

**Government response to the  
Foreign Affairs, Defence and Trade Committee  
Report  
Inquiry into New Zealand's relationship with India**

**Presented to the House of Representatives  
In accordance with Standing Order 249**

## **Government Response to the Foreign Affairs, Defence and Trade Committee report: *Inquiry into New Zealand's relationship with India***

### **Introduction**

The Government has carefully considered the Committee's report on its inquiry into New Zealand's relationship with India.

The Government commends the Committee for its well-timed consultations, thorough analysis and constructive approach. The Government welcomes the report, which represents a useful contribution to the development of policy on New Zealand's relationship with India.

The Government responds to the report in accordance with Standing Order 248.

The release of the Committee's report immediately preceded the public launch of the Government's New Zealand [Incorporated] Inc India strategy, which envisages that India would become a core trade, economic and political partner of New Zealand by 2015. The India strategy is the first of seven country and regional strategies aimed at strengthening NZ Inc agency collaboration to grow key bilateral relationships, working closely with the private sector. It continues to guide NZ Inc work in 2012, with agencies prioritising a number of action steps to facilitate achievement of the India strategy's six key goals:

1. Grow merchandise exports to at least NZ\$2 billion by 2015;
2. Grow services trade with India (education, tourism and professional services) by an average of 20% per year;
3. Improve the bilateral investment framework and facilitate growth in the investment relationship;
4. Attract and retain skilled migrants from India who are able to make an effective contribution to New Zealand's economic base;
5. Engage more deeply with India on regional and global issues that will impact on New Zealand's future prosperity and security;
6. Raise the profile of New Zealand's value proposition in India through a series of conscious steps, from enhanced cricket diplomacy to increased political contact with India.

The Government welcomes the Committee's positive acknowledgement of the NZ Inc India strategy as a useful starting point for a coordinated Government approach to interactions with India. The Government has closely examined all of the Committee's recommendations, many of which complement the strategy and the priority action steps already being implemented by NZ Inc agencies. There are also a number of recommendations that will need further consideration as New Zealand's relationship with India develops.

## **Recommendations**

### **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.

New Zealand's engagement with India is deepening across the spectrum, both in terms of Government and private sector engagement. This trend is welcomed by the Government and is expected to continue under the NZ Inc India strategy, which envisages India as a core trade, economic and political partner for New Zealand by 2015.

In line with the strategy, New Zealand's representation in India is being kept under close review to ensure that resources are nimble and appropriately sized/located to match opportunities in India and respond to the interests of New Zealand exporters. The successful conclusion of a free trade agreement and the possibility of expanding the number of Honorary Consuls in India are both factors under consideration as part of this ongoing review. The Government is also continuing its efforts to secure the appointment of a Wellington-based defence adviser to India.

The Government highlights the significant increase in New Zealand's footprint in India achieved with the opening of the New Zealand Consulate in Mumbai in 2011. The Consulate comprises resources from New Zealand Trade and Enterprise, Tourism New Zealand and Immigration New Zealand. Some Government agencies have also based resources for India in Singapore, including Tourism New Zealand's Regional Manager for South Asia (previously based in Mumbai), and NZTE's full-time investment manager for India.

In addition to representation in India, the Government continues to facilitate exchanges between New Zealand and India to build links and raise the profile of New Zealand across a number of sectors. A number of high-profile ministerial visits took place in 2011, including the Prime Minister's visit in June which successfully re-launched the relationship at the highest level and provided strengthened political links to underpin growth of the bilateral relationship. The Government will continue to support ministerial and other high-level visits in 2012 to maintain momentum in the relationship and facilitate the implementation of the NZ Inc India strategy.

The Government also welcomes the broad range of exchanges supported by other institutions in New Zealand, including the journalism and art internships organised by the Asia New Zealand Foundation and the annual bilateral Track II dialogue between India and New Zealand, which is led by the Asia New Zealand Foundation and the Institute of Defence and Strategic Analysis in New Delhi.

### **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.

The Government supports the Committee's focus on trade issues and its identification of the difficulties New Zealand exporters face in dealing with both high import tariffs and a number of non-tariff barriers for goods entering India. As the Committee notes, the Indian regulatory environment is a complex one and New Zealand exports can face a number of challenges in complying with India's labelling, sanitary and phytosanitary regimes and border certification requirements.

