

Submission from New Zealand Minerals Council to MFAT New Zealand-India Comprehensive Free Trade Agreement April 2025

Introduction

1. New Zealand Minerals Council, formerly Straterra, is the industry association representing the New Zealand minerals and mining sector. Our membership is comprised of mining companies, explorers, researchers, service providers, and support companies.
2. We welcome the opportunity to make this submission on [New Zealand and India's negotiations of a comprehensive Free Trade Agreement](#).

Key points

- New Zealand mineral exports are expected to make a significant contribution to achieving the Government's goal of doubling export revenue and a Free Trade Agreement (FTA) with India would provide an opportunity for the sector to enhance this further.
- There is already a sound trading relationship between the minerals sector and India, with coking coal ranking as New Zealand's second highest goods export to India.
- The coking coal we export to India is highly sought after by international steelmakers because of its high quality and lower emissions intensity.
- Improved access to the Indian market for coking coal and other New Zealand minerals would benefit both countries. It would facilitate the production of competitively priced steel crucial for India's economic development.
- We support a high quality, comprehensive trade agreement and believe negotiators should seek to include the sensitive sectors of dairy and sheep meat in any trade agreement reached.

Submission

3. We fully support the Government's goal of negotiating new trade agreements with a view to increasing and diversifying trade. This is particularly important in the current environment with geopolitical developments leading to growing trade uncertainty.
4. The negotiation of a comprehensive FTA between New Zealand and India is particularly important for New Zealand in facilitating export growth and for both countries to signal their support for global trade, and a rules-based trading environment, at this time.

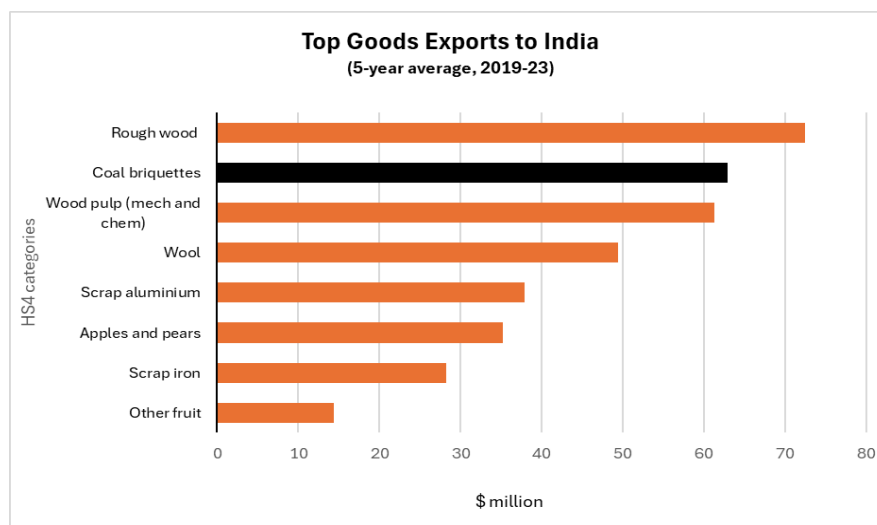
5. India is one of the world’s largest and fastest growing economies yet New Zealand’s trade with India is disproportionately low, with India accounting for just 1% of New Zealand’s export revenue. There are significant opportunities for New Zealand to increase trade with India and the minerals sector will be an important part of that.

New Zealand minerals exports

- 6. India is already an important market for New Zealand minerals, particularly coking coal. India ranks just 25th of New Zealand’s goods export markets but is the second largest market for our minerals¹. An FTA with India would give the minerals sector an opportunity to further grow its exports to that market.
- 7. The Government has identified the minerals sector as an important contributor to New Zealand exports. The goal of doubling minerals exports by value by 2035 has been set, equating to the Government’s goal of doubling exports as a whole by that year. While the economy-wide goal is quite ambitious, most observers are of the view that the minerals export goal will easily outstrip that driven by a combination of higher prices, increased production, and new mines across a range of minerals.
- 8. New Zealand Minerals Council agrees that two-way trade with India is important, and it should be noted that India is also an important source of mineral imports providing many minerals that New Zealand doesn’t produce in any quantities (including diamonds, zinc and barium).

Coal exports to India

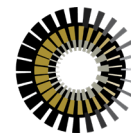
- 9. As mentioned, the predominant mineral New Zealand exports to India is, by far, coking (or metallurgical) coal. Coking coal is an essential mineral input used for steel making and other industrial processes. It is impossible to make steel at scale without coal. Coking coal is on New Zealand’s critical minerals list because of this as well as its “importance to New Zealand’s economy and to achieving our goal of doubling mineral exports by 2035”². Coking coal has also been deemed a critical mineral in the EU due to security of supply issues.
- 10. Coking coal ranks as one of New Zealand’s top exports to India. As shown in the graph below, it is the second highest goods export averaged over the last five years³. It was the top export in 2022. 2024 figures are not yet available for coal which explains why they do not appear in the statistics provided in the New Zealand’s Trade with India section of the MFAT website.



