



## **BACKGROUND**

# **India- New Zealand Relations: From Estrangement to Engagement**

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India and New Zealand share a common historical past of being British colonies, follow the Westminster model of government, and are thriving democracies in the Asia-Pacific region. As members of the Commonwealth, they have had close ties though they tended to give greater weightage to their respective strategic interests. The end of the Cold War brought about a change in the strategic environment, and New Delhi and Auckland gave a fresh thrust towards a more proactive engagement in a rapidly globalising world.

There are three primary reasons for states to come together: to aggregate power, to solve problems or to build community. If New Zealand and India were to come together for the purpose of power aggregation, there would be three sources of shared threats in the future. The first and most obvious threat would be China, though both countries would be least interested in arriving at an arrangement aimed at 'containing' China. The second would be the rise of radical Islam in Indonesia and the threat it poses to that country. A third, convergence is likely to emerge in the future from non-traditional, trans-border disruptive forces and issues necessitating cooperation through multilateral fora and bilateral engagement. Of the three, the third issue has greater potential for convergence<sup>1</sup>.

### **Historical Background**

Historically, relations between New Zealand and India go back to the time when both were British colonies. Within the imperial structure of exchange, consumer goods from India – such as rum, tobacco, tea, rice and curry powder – regularly found their way into New Zealand markets in the 19th century, and timber from New Zealand was shipped to India to pay for these imports. However, it was also this imperial connection that shaped the India-New Zealand relationship after India achieved independence in 1947, as the

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<sup>1</sup> Varun Sahni, "New Zealand, India and the emerging Asian Order," *New Zealand International Review*, New Zealand Institute of International Affairs, July 2007

Commonwealth now became the common bond between the two countries. As India came out of the shackles of the Empire, New Zealand Prime Minister Peter Fraser welcomed the new nation, and persuaded Jawaharlal Nehru to remain in the Commonwealth. Nehru agreed, but there was no consensus on dominion status and India decided to move towards becoming a Republic. Fraser felt uncomfortable with the idea, as he believed that the presence of a republican India would weaken the traditional bonds of the Commonwealth<sup>2</sup>.

Subsequently, Nehru's policy of 'non-alignment' was neither understood nor appreciated in New Zealand, which was gradually moving towards the anti-communist camp under the leadership of the United States, ultimately signing the Australia-New Zealand-US Security (ANZUS) Treaty in 1951. Nehru's policies came under criticism particularly in 1950-51, during the Korean War, as India, unlike some other Commonwealth countries, refused to be involved as a belligerent partner in this conflict. New Zealand's adherence to the Colombo Plan and her ambivalent attitudes to the Bandung Conference in 1955 revealed her fear of communism and suspicion of the non-aligned movement. The situation improved when Labour party leader Walter Nash became Prime Minister on December 12, 1957, who was responsible for a drift from socialism during his term in office from 1957 to 1960. Asia once again figured prominently in New Zealand's foreign policy. Although Nash's attention was occupied more by Southeast Asia, he maintained a warm friendship with Nehru, visited New Delhi in 1958, and contributed \$1 million for the foundation of the All India Institute for Medical Sciences (AIIMS). But before these overtures could go further, India became embroiled in two wars – one with China in 1962 and the other with Pakistan in 1965. New Zealand's anti-communist position led her to lend support to India during her China war, and this was gratefully acknowledged by Prime Minister Indira Gandhi, during her May, 1968 visit to New Zealand. However, it was not until Norman Kirk's tenure as the Labour Prime Minister (1972-74) that bilateral relations acquired any substance.<sup>3</sup>

When the West Pakistani genocide began in East Pakistan in 1971, Kirk was one of the very few Western leaders who had raised a voice of protest, doing so as the chairman of the Asian Bureau of the Socialist International. When the Western world refused to listen, the Indian Army marched in and Bangladesh was born against the wishes of the United States. Kirk was the first Western statesman to visit that genocide-ravaged country. India had "good reason" to feel grateful. At the end of her visit Indira Gandhi therefore 'expressed the appreciation of her Government for the new outlook and attitude of New Zealand' – that not influenced, of course, by any US diktat. The joint communiqué that was issued expressed their support for the Middle East peace talks and making the Indian Ocean 'a zone of peace', Kirk also expressed 'firm

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<sup>2</sup> Sekhar Bandyopadhyay, "India and New Zealand: A sixty-year roller coaster," *New Zealand International Review*, New Zealand Institute of International Affairs, July 2007.

