Inquiry into New Zealand's relationship with India

Report of the Foreign Affairs, Defence and Trade Committee

Forty-ninth Parliament
(John Hayes, Chairperson)
October 2011

Presented to the House of Representatives
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Inquiry into New Zealand's relationship with India

Summary of recommendations

The Foreign Affairs, Defence and Trade Committee makes the following recommendations to the Government:

Political and diplomatic relations

1 That New Zealand representation in India be reviewed in the event of the successful conclusion of a free trade agreement, including consideration of the appointment of honorary consuls outside of New Delhi and Mumbai, in addition to the one in Chennai.

Trade and investment

2 That the Government investigate mechanisms, beyond the Beachheads programme, for providing India-specific capability programmes for businesses wanting to do business in India.

3 That the Government work with the private sector to decide upon states or cities in India for a New Zealand focus, and develop strategies to concentrate New Zealand's efforts on those places.

Export education

4 That the Government instruct Education New Zealand to consider increasing its presence in India through education fairs or similar exercises.

5 Mindful of New Zealand's need for scientists and engineers, that the Government consider lifting the immigration qualifications applying to the migration market.

6 That the Government instruct Immigration New Zealand to review its decision not to process student visas during the Christmas–New Year period.

Tourism

7 That the Government actively grasp opportunities presented by co-hosting the 2015 Cricket World Cup with Australia.

Immigration

8 That the Government review visa provisions for Indian nationals with a view to the facilitation of travel to New Zealand, particularly for bona fide business and tourist visa applicants.
Sectors with potential for further engagement

9 That the Government assist the New Zealand business community in pursuing opportunities for trade with India in ICT, creative industries, aviation, engineering, science and innovation.

10 That the Government consider the need for more approved medical examiners to be appointed, and if a case exists amend the legislative framework to allow recognition of medical clearances from other equivalent jurisdictions. The objective should be to facilitate the recruitment of more flight training students from India.
1 Introduction

On 19 May 2011 the Foreign Affairs, Defence and Trade Committee initiated an inquiry into New Zealand’s relationship with India. The following terms of reference were agreed by the committee:

- Consider trade, tourism, and opportunities including investment.
- Examine strategic opportunities for both New Zealand and India resulting from new opportunities for engagement particularly flowing from technological innovation.
- Determine any untapped opportunities for growing the relationship in the areas of science, medicine, defence, education, and culture.

New Zealand is currently negotiating a free trade agreement with India. Accordingly it seemed timely to review New Zealand’s relationship with India, and to explore the opportunities and challenges that a closer relationship may bring.

Public submissions were sought by advertisement. A list of submitters is attached as Appendix B. Submissions invariably acknowledged the growing potential for a closer political and economic relationship with India. The economic benefits of a closer relationship for New Zealand and New Zealand businesses were the topic of many submissions, as were the steps that need to be taken to prepare New Zealand fully to take up opportunities and benefit from any advantages provided by a free trade agreement.

Other recurring themes raised by submitters were the importance of the export education sector, the need for a coordinated, long-term approach to building relationships in India, and the immense untapped potential of New Zealand’s relationship with India. Several submitters suggested that the disparity in the size of the two economies meant it would make sense for New Zealand to choose regions of particular opportunity and appropriate size to focus on, rather than spread New Zealand’s engagement too thinly.
2 New Zealand and India

India is the second most populous country in the world with approximately 1.2 billion people. It is unquestionably a regional and global power. India’s geopolitical influence is set to grow as its economy continues to develop and its engagement with the global community increases.

India’s economy is one of the faster-growing in the world and its economic potential is immense. From 2005 to 2007 it averaged growth of 9.5 percent and while the global financial crisis slowed the economy’s momentum, it has recovered quickly with gross domestic product growth of 8 percent in 2010, forecast to rise to 8.6 percent in 2011. India’s demographic profile is young and growing, and it has the world’s largest working-age population, with 65 percent of the population aged between 15 and 65 years and a median working age of 25.3 years.

Over the next 10 to 15 years India’s middle class is predicted to rise to approximately 400 million people or 40 percent of its population. This demographic change represents a vast and growing market and may dramatically alter the profile of India’s appetite for imported food, consumer and industrial products, and more broadly based scientific and investment cooperation.

