



Sunit Prakash

# FREE TRADE AGREEMENT WITH INDIA –

## Opportunities for New Zealand Companies

Following on from the Free Trade Agreement with China, India is next on the list. Can the lessons from one FTA be applied to the other? And what are the opportunities for New Zealand companies?

### India, China and New Zealand

To say that China and India are very different is a bit of an understatement. The difference is also true of New Zealand's trade patterns with the two countries and of the new opportunities. The main difference between the two is that China is predominantly the manufacturing powerhouse of the world. India by comparison, is increasingly becoming the services hub of the world.

By services we are talking "brains for hire" in the style of *Matrix* the movie. In addition to ICT, bio-tech companies and Wall Street financial firms have set up shop to farm the brain power to perform scientific research and development or financial analysis. India has moved up the value chain from business process outsourcing where the cost per transaction is in pennies, to knowledge process outsourcing.

Historically, apart from Hillary & Hadlee, New Zealand has not really figured on India's radar, and what is traded between New Zealand and India tells an interesting tale. New Zealand exports predominantly coal, timber and some wool to India. India predominantly sends students and tourists to New Zealand.

### So what are the opportunities?

1. ICT - New Zealand is the clever country. Software can be conceived and prototypes developed here. India can help New Zealand companies produce it, and in many instances have the clout to take the product global. New Zealand-developed software products have been deployed in India with great success already.

2. Horticulture – with its festivals and weddings, India imports flowers from all parts of the world. They have also developed a taste for exotic fruit & vegetables. Notwithstanding quarantine issues, there are opportunities here not only for the horticultural product but also for associated machinery and technology.
3. Infrastructure - New Zealand has tremendous experience in geo-seismic consulting and construction, managing (water) resources and harnessing wind power; all of great value to India.
4. Aviation - modernisation of its airports, pilot training in India as well as in New Zealand.
5. Services - to an increasing number of Indian students and tourists visiting New Zealand.

Companies with services and products catering to the middle class and the wealthy in India will do well. A number of Kiwi companies have seen this and are well on their way to first-mover advantage; and in line with this, NZTE has opened its second office in India - a new office in Mumbai.

It will not be an easy road. It will be long, but it will be easier than China and it will be rewarding. The winning formula is to work with NZTE and leverage off a local partner in India. That is the mantra for success. I strongly believe the Indian diaspora have a part to play in building bridges between India and New Zealand.

**Sunit Prakash is the founding director of SunIT Ltd, an IT consulting business**

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