In this context the successful conclusion of a comprehensive free trade agreement remains a key priority for the Government, particularly as a mechanism to lift exports to India. Government agencies are also working together to address non-tariff barriers to trade and where possible to provide trade facilitation for New Zealand business engaging in the Indian market. For example, NZTE is developing an in-depth programme of business capability training tailored to provide India-specific practical information for New Zealand companies wanting to grow successful business relationships with Indian counterparts. The Ministry of Foreign Affairs and Trade is also liaising closely with institutions including the Asia New Zealand Foundation on initiatives to promote understanding of Indian business culture.

The Government reiterates that the location of New Zealand's resources in India is continuously under review as the Government responds to new opportunities and to interest from the private sector. Flexibility in the deployment of resources remains a priority, with existing offices in New Delhi and Mumbai able to cover a range of locations across India to give extra leverage and visibility to New Zealanders doing business in these areas.

It is anticipated that the primary focus of New Zealand interests in India will remain in Delhi and Mumbai given the co-located headquarters of many larger Indian firms, the presence of large international airports and the extensive business networks already developed by New Zealand business and agencies in these cities. But, in line with the priority sectors targeted in the NZ Inc India strategy and the developing interests of New Zealand exporters, government agencies continue to explore opportunities for coverage beyond the main centres. Examples include opportunities for information and communications technology firms in Bangalore, Hyderabad and Pune, and the agritech sector in the regions of Punjab, Haryana and Tamil Nadu.

### **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.

India is an important and growing market for New Zealand education services, both in terms of Indian students studying in New Zealand and New Zealand providers offering their services in India. Increasing services trade in education with India comprises a

significant strand of the NZ Inc India strategy, with Education New Zealand leading work on engagement in this area. In addition to its support for private education providers, Education New Zealand also works with the wider education sector to support their activities in India. For example, Education New Zealand organised an insightful and well-attended seminar on Doing Education Business in India for the public and private sectors in February 2012 in Wellington. Further activities planned in 2012 include education fairs in three cities in India as well as other marketing activities such as digital promotions, T-20 Cricket and education cluster events.

The Government is also looking into opportunities to strengthen links between New Zealand and Indian universities focused on agriculture. Such links have the potential to facilitate understanding of innovative technology in New Zealand (for example in food processing) and of the health status of New Zealand's plants and animals. In the longer term this understanding could support improved bilateral trade and investment in these areas.

Attracting and retaining skilled migrants from India who are able to make an effective contribution to New Zealand's economic base is another central pillar of the NZ Inc India strategy. The Government recognises India as a significant source market for skilled migrants and as a source of qualified young people who remain in New Zealand after paying for their education here. It welcomes their potential contribution to New Zealand's labour force and to the lifting of productivity rates, and remains committed to the effective management of related opportunities and challenges. The opening of an Immigration New Zealand office in Mumbai in 2011 with approximately 50 staff reflects this commitment.

The Government has recently announced changes to immigration policy to incentivise higher-level courses of study for prospective skilled migrant applications. These changes will see a higher threshold put in place for international students who wish to access work and residence after they study here, and more distinction made between low-end and high-end qualifications. From April 2012, in order to be eligible for a 'Study to Work' work visa (available to students after they graduate), the student will need to have studied in New Zealand for two years (minimum of 16 months full time study); unless their qualification is degree level (level 7) or above, in which case they will be required to have studied in New Zealand for one year (nine months minimum). Previously there had been no minimum required period of study in New Zealand.

A range of targeted attraction measures is also in place, including streamlined pathways for postgraduate scholars (who, for example, can obtain New Zealand residence without requiring a job offer). The Government has decided against further measures at this time.

With regard to applicants for skilled permanent residence who have not studied in New Zealand, the Government is currently comfortable with the points given for qualifications. Ongoing monitoring of residents' employment outcomes shows that the majority are working in skilled jobs, meeting our skill needs and contributing to the New Zealand economy.

Immigration New Zealand (INZ) will investigate opening its Indian branches over the Christmas-New Year period to cater to the student application demand peak and will consult other affected agencies including the Ministry of Foreign Affairs and Trade.

## **Tourism**

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

The Government is fully committed to co-hosting a successful 2015 Cricket World Cup (CWC). This event will provide a great opportunity to showcase New Zealand to the world, particularly to countries such as India that share our passion for cricket.