While they may appear vastly different, India and New Zealand share a number of similarities. Both countries are members of the Commonwealth, are parliamentary democracies, have similar legal systems, and love cricket. The diplomatic relationship with India, established in 1958, is one of New Zealand’s oldest. Today, the bilateral relationship between the two countries is expanding, most notably through the commencement of negotiations for a free trade agreement.

In the 12 months to March 2011, India was New Zealand’s seventh-largest export market, at around $NZ 917 million, a dramatic increase from $NZ 354 million in 2008. India has been one of New Zealand’s three fastest-growing markets over the past 18 to 20 months. Imports from India were valued at $NZ 370 million for the year ending March 2011. New Zealand predominantly exports commodities to India. Coal exports have led the increase in New Zealand trade with India in recent years, while dairy products, fruit, and machinery have recently become significant trade items. There is much potential for diversifying exports to India. There has also been steady growth in New Zealand’s services trade with India, most notably in tourism and education.

Multilateral engagement between New Zealand and India occurs in the United Nations, the Commonwealth, the World Trade Organisation, and other fora. India’s participation in regional institutions, such as the East Asia Summit and the ASEAN Regional Forum, has led to increasing interaction with New Zealand. In 2003 India became a dialogue partner of the Pacific Islands Forum. This common membership has provided a platform for regular dialogue on key issues, including climate change, international trade, United Nations reform, human rights, counter-terrorism, and other transnational issues. India and New Zealand have agreed to support each other for a non-permanent seat on the UN Security
Council. India is also making a bid for permanent membership of the Security Council, and New Zealand has expressed its support for India’s membership, permanent or otherwise, of a reformed Security Council.
3 Political and diplomatic relations

Submitters were unanimous in highlighting the importance of maintaining the political and strategic relationship with India. Many saw a strong strategic relationship as critical for the advancement of New Zealand’s economic interests.

New Zealand is represented in India by the New Zealand High Commission in New Delhi and the Consulate-General in Mumbai. New Zealand Trade and Enterprise also has offices in New Delhi and Mumbai. The ministry and NZTE also undertake work on behalf of the Ministry of Education, the New Zealand Tourism Board, and the Department of Internal Affairs. India is represented in New Zealand by its High Commission in Wellington.

We note that staff numbers in India are low compared with those based in China. This does not reflect the importance of India for New Zealand.

<table>
<thead>
<tr>
<th></th>
<th>India (current)</th>
<th>China (2007 pre-FTA)</th>
<th>China (current)</th>
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<tbody>
<tr>
<td><strong>Ministry of Foreign Affairs and Trade</strong></td>
<td></td>
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<tr>
<td>New Delhi</td>
<td>4 seconded staff 7 locally engaged staff</td>
<td>Beijing 8 seconded staff 8 locally engaged staff Shanghai 2 seconded staff 5 locally engaged staff</td>
<td>Beijing 10 seconded staff 9.2 locally engaged staff Shanghai 2 seconded staff 5 locally engaged staff</td>
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<tr>
<td>Mumbai</td>
<td>1 seconded staff member 6 locally engaged staff</td>
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<tr>
<td><strong>New Zealand Trade and Enterprise</strong></td>
<td>New Delhi</td>
<td>Beijing 1 seconded staff member 7 locally engaged staff Shanghai 2 seconded staff 8 locally engaged staff Guangzhou 1 seconded staff member 6 locally engaged staff</td>
<td>Beijing 1 seconded staff member 7 locally engaged staff Shanghai 2 seconded staff 6 locally engaged staff Guangzhou 2 seconded staff 5 locally engaged staff NZ Central (opened 2009) 5 locally engaged staff Shenzhen (opened 2010) 2 locally engaged staff Qingdao (opened 2010) 2 locally engaged staff</td>
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<tr>
<td>New Delhi</td>
<td>1 seconded staff member 6 locally engaged staff</td>
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<tr>
<td>Mumbai</td>
<td>1 seconded staff member 6 locally engaged staff</td>
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Some submitters argued for New Zealand to have a larger diplomatic presence in India, and the appointment of a defence adviser based in New Delhi. We also heard that it would be beneficial for New Zealand to have a presence outside of New Delhi and Mumbai. We
understand that in the current economic environment there is considerable pressure on New Zealand’s diplomatic resources and that the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise are working to ensure that the available resources are being used in the most efficient way possible.

