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India will cut its 150% tariff on some New Zealand wine starting Oct. 20.

The free trade agreement will phase duties down to 25% or 50% over a decade, favoring higher-value bottles.

Tuesday, October 6, 2026



New Zealand’s free trade agreement with India will take effect on Oct. 20, starting a phased cut to India’s 150% import tariff on some New Zealand wines and giving premium producers new access to a market that has long been seen as attractive but

hard to enter.

Under the agreement, India’s tariff on eligible New Zealand wine will fall over 10 years to either 25% or 50%, depending on the import value of the bottle. Wines valued below US$5 per 750 milliliters on a cost, insurance and freight basis will continue to face the full 150% duty, limiting the immediate benefit for lower-priced products.

That structure means the strongest advantage will go to higher-value wines, not the mass market. It also means the change will be gradual rather than immediate. Producers that qualify for relief are expected to see a meaningful cut when the pact begins, followed by smaller annual reductions through the phase-in period.

The agreement was signed in April after nine months of negotiations. New Zealand’s Ministry of Foreign Affairs and Trade has said both countries completed ratification, clearing the way for the deal to enter into force later this month. The ratification was formalized when New Zealand Trade and Investment Minister Todd McClay exchanged documents with India’s high commissioner to New Zealand, Muanpuii Saiawi, at Parliament.

For New Zealand wine exporters, the timing is important. India has a population of about 1.4 billion people, but its wine market has remained difficult for many foreign producers because of high border duties, state-level taxes and a complex regulatory environment. Even with tariff relief, those domestic barriers will remain in place, and they are likely to continue shaping where and how imported wine can compete.

Still, the change is significant because India’s 150% wine tariff has been among the highest major barriers facing the category. In practice, that has priced many imported bottles out of reach for a broad group of consumers and kept the market focused on either domestic production or imported wines aimed at wealthier buyers. By lowering tariffs mainly for higher-value products, the new schedule is more likely to help premium labels than entry-level brands.

McClay has framed the deal as part of a broader push by New Zealand exporters to reduce their reliance on a narrower set of overseas markets at a time of rising trade uncertainty. In comments released around the ratification, he said it was important for

New Zealand businesses to diversify, build resilience and pursue new opportunities as global conditions become less predictable. He also said the agreement would improve access to one of the world’s fastest-growing markets.

The broader trade relationship is also expanding. Two-way trade between New Zealand and India was worth about $2.3 billion in the 12 months to June, according to figures cited by New Zealand officials. Prime Ministers Christopher Luxon and Narendra Modi have agreed on a goal of doubling bilateral trade by 2030. New Zealand’s Parliament passed the legislation needed to implement the agreement on Sept. 16 by a vote of 93 to 29, with support from the opposition Labour Party.

As part of the wider economic relationship, Wellington has also committed to invest $20 billion in India over the next 15 years. Indian goods will receive duty-free access to New Zealand from the first day the agreement takes effect.

For the beverage industry, the tariff change could matter beyond New Zealand alone. India is still a relatively small wine market by global standards, but it is one of the few large economies where long-term consumption growth is widely seen as possible as incomes rise and urban middle-class spending expands. Easier access for premium New Zealand wine could create a new diversification path for producers that want less exposure to markets facing new trade friction elsewhere. It could also sharpen competition in India among exporting countries, especially in higher-priced segments where tariff preferences can influence retail prices, distributor margins and restaurant wine lists.

The benefits, however, are not likely to be evenly distributed. Producers selling wines below the US$5 threshold will see no tariff relief under the agreement and will remain subject to the full 150% duty. That leaves a large part of lower-priced trade outside the deal’s main advantage and reinforces the idea that the agreement is designed, at least in wine, to favor premium positioning.

Importers and distributors in India will also have to weigh the tariff reductions against a market structure that remains fragmented. Alcohol regulation varies widely by state, taxes can be high, and compliance requirements can add cost and delay. Those factors mean lower tariffs at the border do not automatically translate into sharply cheaper

shelf prices for consumers.

Even so, the direction of policy is clear. After years in which India was often discussed as a market with promise but little practical access for many wine exporters, New Zealand will soon become one of the countries with a formal pathway to lower duties for at least part of its portfolio. For producers of Marlborough sauvignon blanc, pinot noir and other premium wines, that could make India more commercially viable over time, especially in hotels, restaurants and specialty retail channels where imported bottles already tend to be concentrated.

The agreement also arrives as wine producers in several countries are looking for new export outlets amid slower demand in some mature markets and trade pressure in others. In that setting, a phased opening in India may not deliver a rapid surge in volume, but it gives New Zealand wineries a clearer route into a market that has been difficult to serve under a 150% tariff wall.