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India cuts tariffs on New Zealand wine from 150% to 50% under a new trade deal

The 10-year tariff rollback could open a bigger market for producers whose wine exports to India still total less than $500,000 a year

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New Zealand wine producers have gained better access to India after the India-New Zealand Free Trade Agreement took effect on October 20, beginning a 10-year cut in tariffs that had long kept sales in the market low.

Under the agreement, tariffs on eligible New Zealand wine will fall from 150% to either 50% or 25%, depending on the wine's value, according to New Zealand Winegrowers, the industry body. The deal also includes a most-favored-nation provision for wine, meaning that if India grants better wine tariff terms to another country in a future trade agreement, eligible New Zealand wine would automatically receive the same treatment.

The change matters beyond New Zealand's current sales base in India, which remains small. New Zealand Winegrowers said the country earns less than $500,000 a year from wine exports to India, and that exports to the market rose 48% from a year earlier to just under $438,000. Even so, the lower tariff path could gradually change competition among wine-supplying countries in India and give New Zealand exporters a potential new route to diversify sales at a time when the industry is adjusting to tighter supply at home and uneven global conditions.

Anishka Jelicich, chief executive of New Zealand Winegrowers, said the speed of ratification had already delivered an advantage because it secured preferential terms negotiated under the separate European Union-India trade agreement. She said those tariff reductions were more substantial than what New Zealand would have received if the EU deal had taken effect first.

The agreement also goes beyond tariffs. A dedicated annex on wine and spirits creates a working group on technical matters, labeling and certification, areas that often shape how easily producers can enter and expand in regulated markets. For beverage companies, those rules can be as important as headline tariff cuts because they affect product approvals, compliance costs and the speed of distribution.

India remains a modest market for imported wine, but its scale and growth have drawn interest from exporters. New Zealand Winegrowers said wine consumption in India is concentrated in Mumbai, Delhi and Bengaluru. Those three cities account for about half of the country's wine consumption and are home to around 70 million people. In Maharashtra, the state that includes Mumbai, wine sales reached a record 13 million liters in the year to March 2026. India's wine imports also grew 14% by volume in 2025, according to the industry group.

New Zealand producers are also looking at the mix of demand. Red wine accounts for a meaningful share of India’s imported wine market, a pattern that New Zealand Winegrowers said could create room for styles beyond Sauvignon Blanc, the category most closely associated with the country abroad.

Industry executives have cautioned that lower tariffs alone will not guarantee success. Sonal C Holland, India’s only Master of Wine, told New Zealand Winegrowers’ Wine Business Forum in Wellington that the trade deal removes a major barrier, but that lasting growth in India will require patience, sustained investment and strong local relationships. Jelicich said the group’s focus is to help members judge the market with practical intelligence, stakeholder connections and opportunities on the ground to build brands.

As part of that effort, New Zealand Winegrowers and New Zealand Trade and Enterprise are taking a 20-business delegation to the ProWine Mumbai trade fair in November.

The opening in India comes as New Zealand’s wine industry is trying to rebalance supply and demand. In its 2026 annual report, released in September, New Zealand Winegrowers said wine exports reached $2.108 billion in the 12 months to June 2026 on volumes of 306.2 million liters. Total sales rose 8%, driven by exports, making it the industry’s second-highest June-year result on record.

At the same time, the 2026 harvest was smaller. Vintage 2026 totaled about 440,000 tonnes, down 15% from the previous year. New Zealand Winegrowers said the reduced crop brought production closer to current market demand after a difficult period for the global wine trade.

Fabian Yukich, chair of New Zealand Winegrowers, said the year had been challenging across the world wine industry but that New Zealand producers had remained resilient and were making adjustments. Jelicich, who became chief executive in July, said the organization’s updated strategy is intended to give growers and wineries better information, advocacy and practical support as they make decisions on markets, production and investment.

For exporters, India is still a small destination. But the tariff cuts, the automatic access to any future better terms granted to rival suppliers and the creation of a framework to address technical barriers give New Zealand wine companies a clearer path into one of the world’s largest consumer markets, even if building meaningful sales there is likely to take years.