**Defence relations**

New Zealand’s interactions with India in the defence sphere are modest but long-standing. The most common defence interaction has consisted of port calls and senior staff visits by the countries’ navies. In November 2009 the former chief of the New Zealand Defence Force, Lieutenant General Mateparae, visited India to explore ways of expanding the defence relationship.

We are pleased to note that following the state visit of the Prime Minister, Rt Hon John Key, to India in June 2011, the Government has decided to appoint a Wellington-based defence advisor for India. The Indian Government’s defence adviser for New Zealand is based in Canberra.

**Recommendation**

1. We recommend that New Zealand representation in India be reviewed in the event of the successful conclusion of a free trade agreement, including consideration of the appointment of honorary consuls outside of New Delhi and Mumbai, in addition to the one in Chennai.
4 Coordination of Government approach to interactions with India

Submitters repeatedly argued the need for New Zealand to be strategic in its relationship-building with India. They wanted to see the public and private sectors working closely to give New Zealand businesses every chance of succeeding in India, and to ensure that a consistent and positive image of New Zealand is presented in India.

New Zealand Incorporated India Strategy

The New Zealand Incorporated India Strategy is the first of a series of all-of-Government strategies for setting priorities and coordinating relations with key international partners. The strategy reflects the importance of New Zealand’s relationship with India, and seeks to ensure that India becomes a key economic and political partner by 2015.

The committee believes the strategy should include the following goals:

- To grow merchandise exports to India to at least NZ$2 billion by 2015.
- To grow services trade (in education, tourism, and professional services) with India by an average of 20 percent per year.
- To improve the bilateral investment framework and facilitate growth in investment.
- To attract and retain highly skilled migrants from India who can make an effective contribution to New Zealand’s economic base.
- To engage more deeply with India on regional and global issues that will affect the prosperity and security of both countries.
- To take a series of conscious steps to raise the profile of New Zealand’s value proposition in India’s increasingly crowded market, as many countries similarly re-appraise their relationship with India.

We consider the strategy a useful starting point for a coordinated Government approach to interactions with India.
5 Trade and investment

Trade with India is strategically important to New Zealand. The Government’s goal is to treble merchandise exports to India to NZ$2 billion by 2015.

In April 2010 New Zealand and India commenced negotiations on a bilateral free trade agreement. There have been six rounds of talks so far and the negotiations are expected to conclude in 2012.

Trade with India was the issue most frequently raised by submitters, and many submissions specifically addressed matters relating to a potential free trade agreement. Most submitters supported New Zealand’s pursuing a free trade agreement with India and saw it as a significant opportunity for New Zealand exporters, provided that the export base can be broadened from the present limited range of commodities. Submitters pointed out a number of challenges that will need to be overcome to expand trade between the two countries.

For example, India imposes high tariffs on food products including wine, dairy products, and seafood, which prevents New Zealand exporters selling in the market. Non-tariff barriers, including prohibitive sanitary and phytosanitary requirements for lamb and beef products, are also imposed by India. Submitters called for the significant reduction or removal of non-tariff barriers.

Barriers to trade—tariff or non-tariff—are clearly undesirable, and their reduction or removal is being addressed in the context of the free trade agreement. However, we acknowledge that any progress in this area requires a change in India’s approach to trade with New Zealand. The Government has faced similar obstacles when negotiating other free trade agreements, and whilst challenging, they have not proved insurmountable.

Assistance for New Zealand businesses

We were told repeatedly that New Zealand businesses need to be well prepared before they attempt to enter the Indian market. It was suggested that public–private partnership would be the most effective means of delivering assistance for exporters, as it would make for wide geographical coverage, particularly beyond New Delhi and Mumbai.

Many submitters expressed a desire for New Zealand businesses to learn from the results of the China free trade agreement, and to educate themselves now about the challenges and realities of doing business in India rather than wait for an agreement to be concluded. Export development courses focused specifically on India and on improving the capability of New Zealand’s export firms were considered highly desirable.

We agree that it is vital for New Zealand businesses to be well versed in the challenges of breaking into the Indian market, and to understand India’s unique circumstances and the skills required to do business there. We understand that New Zealand Trade and Enterprise provides capability-building services for New Zealand businesses, and we would...
like to see it introduce some content specifically related to doing business in India. The Beachheads programme is seen as important to support established high-growth New Zealand businesses wanting to do business in India, and we would like to see an investigation into complementary mechanisms.