<sup>3</sup> Ibid

support for an immediate and permanent cessation of all testing of nuclear weapons'. Kirk spoke of the prospect of a South Pacific Nuclear Free Zone. He promised more aid to India and agreed to explore possibilities for bilateral trade and closer cooperation in the fields of education, agriculture, medicine and animal husbandry. This was followed by an Indian official delegation visit to Wellington in March 1974. It seemed as if New Zealand and India were almost on the road to a more substantial bilateral relationship.<sup>4</sup>

### *Nuclear Explosion and Isolation*

Kirk's efforts did not, however, lead to a quantum leap in bilateral relations, as India within four months of his visit exploded her first nuclear device on May 19, 1974. The New Zealand media fiercely criticised the Indian action, as the anti-nuclear movement had by this time gathered momentum in that country. By contrast, the government's response was more cautious and reflected greater understanding of India's position. On May 22 1974, in his first public statement on the issue, Kirk said that New Zealand understood India's desire for peaceful use of nuclear energy and respected India's scientific capability and resources that went into this experiment. He also expressed his faith that India would not manufacture nuclear weapons. The fallout of the nuclear controversy was that India almost completely disappeared from the radar of New Zealand foreign policy, at least for some time. The next Labour Prime Minister Bill Rowling outlined his government's foreign policy in Asia in February 1975; India was nowhere in that long policy document. And then as a National government came to office at the end of 1975, there was a distinct shift in focus in New Zealand foreign policy – from Labour's emphasis on morality and idealism to Sir Robert Muldoon's preference for trade and alliance with the United States; India became irrelevant to this new policy.<sup>5</sup>

### *India's Initiatives in Commonwealth*

In fact, from the time of the meeting of the Commonwealth Asia-Pacific regional leaders (CHOGRM) at New Delhi in September 1980, Muldoon's relations with India and the Commonwealth had been deteriorating over the forthcoming tour of the South African Rugby team<sup>6</sup> and anti-nuclear issues. A year later, at the Commonwealth Heads of Government Meeting (CHOGM) at

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<sup>4</sup> Sekhar Bandyopadhyay, no. 2.

<sup>5</sup> Ibid.

<sup>6</sup> The 1981 South Africa rugby union tour of New Zealand (still known by many in New Zealand as The Springbok Tour) was a controversial tour of New Zealand by the South African Springbok rugby union team. South Africa's policy of racial apartheid had made the nation an international pariah, and other countries were strongly discouraged from having sporting contacts with it. However, rugby union was (and is) an extremely popular sport in New Zealand and the Springboks were considered to be New Zealand's most formidable opponents. There was therefore major division in New Zealand as to whether politics should interfere with sport and whether the Springboks should be allowed to tour. See [http://en.wikipedia.org/wiki/1981\\_Springbok\\_Tour](http://en.wikipedia.org/wiki/1981_Springbok_Tour) (Accessed November 2, 2008).

Melbourne in October 1981, Muldoon wanted an endorsement that his government's actions during the 1981 tour of the South African Rugby team were in line with the Gleneagles Agreement<sup>7</sup> of 1977. Whether or not the unpleasant experience at Melbourne had anything to do with Muldoon's decision to close down the New Zealand mission in New Delhi four months later, is however, a matter of conjecture. After the elections in the July 1984, Indira Gandhi sent a warm congratulatory telegram to David Lange, and Lange announced that the New Zealand mission in New Delhi would be reopened as soon as possible. By the end of September it was known that Sir Edmund Hillary would be appointed the new High Commissioner in New Delhi and the mission would be opened by the end of December at the latest. On October 4, 1984 Lange went to New Delhi on a 36-hour visit. At the Indian capital he formally announced the appointment of Sir Edmund Hillary and discussed with Indira Gandhi 'a wide range of international issues.'<sup>8</sup>

