently and regularly demonstrating our relevance to India. India has been clear that it first seeks a 'broad-based relationship' with New Zealand, lifting engagement across multiple sectors. Such a relationship will also require regular high-level political contact with India, particularly at Leader's level. As a comparable benchmark, in his first 18 months in office Australian Prime Minister Albanese met Prime Minister Modi six times.

14. The popularity of Prime Minister Modi – whose current approval rating of 77 percent after nearly ten years in power <sup>s6(a)</sup> – has been a significant contributor to solidifying India's ruling Bharatiya Janata Party (BJP). <sup>s6(a)</sup>

15. As an important precursor for establishing this Leader-level interaction, early engagement by key Ministers - particularly you, and the Minister for Trade - is recommended. Opportunities for you to resume your relationship with your Indian counterpart, External Affairs Minister Jaishankar, are being explored for Q1 2024, providing the Indian election campaign does not intervene. Alternatively, you may wish to consider participating in the Australian-hosted Indian Ocean Conference in Perth in February 2024, which Minister Jaishankar is expected to attend. Furthermore, the Minister for Trade intends to visit India before the end of this year.

16. These visits will allow Ministers to connect with counterparts and relevant sectors, gaining early insights about where India's interests lie with New Zealand. These engagements would pave the way for a Prime Minister-led visit to India (with trade delegation) in the second half

## Our India Relationship

of 2024, after the Indian general elections due in April-May. Over time, we would aim to formalise high-level political contact through establishing regular meetings between Leaders, Foreign Ministers and Trade Ministers.

17. Prioritising visits in both directions by other portfolio Ministers will also cement breadth in the relationship, in particular Defence, Education, Agriculture and Food Safety, and Customs. The India-New Zealand Memorandum of Arrangement for Defence Cooperation (DCA) is in the pipeline and will be important architecture to support a gradual increase in our access and influence with the Indian defence forces. Australia, the United Kingdom, the United States, France, Germany and Japan all have “strategic partnerships” with India that include a range of regular Ministerial engagements across portfolios and dialogues on defence/security, economic and environmental issues.
18. Ministerial and/or senior officials’ attendance alongside political and military attendees, including Quad Ministers, at the annual Raisina Dialogue (India’s equivalent of Singapore’s Shangri-La Dialogue) would also build relationship capital. We recommend gradually building up the scale and seniority of our presence at the Raisina Dialogue over the next few years. Prioritising engagement with India in the margins of regional/ multilateral/ plurilateral fora will also pay dividends.
19. New Zealand and India are both founding members of, and (historically) top five financial contributors to, the Commonwealth. The biennial Commonwealth Heads of Government meeting (CHOGM) in Apia (21-25 October 2024) presents another near-term opportunity for engagement with India.

## Enabling a stronger bilateral economic partnership

20. A free trade agreement (FTA) with India is our ultimate economic goal with India. However, the pathway to get there is unlikely to be an immediate resumption of bilateral negotiations for a comprehensive FTA.

21. <sup>s9(2)(d)</sup>

IPEF, in particular, presents a range of opportunities to advance our relationship with India in support of our longer-term trade and economic interests.

22. <sup>s6(a)</sup>

23. <sup>s6(a), s6(e)(vi), s9(2)(d)</sup>

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24. We will therefore need to be innovative and flexible in our approach, <sup>s9(2)(d)</sup>

25. <sup>s6(a), s6(e)(vi), s9(2)(d)</sup>

26. The field for engaging with India is also hotly contested. India can afford to be selective about who it negotiates with and prioritises relationships from which it derives trade or strategic value. India has been clear in its messaging that it seeks a broad-based relationship with New Zealand that incorporates political, defence and security, people-to-people as well as economic links, <sup>s6(e)(vi)</sup> It will be important to continue to show progress in these areas as we look to re-energise discussions on the trade relationship.

27. There has recently been significant engagement between the private sector and NZ Inc. agencies to develop an agreed approach to lift economic relations with India through increased sectoral cooperation. Priority sectors include horticulture, agriculture (animal health), and education; formalising better business-to-business relationship architecture; and supporting airlines to establish a direct air service between India and New Zealand. Continuing a business-led track of cooperation to enable growth is an essential part of a broader trade and economic relationship with India outside of an FTA, however, it will not be sufficient to drive the step-change in the relationship necessary to make us a more interesting/compelling partner for India.

### Relationship sensitivities

28. Alongside the opportunities India presents for New Zealand, we should be clear-eyed about the challenges India is facing <sup>s6(a)</sup>

These include:

a) <sup>s6(a)</sup>

b)

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<sup>s9(2)(d)</sup>

## Our India Relationship

c) <sup>s6(a)</sup>

d)

### Principles for managing the relationship

29. Achieving the impact New Zealand wishes to see with India will require Ministers and NZ Inc. agencies to hold a long-term view of the relationship, including setting clear policy objectives which should inform all decision-making; and speaking from a position based on our interests and values. Officials recommend that New Zealand:

- a) fosters regular dialogue with India, including at a senior political level;
- b) develops and uses a consistent narrative that is predictable, with message discipline across government;
- c) maintains positive cooperation with India in areas which serve our mutual interests;
- d) <sup>s6(e)(vi)</sup>
- e) acts in good company with other partners where we take issue with, or disagree with, India's views.

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<sup>s6(a)</sup>