We were told that a lack of size and capital is an impediment to New Zealand firms’ expanding their businesses, improving their capability, and increasing their exports. New Zealand Trade and Enterprise helps businesses to expand their markets through the International Growth Fund. It had approved 67 applications for assistance from the fund, totalling $29.995 million, at 9 August 2011. However, the fund is not designed to promote business in specific markets; it is targeted at the businesses with the greatest potential for growth, regardless of their geographical sphere of operation.

Segmentation
Some submitters recommended that New Zealand look beyond the largest Indian cities—New Delhi and Mumbai—when targeting entry into the Indian market. The sheer size of India and the diversity of its states make it unrealistic and unhelpful to talk about a single Indian market, and we were told that New Zealand firms have a better chance of success if they consider establishing trading links in states such as West Bengal and Gujarat, and cities such as Jaipur, Kochi, and Nagpur.

We strongly support this message, and consider that it is vitally important that it reaches businesses considering engagement in India.

Investment
Submitters said that there is opportunity for larger investment flows between New Zealand and India. In recent years, India has implemented various reforms to improve its economic performance, including liberalising the foreign investment regime, modernising the financial sector, and reducing barriers such as tariffs and licensing restrictions. As a result India has become a major destination for foreign direct investment.

The flow of investment capital from India to New Zealand appears pitifully small, and less than New Zealand’s capital flow to India. We were told that New Zealand should adopt a more proactive approach to attracting foreign direct investment from India, and examine ways of marketing itself as an investment destination, particularly in the areas of ICT, engineering, science, and infrastructure. We note that India is emerging as an important investor, with US$75 billion in overseas investment in the past decade. In 2010 Indian foreign direct investment in New Zealand was NZ$105 million, an increase of 95 percent from 2009.

We also heard that New Zealand should investigate opportunities for investing in India, targeting high-end technology, in areas such as such as wind and solar energy infrastructure, and agri-technology. We are told that New Zealand foreign direct investment in India has doubled over the past two years to $129 million.

A key goal of the New Zealand Incorporated India Strategy is improving the bilateral investment framework and facilitating growth in the investment relationship. New Zealand Trade and Enterprise has the lead role in pursuing this goal and has made a priority of
establishing long-term relationships with Indian partners in key sectors. We understand that New Zealand Trade and Enterprise’s investment team has recently appointed a dedicated investment professional to encourage more investment from India, where they intend to hold an investment roadshow. This area may be fertile ground for a public–private partnership involving established banks in New Zealand and India.

### Recommendations

2. We recommend that the Government investigate mechanisms beyond the Beachheads programme for providing India-specific capability programmes for businesses wanting to do business in India.

3. We recommend that the Government work with the private sector to determine appropriate states or cities in India for a New Zealand focus, and develop strategies to concentrate New Zealand’s efforts on those places.
6 Export education

The export education sector is one of the most significant in the New Zealand–India relationship. India is New Zealand’s fastest-growing student market, and we note that several submitters mentioned its importance. India is currently New Zealand’s third-largest source of international students and the number of Indian students studying in New Zealand continues to increase, reaching more than 9,000 in 2009/10.

However, submitters raised a number of issues affecting this sector, particularly the need to maintain a high-quality sector, the challenges presented by systemic differences, and the interface between education and immigration.

Quality

Several submitters expressed a belief that New Zealand needs to be more focused and aspirational when it comes to attracting Indian students, and that high-quality science, engineering, and technology graduates should be the primary target group. It was suggested that the growth in New Zealand of low-level vocational education programmes is inconsistent with targeting high-quality graduates in areas that are of value to the New Zealand economy. We consider that there is definite scope for New Zealand to be much more ambitious in terms of the type of students it is trying to attract.

The ability of New Zealand to ensure the quality of its qualifications and courses is also a crucial factor in the success of the sector. We were told that the New Zealand Qualifications Authority needs to improve its quality assurance processes, to ensure that Indian students in New Zealand—and their potential employers—can be sure of the credibility of the qualifications for which they are studying.

We note that improving access and breaking down barriers for Indian students coming to New Zealand is important but that New Zealand must also maintain high educational standards. In doing so, New Zealand must also remain aware of what its competitors are doing and actively seek to remain at the forefront of the export education sector.