### *Warming up of Ties*

The period of David Lange's prime ministership was indeed the high point of Indo-New Zealand bilateral relations. His friendly gestures managed to heal some of the emotional wounds inflicted by Robert Muldoon's actions. There was a visible eagerness on the part of India to develop a more substantial relationship with New Zealand. During his first meeting with Prime Minister Rajiv Gandhi, Lange identified a number of possibilities for developing bilateral relations in nuclear policy, negotiating a zone of peace in the Indian Ocean, joint naval exercises and above all, trade. He had developed a unique friendship with Rajiv Gandhi on the issue of disarmament and is said to have visited India for more than 20 times during his life time. He described this new turn as the 'new awakening' in New Zealand's foreign policy. This happened partly because Lange was being drawn away from the United States as a result of his anti-nuclear policy, but also because of his personal fascination with India and his matured understanding of the country and its politics. The high point of this new cordiality in Indo-New Zealand relations was Rajiv Gandhi's visit to New Zealand in October 1986. He praised New Zealand for its anti-nuclear policies and claimed that India had shown 'nuclear self-restraint' by not weaponising her nuclear capability for the previous twelve years. India had voluntarily chosen that option and would continue to do so in future. The visit resulted in the signing of a double taxation treaty and the New Zealand-India Trade Agreement. Under its provisions a New Zealand-India Joint Trade

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<sup>7</sup> The Gleneagles Agreement was unanimously approved by the Commonwealth of Nations at a meeting at Gleneagles, Auchterarder, Scotland. In 1977, Commonwealth Presidents and Prime Ministers agreed, as part of their support for the international campaign against apartheid, to discourage contact and competition between their sportsmen and sporting organisations, teams or individuals from South Africa. See [http://en.wikipedia.org/wiki/Gleneagles\\_Agreement](http://en.wikipedia.org/wiki/Gleneagles_Agreement) (Accessed November 3, 2008).

<sup>8</sup> Sekhar Bandyopadhyay, no. 2.

Committee was formed, and it has continued to meet regularly since its first session in New Delhi in June 1987.<sup>9</sup>

In 1989 when Geoffrey Palmer became New Zealand Prime minister he promoted market liberalisation and reduction in tariffs. At the same time, India was also looking at the possibility of changing economic priorities from socialism to a free market. After the 1990 elections, the National Party, which espoused a free market economy, came to power leading to convergence on trade issues with India, though there were differences on the nuclear issue. During the period 1993-1996, there was domestic instability in New Zealand due to defections and formation of new parties. The period from 1993 till 1998 saw lukewarm relations.

The strong condemnation that the second Indian nuclear explosion in May 1998 evoked in New Zealand was expected, given the fact that there was an even more firmly grounded national consensus on anti-nuclear policies. A National Party-led government was then in power in New Zealand. Almost immediately after the explosion, the New Zealand High Commissioner in India was recalled – as was done when the French had resumed nuclear testing at Mururoa Atoll in the South Pacific in 1995. A condemnatory resolution was passed in Parliament with the support of all political parties. The new Indian High Commissioner S. Kipgen was summoned twice to the 'Beehive' for a 'dressing down' even before he had presented his diplomatic credentials.<sup>10</sup>

Thereafter there were visits made by science and technology ministers from both sides as well as by the Indian Minister of commerce Murasoli Maran. External Affairs Minister Jaswant Singh paid a visit in 2001 to put forward India's justification for the nuclear tests. In 2003 the Indian government christened a road in honour of Sir Edmund Hillary and felicitated him as well.

Prime Minister Helen Clark's 2004 India visit was clouded by the nuclear controversy even before it began. A story in the *Hindustan Times* quoted her as saying that during her visit she would raise questions about Kashmir, take a strong position in expressing New Zealand's displeasure on India's nuclear programme and urge signature of the Comprehensive Test Ban Treaty. Clark immediately refuted the report and both she and Prime Minister Manmohan Singh tried to move past this controversy. Singh announced that India had "a close, very cordial relationship with New Zealand." This visit, he hoped, would give the relationship a "more solid content"<sup>11</sup>. The recent visit of Governor General Anand Satyanand to India in 2008 also showed the need for enhancing bilateral ties.