New Zealand agencies are already coordinating to maximise the opportunities presented by co-hosting the CWC with Australia. Through the Major Events Development Fund the Ministry of Economic Development has invested in the preparation of a comprehensive best practice manual for New Zealand Cricket and its Local Organising Committee to assist the world-class delivery of the CWC. This will include the development of a leverage and legacy plan designed to maximise the international, national and community benefits around hosting the event. The leverage and legacy plan will take a cross-agency approach to maximise trade, tourism and investment opportunities with all the countries involved in the CWC.

New Zealand and India are currently negotiating a Sports Cooperation Arrangement which will provide a platform to explore closer ties in the area of sport. The CWC may also provide an opportunity to share experiences between Indian and New Zealand security agencies in terms of managing such large scale events and associated security threats.

The Government is already working with New Zealand Cricket to leverage the opportunities provided by cricket tours, and with prominent ex-international cricketers to heighten the profile of selected business programmes in India. The Government will continue to work with New Zealand Cricket, prominent cricketers and related stakeholders to deliver programmes of value to its customers, focusing on opportunities for New Zealand businesses and the interests of New Zealand exporters.

Beyond the opportunities presented by the CWC and cricket linkages more broadly, the Government is continuing its efforts to promote New Zealand as a tourist destination for Indian travellers in line with the objectives of the NZ Inc India strategy. For example, the Government has been working to develop links between Bollywood and the New Zealand film production industry, including as a mechanism to stimulate tourism from India. The Government is pleased to report that the New Zealand India Film Co-production Agreement was signed during the Prime Minister's visit to India in June 2011 and was brought into force in October 2011.

## **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.

The Government has introduced a number of initiatives to help facilitate travel by Indian nationals to New Zealand. These include the opening of a new Immigration New Zealand branch in Mumbai in 2011 to provide much needed extra capacity and enable Immigration New Zealand to improve the service it is able to offer Indian nationals, and the development of a joint Education New Zealand/Immigration New Zealand initiative to

facilitate students through a trusted partner programme. The Government has also recently committed to a total replacement of the foundation immigration IT system. The new Immigration Global Management System, to be introduced from 2013, will facilitate online applications and faster processing.

The Government is also considering introducing a new long-term business visitor visa that would enable bearers to travel to New Zealand over extended periods without the need for re-application. This visa product will be of particular interest to business people engaged in long-term commercial relationships with New Zealand companies.

New Zealand regularly reviews its visa waiver provisions, but there are no plans to extend a visa waiver to India at this time.

### **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.

The Government places a high priority on the provision of assistance to New Zealand businesses engaging in India. Agencies continue to work with the New Zealand business community to pursue opportunities for trade with India across a range of sectors and, under the auspices of the NZ Inc strategy, are implementing specific action plans in the food and beverage/agritech, high value manufacturing, construction and interiors, high value services, tourism and education sectors. The Government is also providing innovative assistance to New Zealand businesses, for example by leveraging cricket to support the promotion of New Zealand products, services and businesses in India.

Opportunities for the New Zealand business community were enhanced by the high profile visit by the Prime Minister, Minister of Trade and business delegations to India in June 2011. In addition to strengthening political links and raising the profile of New Zealand in India, the visit produced a number of concrete outcomes including the conclusion of a Science and Innovation Cooperation Protocol and a Film Co-production Agreement.

The Science and Innovation Cooperation Protocol reflects the broad range of opportunities to build science and innovation links across a range of areas including primary production and food processing innovation in particular. Other potential areas for cooperation include reducing greenhouse gas emissions and clean energy. Agencies continue to work closely with industry to explore these and other opportunities.

In the aviation sector, agencies and industry are in the early stages of examining a proposal for an Arrangement or Memorandum of Understanding on aviation cooperation between New Zealand and India. Such cooperation would aim to facilitate training and commercial links, drawing on New Zealand's solid reputation for high quality training and aviation safety. Opportunities are also being explored by the aviation industry for the development of direct air links between New Zealand and India.

Changes to the civil aviation legislative framework to allow the recognition of medical clearances from other equivalent jurisdictions are a matter which the Ministry of Transport and the Civil Aviation Authority are considering. In the meantime, it is open for medical examiners in other countries who meet the required standards to apply to the Director of Civil Aviation to issue New Zealand certificates.