Systemic issues

Submitters said that differences between the higher education frameworks of India and New Zealand act as a barrier to Indian students wishing to study in New Zealand. Some New Zealand qualifications are not recognised in India, which means that Indian students wishing to undertake them cannot access student loans under guidelines laid down by the Reserve Bank of India. It was suggested that Education New Zealand work with the Ministry of Foreign Affairs and Trade to raise this issue officially with the relevant Indian agencies.

We understand that the Ministry of Education, supported by the Ministry of Foreign Affairs and Trade, hosted a visit by the Indian Minister of Human Resource Development (with oversight for education) with a delegation last year. A return visit by the New Zealand Minister of Education to promote education is likely next year. A Joint Education
Initiative was announced during the Prime Minister’s visit to India, to facilitate cooperation and partnerships between Indian and New Zealand institutions, academics, researchers, and education businesses. We are pleased to note that the initiative includes proposals on scholarships and business internships, and has the support and approval of the Indian education establishment.

**Immigration and education**

New Zealand’s immigration policy was raised by a number of submitters as an issue for the export education sector. It was pointed out that the New Delhi office of Immigration New Zealand does not process student visas over the Christmas and New Year period. This is the peak enrolment period for international students wanting to undertake study in New Zealand and Australia. Australia processes student visas during the holiday period.

Responsibility for the processing of student visas lies with Immigration New Zealand and the Department of Labour. We consider that this issue merits urgent consideration.

**Education New Zealand**

Education New Zealand is the industry body for export education. It works in partnership with the Ministry of Education and New Zealand Trade and Enterprise to develop the export education sector. We heard several suggestions regarding the role of Education New Zealand, and particularly its policy of not holding education fairs in India. Countries such as Australia and the United Kingdom hold fairs in India and we were told that significant revenue is being lost to competitors. We also heard that Education New Zealand needs to increase its marketing in India.

We understand that these matters are the operational responsibility of Education New Zealand, but we consider that the suggestions have merit, since India is such a large and growing market.

**Education delivery in India**

India’s growing population is placing increasing pressure on its tertiary education infrastructure. We were told that this presents an opportunity for New Zealand to help India to make up the shortfall. The Indian Government is now allowing overseas institutions to establish and deliver education programmes in India.

**Recommendations**

4 We recommend that the Government instruct Education New Zealand to consider increasing its presence in India through education fairs or similar exercises.

5 Mindful of New Zealand’s need for scientists and engineers, we recommend that the Government consider lifting the immigration qualifications applying to the migration market.

6 We recommend that the Government instruct Immigration New Zealand to review its decision not to process student visas during the Christmas/New Year period.
7 Tourism

India is New Zealand’s tenth-largest source of tourists, and in the 12 months to March 2011 over 30,000 Indian tourists visited the country. There is strong potential for further increases as India’s growing middle class and increasingly global mindset drive outbound travel. The World Tourism Organisation estimates that 50 million Indians a year will be taking overseas holidays by 2020.

Links between Bollywood and the New Zealand film production industry have been instrumental in stimulating tourism from India and negotiations are under way for a bilateral film co-production agreement which would encourage more cooperation between the respective film industries and greater tourism flows from India.

The lack of a direct air link between India and New Zealand was mentioned by submitters as an impediment to increasing the number of Indian tourists visiting New Zealand. We are told that the India–New Zealand Air Services Agreement allows a non-stop link to Mumbai, but to date no airline has provided such a link. The New Zealand Incorporated India Strategy calls for engagement with airlines to ensure that capacity in the medium term meets the growing demand expected as a result of an expanded relationship with India.

Cricket World Cup 2015

Cricket was repeatedly mentioned as a point of commonality for New Zealand and India. We were told that New Zealand’s role as a co-host with Australia of the 2015 Cricket World Cup is an opportunity for New Zealand to increase its profile in India and attract more Indian visitors.

We agree that the Cricket World Cup will be a major tourism promotion opportunity for New Zealand. We understand that in general cricket diplomacy has been recognised as a lever in the New Zealand Incorporated India Strategy but we would like to see specific attention paid to the opportunities presented by the Cricket World Cup.

Recommendation

7 We recommend that the Government actively grasp opportunities presented by co-hosting the 2015 Cricket World Cup with Australia.
8 Immigration

New Zealand’s immigration policy was raised as an issue in connection with the export education industry. We also heard suggestions that its immigration policy is acting as a barrier to Indian businesspeople and migrants.