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<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

On the whole, bilateral ties have been dictated by an ideological policy stance and differing perceptions about the other's national interests. The crest and trough in ties had also seriously influenced economic ties between the two countries.

### Trade and Economic Relations

Even though the peak period in India-New Zealand relations was the prime ministership of David Lange, trade between the two countries was worth only \$99 million in 1989. Since then things have certainly improved, albeit rather slowly. In June 2005 New Zealand's exports to India increased to \$194.4 million and India ranked 25th among its trading partners. Although growth had been modest, it was, of course, the result of the initiatives taken by successive Labour-led governments since 2000. The high point of this initiative was Clark's visit to India in October 2004 – exactly twenty years after Lange's first official visit.<sup>12</sup> In 2008 total trade (as shown in the Table below) between the two nations reached the volume of \$ 494.59 million.

**India- New Zealand Trade-(In US \$ millions)**

S. No.	Year	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
1.	<b>Export</b>	85.97	93.22	141.90	502.97	158.51
2.	%Growth		8.43	52.21	254.46	-68.48
3.	%Share	0.13	0.11	0.14	0.40	0.10
4.	<b>Import</b>	78.89	127.96	216.63	265.58	336.07
5.	%Growth		62.20	69.30	22.60	26.54
6.	%Share	0.10	0.11	0.15	0.14	0.13
7.	<b>Total Trade</b>	164.86	221.18	358.53	768.55	494.59
12.	%Growth		34.16	62.10	114.36	-35.65
15.	%Share	0.12	0.11	0.14	0.25	0.12

Source: Ministry of Commerce at <http://dgft.delhi.nic.in/>

Now, when India and New Zealand have also initiated talks on signing of the bilateral FTA, there is hope for further streamlining of, and new avenues for, increasing trade. The agreement would not only address tariff barriers, which, for New Zealand agricultural products are at high levels, but also other potential barriers such as technical barriers to trade, sanitary and phytosanitary restrictions and customs procedures.<sup>13</sup> New Zealand's main exports to India are coal, wool, wood pulp, machinery, hides and skins. New Zealand's coal exports, in particular high quality coking coal used in India's growing steel industry, are flourishing. Coal has also figured in the investment pattern, with

<sup>12</sup> Ibid.

<sup>13</sup> "Good progress towards India – New Zealand Free Trade Agreement," at <http://www.beehive.govt.nz/release/good+progress+towards+india+%E2%80%93+new+zealand+free+trade+agreement> (Accessed November 10, 2008).

two Indian companies – Saurashtra Fuels and Gujarat NRE Coke Limited, having taken a stake in the Pike River Coal project New Zealand's West Coast. Traditionally, India's main exports to New Zealand have been gems and jewellery. But Indian exports are becoming more diverse, and now include a wide range of manufactured products.<sup>14</sup>

New Zealand Trade and Enterprise already has an office in New Delhi and the opening of a new office in Mumbai in 2008 highlights the growing importance of the India-New Zealand trade relationship.<sup>15</sup> In terms of investment New Zealand have to do a lot of catching up with other Western nations and even Southeast Asian nations like Singapore and Malaysia. New Zealand's investment in India has been to a tune of US \$13.55 million which comprise only 0.02 per cent of total FDI inflows in India.

### **Areas of Divergence**

With regard to bilateral relations, there have been two major irritants which have time and again ranged the two countries against each other at global fora. These include:

#### *Nuclear Stance*

One issue on which both countries have found themselves on opposite sides has been the nuclear issue. In 1974 when India exploded its peaceful nuclear device, and tested again in 1998, there was strong opposition from New Zealand. New Zealand's stance is anti-nuclear and it has been espousing the cause of a nuclear-free world. India has also initiated the Rajiv Gandhi Plan of Action for Nuclear Disarmament and still works for complete disarmament; at the same time, safeguarding of its national interest takes priority. This divergence should be addressed by the two nations so as to create mutual understanding about issues. In the NSG, voting for the India specific exemptions, New Zealand's hard line anti-nuclear policy had threatened to create a major diplomatic row with New Delhi. Also the hyperactive media in India had painted New Zealand and a few other countries as hindrances for India's quest for nuclear energy.

The issues are serious and need to be addressed at the highest level. India's benign role in the Asia-Pacific region and its clean record of non-proliferation should be taken into consideration by New Zealand prior to taking any policy decision.

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<sup>14</sup> Phil Goff, Speech to the India – New Zealand Business Council, October 24, 2007 at <http://www.beehive.govt.nz/speech/speech+india+%E2%80%93+new+zealand+business+council> (Accessed November 3, 2008).

<sup>15</sup> "New Zealand Strengthen its Trade Relationship with India," at <http://www.indiaprwire.com/pressrelease/other/200803268322.htm> (Accessed November 3, 2008).



New Zealand's Disarmament Minister Phil Goff had said that while India had a good non-proliferation track record, it has developed, tested and possesses nuclear weapons. New Zealand also wants limits on the scope of the technology that can be given to India that could relate to nuclear weapons. New Zealand remains a strong advocate of the Nuclear Non-proliferation Treaty and the Comprehensive Nuclear Test Ban Treaty and had stated that it would welcome India's accession to these treaties.<sup>16</sup>

### *WTO Negotiations*

For a number of years, India had maintained quantitative import restrictions on a wide range of agricultural, textile and industrial products (over 2,700 different types of products). India claimed it was entitled to maintain these restrictions for reasons of balance of payment. In 1997, New Zealand, the European Union, the United States, Australia, Switzerland and Canada were all of the view that India could no longer justify these restrictions under the WTO rules. In July 1997, each requested consultations with India under the WTO Dispute Settlement Understanding. The United States and agricultural exporters like New Zealand also want major developing countries to open their markets to more foreign farm products. Developing countries like India and Brazil for whom agriculture is top priority feel their farmers have long suffered from farm subsidies from rich countries and would prefer greater parity in tariff reduction vis-à-vis rich nations.<sup>17</sup> Phil Goff had stated that India and other major developing countries need to improve their market opening offers and address the concerns of the developed countries. But New Zealand, a major agricultural exporter that gave up farm subsidies years ago, would also like to see the United States and the European Union cut farm support "a lot more" than they have already offered.<sup>18</sup> New Zealand can become a mediator and persuade the developed nations to reduce subsidies, thereby enabling progress on the Doha negotiations.

### **Areas of Convergence**

Despite these major issues of divergence, with the changed geopolitical set-up, there are many areas in which the two countries can cooperate.

<sup>16</sup> "New Zealand wants more nuke controls on India," *The Associated Press*, August 26, 2008 at <http://www.ihf.com/articles/ap/2008/08/26/asia/AS-New-Zealand-India-Nuclear-Talks.php> (Accessed November 3, 2008).

<sup>17</sup> "WTO disputes with New Zealand as a principal complainant India - Quantitative Restrictions on Imports of Agricultural, Textile and Industrial Products (WT/DS/93)," at [www.mfat.govt.nz/Treaties-and-International-Law/02-Trade-law-and-free-trade-agreements/0-India-Imports.php](http://www.mfat.govt.nz/Treaties-and-International-Law/02-Trade-law-and-free-trade-agreements/0-India-Imports.php) (Accessed on 3.11.2008).

<sup>18</sup> "New Zealand eyes WTO farm deal, U.S. scolds India," June 9, 2008 at <http://www.reuters.com/article/politicsNews/idUSN0927547620080609?pageNumber=2&virtualBrandChannel=0> (Accessed November 3, 2008).



### *Asian Security Architecture*

With the rise of China and nuclearisation of North Korea, there are concerns raised about maintaining peace and stability in Asia. India and New Zealand which are likely to be directly affected by any upheaval in Asian security, have to work together for promoting peace and security in the Asian region. Also, with both countries being part of the ASEAN +6 community as well as members of the East Asian Summit, there is immense scope for cooperation in promoting mutual interests. Since any escalation of tension in the Southeast Asian region or any US-China balance of power initiative is likely to affect both countries. They should work together in various fora towards confidence-building and act as responsible powers in defusing tension in the region. While both countries promote cooperation with China as well as the US, in terms of strategic needs, their policies are tilted in favour of the US. New Zealand and India had different policies with regard to the non-aligned movement as well as New Zealand's accession to ANZUS, while India signed a Treaty with Soviet Union (Indo-Soviet Treaty of Peace, Friendship and Co-operation) in the past. But the geostrategic permutations have changed since then and it would benefit both countries to promote regional peace and harmony. As both are democracies, promoting good governance and stability could be the common convergence point.