We heard that the Indian Government recently implemented a policy of issuing visas on arrival for New Zealand passport holders. This development is helpful to New Zealand business travellers and tourists alike. We would like to see New Zealand’s visa provisions for Indian travellers reviewed, to establish whether or not we can reciprocate to facilitate travel to New Zealand. We believe there is significant scope for improving the speed and reducing the complexity of the visa application process.

We note that there is a VIP visit programme to facilitate travel to New Zealand by key Indian contacts. The Sir Edmund Hillary Fellowship was established in 2008 for India and Nepal, in memory of Sir Edmund’s legacy. The fellowship facilitates visits to New Zealand by emerging leaders from India and Nepal in the government, business, media, cultural, and other arenas. Indian Member of Parliament Rahul Gandhi visited New Zealand in February 2010 as the inaugural fellow, and MP Vijay Mallya, an influential business leader, is the 2011/12 fellow.

New Zealand Indian community

According to the 2006 Census, over 100,000 people of Indian descent live in New Zealand. New Zealand’s Indian community is perceived as a valuable resource for developing a successful relationship with India. It was suggested that New Zealand should make much greater use of the local knowledge and connections of New Zealand-based Indians to assist businesses’ efforts to enter the Indian market.

Recommendation

8 We recommend that the Government review visa provisions for Indian nationals with a view to facilitating travel to New Zealand, particularly for bona fide business and tourist visa applicants.
9 Sectors with potential for further engagement

Science and innovation
We heard that there are many opportunities for New Zealand to engage with India in science and innovation, particularly in areas such as pharmaceutical research, food technology, agricultural and horticultural science, and ICT. Suggestions for enhancing engagement include introducing researcher exchanges between premier institutions in New Zealand and India, and making it easier for researchers to travel between India and New Zealand.

Dairy sector
India is the world’s largest consumer and producer of dairy products. India’s demand for dairy products is forecast to double over the next 15 years, which will create a massive supply challenge for the Indian dairy industry. We were told that the Indian dairy market has multi-billion-dollar potential for New Zealand, but only if tariff and regulatory barriers are removed. India’s tariffs on dairy products range between 20 and 60 percent. Fonterra is engaged in the Indian market, and is also investigating the feasibility of dairy farming in India.

Fonterra said that New Zealand’s Government and industry relations with India needed to be developed in its political, investment, and trade interests. Fonterra submitted that New Zealand’s small size means that New Zealand will need to make the running to advance its relationship with India, which is globally recognised as a rising political and economic power. Fonterra is prepared to contribute resources for this purpose alongside the Government.

Aviation sector
We heard that the rapidly-growing Indian aviation industry is emerging as a key market for New Zealand aviation companies. Aviation New Zealand, an industry body which promotes the New Zealand aviation sector internationally, is encouraging New Zealand firms to take a long-term view of engagement with customers in India. It estimates that current aviation-related trade with India is worth NZ$20 million annually, and believes that with focused effort this could be increased to NZ$50 million in a few years.

We were also told that New Zealand’s ability to recruit flight training students from India is limited by the Civil Aviation Authority having only one approved medical examiner in the whole of India, while Australia’s equivalent agency has 11. We understand that New Zealand’s legislative framework prevents the CAA from recognising medical clearances awarded by any other jurisdiction, and that Indian medical examiners are free to apply for authorisation as an approved CAA examiner; it is up to the Indian applicant to decide on the basis of potential business benefits whether he or she wishes to seek authorisation.
Aviation New Zealand would like to see the Government follow the French and American examples and adopt a memorandum of understanding with the Indian Government to help develop the aviation sector’s relationship with India.

**Beef and lamb**

We heard that India is a potentially attractive market for New Zealand meat exports but that at present New Zealand cannot export directly to India because of India’s prohibitive sanitary and phytosanitary requirements and cultural and religious beliefs. Beef and Lamb New Zealand believes that a free trade agreement with India would help its efforts to have these barriers removed.

**Recommendation**

9 We recommend that the Government assist the New Zealand business community in pursuing opportunities for trade with India in ICT, creative industries, aviation, engineering, science and innovation.