### *Indian Ocean*

One area which becomes an important strategic point is the Indian Ocean. Maintaining peace and tranquillity in this region which is a major transit zone would benefit the trade of both countries. Also, India and New Zealand can cooperate against any great power domination in the Indian Ocean. They can cooperate on non-traditional security issues as well. Major areas of cooperation could be: countering transnational crime, intelligence sharing and increased defence cooperation.

### *Cooperation in Science and Technology*

This is one area which has been least explored, though India's IT skills are globally well known. Indian technocrats have propelled many economies and are at the forefront of the software revolution. New Zealand could benefit from Indian technical expertise. Also, with regard to defence manufacturing, India and New Zealand can look for complementarities. Space technology and nano-technology are the other two areas for cooperation.

### *Cooperation in Education*

Education has become a key sector for the two countries. Both governments recognised the enormous potential for cooperation in the education sector – both in terms of Indian students studying in New Zealand, and in establishing joint education ventures in India. Following a tertiary education-focussed

mission in 2005, India and New Zealand signed a bilateral Education Cooperation Arrangement. This led to the establishment of an Education Joint Working Group, the first formal meeting of which is scheduled to take place in early 2009. The focus on education has already had tangible results from New Zealand's perspective. A decade ago, there were about two to three thousand Indian students in New Zealand. In 2008, the expected number of students is likely to be around 6,000. Further, major growth can be expected in this sector over the next decade. Reflecting the importance of this sector, Auckland has appointed an education counsellor at the New Zealand High Commission in New Delhi, to promote and advance the opportunities offered by New Zealand education.<sup>19</sup> Indian educational institutions could also look for joint ventures with their New Zealand counterparts.

### *Co-operation in Biotechnology and Cold Chain Management*

New Zealand's agricultural technology, biotechnology and infrastructure engineering all have a big role to play in helping India increase its food production levels.<sup>20</sup> The biotechnology business is about partnering in a borderless world and companies that learn to access global opportunities are those that will succeed. There are more than 280 companies in the Indian biotech sector and among the big pharma companies pursuing drug development in the country are Merck, Eli Lilly, Glaxo SmithKline, AstraZeneca and Pfizer. In March 2008, Syngene, a Biocon spin-off and provider of research services announced a partnership with Bristol-Myers Squibb. But there is still lot of scope for New Zealand to collaborate with India in this field.<sup>21</sup> Also, with regard to cold chain management – the preservation of perishable food and dairy products and their transportation from source to market through cold storage logistics – New Zealand can share its expertise with India.

### *Agriculture and Processing Industries*

India and New Zealand agreed to increase cooperation in agriculture and look into issues relating to bio-security at the earliest. During the delegation-level discussions, Agriculture Minister, Sharad Pawar, proposed an 'umbrella agreement' to raise the level of and expand cooperation in, the agriculture sector. The proposed umbrella agreement between the Agriculture Ministries of the two countries will cover agriculture and allied activities including food processing, agricultural research, phytosanitary issues relating to trade in plants and animal products, engagement of private sector and exchange of

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<sup>19</sup> Phil Goff, no. 15.

<sup>20</sup> <http://www.beehive.govt.nz/release/good+progress+towards+india+%E2%80%93+new+zealand+free+trade+agreement> (Accessed November 3, 2008).

<sup>21</sup> "India-New Zealand Connection," May 29, 2007 at <http://www.investmentnz.govt.nz/section/14237/17173.aspx> (Accessed on November 6, 2008).

information in areas of mutual interest. The proposed agreement would supplement efforts being made by the two governments to strengthen cooperation and encourage trade. India and New Zealand already have a MoU on plant quarantine issues. A tripartite MoU between the Indian Council of Agricultural Research, Land Care Research, and Massey University, New Zealand, is being discussed and will be signed as soon as all the clearances are available.<sup>22</sup> As both India and New Zealand are agriculture-intensive economies, the potential is immense.