10 We recommend that the Government consider the need for more approved medical examiners to be appointed, and if a case exists amend the legislative framework to allow recognition of medical clearances from other equivalent jurisdictions. The objective should be to facilitate the recruitment of more flight training students from India.
10 Green Party minority view

While the Green Party supports improved trade with India, we do not favour the wholesale removal of controls on trade and investment. The Green Party is for stronger national interest tests on foreign investment in New Zealand, and a level of protection for New Zealand industry and services, particularly from low-wage competition.

We also sympathise with efforts by Indian farmers to protect their domestic agriculture, which could be undermined by a rapid and substantial removal of tariffs on imported food. The desire of New Zealand dairy companies to increase dairy exports to India should be balanced by India’s interests in maintaining a sustainable domestic dairy industry.
Appendix A

Committee procedure

On 19 May 2011 the Foreign Affairs, Defence and Trade Committee resolved to conduct an inquiry into New Zealand’s relationship with India. The committee called for public submissions on the inquiry with a closing date of 27 June 2011. The committee received 23 submissions from the organisations listed in Appendix B and heard 11 of them orally. The committee met between 19 May and 4 October 2011 to consider the inquiry.

The Ministry of Foreign Affairs and Trade, the Ministry of Defence, the Department of Labour, and New Zealand Trade and Enterprise were appointed as advisers to the committee.

Committee members

John Hayes (Chairperson)
Jacqui Dean
Hon Pete Hodgson
Dr Paul Hutchison
Iain Lees-Galloway
Keith Locke
Todd McClay
Hon Maryan Street
Appendix B

List of submitters
AIS St Helens
ANZ New Zealand
Asia New Zealand Foundation
Auckland University of Technology
Aviation New Zealand
Beef and Lamb New Zealand and the Meat Industry Association
Export New Zealand
Fonterra
GMP Pharmaceuticals
India Horizons
India New Zealand Business Council
KPMG
Livestock Improvement Corporation
New Zealand Innovative Future Solutions
New Zealand Institute of Patent Attorneys
New Zealand International Business Forum
Ravi Vas Vohora
Royal Society of New Zealand
Solid Energy New Zealand
Sunit Prakash
Tahi Pacific New Zealand
Universal College of Education
Universities New Zealand (New Zealand Vice Chancellors’ Committee)
University of Auckland
### Bilateral trade with India

Source: Statistics New Zealand (for the 12 months to March 2011).

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<tr>
<th>New Zealand exports</th>
<th>NZ$917.323 million</th>
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<tr>
<td>Main exports</td>
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<tr>
<td>(percentage of total exports to India)</td>
<td>Coal: NZ$322.6m (35.2 percent)</td>
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<tr>
<td></td>
<td>Wood: NZ$196.3m (21.4 percent)</td>
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<tr>
<td></td>
<td>Dairy products: NZ$136.9m (14.9 percent)</td>
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<td></td>
<td>Machinery: NZ$76.4m (8.3 percent)</td>
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<tr>
<td></td>
<td>Wool: NZ$44.1m (4.8 percent)</td>
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<tr>
<td></td>
<td>Hides and skins: NZ$29.2m (3.2 percent)</td>
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<td></td>
<td>Steel: NZ$16.2m (1.7 percent)</td>
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<td></td>
<td>Aluminium: NZ$18.1m (2.0 percent)</td>
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<td></td>
<td>Wood pulp: NZ$13.8m (1.5 percent)</td>
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<td>Fruit and nuts: NZ$11.4m (1.2 percent)</td>
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<tr>
<th>New Zealand imports</th>
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<td>Main imports</td>
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<td>(percentage of total imports from India)</td>
<td>Medicines: NZ$47.4m (12.8 percent)</td>
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<td></td>
<td>Precious stones/metals: NZ$39.1m (10.6 percent)</td>
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<td>Electrical machinery: NZ$19.0m (5.1 percent)</td>
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<td>Miscellaneous textiles: NZ$18.2m (4.9 percent)</td>
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<td></td>
<td>Clothing: NZ$15.6m (4.2 percent)</td>
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<td>Machinery: NZ$11.1m (3.0 percent)</td>
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<td></td>
<td>Confidential items: NZ$10.6m (3.1 percent)</td>
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<td></td>
<td>Plastic: NZ$11.4m (3.1 percent)</td>
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<tr>
<td></td>
<td>Leather: NZ$10.1m (2.7 percent)</td>
</tr>
<tr>
<td></td>
<td>Chemicals: NZ$9.4m (2.5 percent)</td>
</tr>
</tbody>
</table>