### *Tourism*

There is also a vast potential for increasing inflows of tourists and students into this country of four million. New Zealand is home to 105,000 Indians.<sup>23</sup> New Zealand is also a popular locale for Indian film industry. The number of tourists has been increasing steadily, and now exceeds 20,000 in each direction – for New Zealand a 14 per cent increase in Indian tourists from the year 2006. As of year ending January 2008, there were 22,244 visitors from India, a 9.5 per cent growth over the previous year. These visitors contribute around NZ \$70 million per annum to the economy.<sup>24</sup>

To facilitate greater tourist traffic, New Zealand signed an air services agreement with India in May 2006, which allows direct flights between Auckland and Mumbai. Under the Agreement the two countries can each operate direct aircraft services between Mumbai and Auckland, with the option of using Australia, Singapore or Hong Kong as intermediate points. Additionally, New Zealand carriers can code-share to five Indian cities (Mumbai, New Delhi, Chennai, Hyderabad and Kolkata) and Indian carriers can code-share to five New Zealand cities (Auckland, Wellington, Christchurch, Queenstown and Dunedin). These code share services can also be via Australia, Singapore, or Hong Kong<sup>25</sup>. An Indian carrier is likely to start flying to Australia in 2009, which will improve the range of options available to travellers in both directions. There is potential for providing facilities for tourists and also marketing India's tourism potential with the 'Incredible India' campaign. The forthcoming Commonwealth Games in 2010 in Delhi would also give greater exposure to New Zealanders about India.

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<sup>22</sup> "India, New Zealand for increasing farm ties," at <http://www.thehindubusinessline.com/2008/03/25/stories/2008032552271000.htm> (Accessed November 2, 2008).

<sup>23</sup> "India, New Zealand to initiate free trade pact," at [http://www.bilaterals.org/article.php3?id\\_article=8374](http://www.bilaterals.org/article.php3?id_article=8374) (Accessed November 8, 2008).

<sup>24</sup> Phil Goff, Speech to the India - New Zealand Business Council, 24 October 2007, <http://beehive.govt.nz/speech/speech+india+%E2%80%93+new+zealand+business+council> (Accessed 20 January 2009).

<sup>25</sup> <http://www.mfat.govt.nz/Countries/Asia-South-and-Southeast/India.php#merchandise> (Accessed on 19 January 2008).

*The Indian Diaspora*

The Indian community in New Zealand comprises about 2 per cent of the total population and has a greater share of about 5 per cent in New Zealand's economy. Indian migrants to New Zealand are mostly engaged in domestic retail trade though the community also has a fair number of professionals in the medical, engineering and IT sectors. A few are also engaged in the hotel industry and agriculture.<sup>26</sup> As Governor-General Satyanand stated in one of his speeches,

*"The relationship between our two countries then is based on many common linkages, including history, a Westminster constitutional heritage, language, sport, migration, cultural links and increasingly business ties. As India aspires to a powerful place in topmost world affairs, I believe the success of the India community here in fostering positive inter-community relations will ensure there is a solid foundation upon which to foster and strengthen our inter-country relations."*<sup>27</sup>

## Conclusion

The ties between India and New Zealand have gone through a roller coaster ride but there is a sense of stability in the relationship. This has been propelled by the advent of globalisation as well as increasing interdependence. While New Zealand cannot ignore India's huge market and its services sector, India cannot overlook New Zealand's important position in the Asia-Pacific region as well as its increasing clout in various global and regional fora. There has been growing convergence but there is a need for mutual understanding which can be promoted through greater investments, trade and people-to-people contact. Although on the regional scenario, both countries have been part of the East Asian Summit and have addressed non-traditional security concerns, there is need to address the differing policy perceptions and work collectively for promoting peace and greater trade.

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<sup>26</sup> Report of the High Level Committee on the Indian Diaspora, 2001, p. 286.

<sup>27</sup> Speech by the Governor-General The Honourable Anand Satyanand, India-New Zealand Business Council 11th Joint Meeting, Stamford Plaza, Auckland, October 24, 2007, <http://www.gov-gen.govt.nz/gg/speeches.asp?type=archive&ID=466> (Accessed November 3, 2008).