¹ Australia ranks first with more than \$800 million of gold going there in 2024.

² A Critical Minerals List for New Zealand, January 2025.

³ Due to volatility on an annual basis, the figures are best averaged.



11. This healthy trade is in spite of the existing tariff of 10% New Zealand coal exports to India currently face.
12. Removal of the tariff would increase the competitiveness of New Zealand coal in India. We note that when Australia's FTA with India came into force in December 2022, its share of coal exports to India increased. While Australia's coal exports are of a totally different scale⁴, this shows how important an FTA with India is and how New Zealand is at a competitive disadvantage without one.
13. New Zealand's relationship with India as a supplier of coal has been longstanding – of at least 30 years for one company. We are disappointed that this does not seem to be well understood in government circles or among the wider public. For example, we were surprised the sector was not represented on the Prime Minister's recent delegation to India.
14. We are conscious that coal is not as image-enhancing for New Zealand as some other export commodities might be because of its carbon emissions profile but it is important to understand that despite the global transition out of fossil fuels, coal remains an essential ingredient for the commercial production of steel for the foreseeable future and, as we outline below, it plays an ongoing role in boosting the international competitiveness of New Zealand food exports.
15. The coking coal we export to India is highly sought after by international steelmakers because of its high quality, having low ash and high fluidity in a blast furnace. This also means its emissions intensity is lower than coals from many other countries.
16. Lower tariffs on New Zealand coal to India would translate to lower prices for steel manufacturers which would feed through to more competitively priced steel in India. This is important for India as the country continues its economic development through increased investment in infrastructure and other steel-using construction. India has targeted significant increases in steel production to 2030⁵.
17. Coal also makes a major contribution to the international competitiveness of New Zealand's export sector indirectly, by being an essential component for our food processing sectors. For example, coal provides 54% of the energy consumed by the dairy sector, 31% by the meat sector, and 61% of fruit and vegetable processing⁶. Without coal, production costs would be much higher for these products and in some parts of the country a lack of alternative fuels available (e.g. no reticulated gas in the South Island) means they would not be viable.

New opportunities for mineral exports

18. New Zealand has a large and varied mineral endowment which is largely untapped. Many of these minerals are in demand internationally with uses in the low carbon economy as well as traditional areas.
19. The Government recently announced a number of initiatives aimed at creating opportunities to release New Zealand's untapped resource and to diversify the range of minerals beyond those traditionally produced.
20. For example, it has developed a minerals strategy, a critical minerals list and a detailed stock take of the known mineral potential. It has highlighted the sector as a key beneficiary of upcoming resource management reform and the recently passed fast-track legislation. These initiatives, together with

⁴ Australia exports roughly 200 times as much coal as New Zealand.

⁵ [India expected to surpass 300 MT capacity target by 2030](#)

⁶ These percentages are anticipated to decline as some companies transition to lower-emission fuels, but the transition is proving harder than expected for most as alternatives are proving harder than expected to access and so its likely coal will remain a major input for these products for some time yet.

growing awareness of the importance of critical minerals and increasing global demand has attracted significant interest in the New Zealand industry from a range of international investors, with a growing number of new mining projects underway or being scoped.

21. Along with significant quantities of gold and silver, ironsands and mineral sands containing rare earth elements are already being exported and there are projects in the pipeline for the production and export of a wider range of minerals including vanadium, antimony and ilmenite.
22. These will all make an important contribution to global supply chains and India is potentially a major market for them. While it is unlikely critical minerals would attract import barriers, it is important that New Zealand's trade negotiators are aware of this changing landscape and the potential for this important plank of the New Zealand-India relationship to grow.

A comprehensive free trade agreement

23. We support a high quality, and comprehensive agreement with India. We believe New Zealand trade negotiators should continue to pursue the inclusion of the sensitive sectors previously considered off-limits with India such as dairy and sheep meat, noting the importance of these to the New Zealand minerals sector as well as New Zealand economy as a whole.
24. Acknowledging that complete tariff elimination in these sectors will be difficult, we argue that:
 - changing geopolitical developments,
 - the need to avoid a precedent with future trade negotiations, and
 - the importance of these sectors to the New Zealand export economymean their inclusion in the negotiations should continue to be strived for.
25. It should be noted that even if complete tariff elimination is not achieved, increased/partial access for these products would be positive. At the very least, a most favoured nation (MFN) clause should be secured enabling equal treatment should India grant access in a future agreement to another economy.

Labour and the environment

26. We assume that any FTA with India would include environment and labour chapters. It should be noted that the New Zealand mining industry is world class when it comes to both labour conditions and its record for environmental management at mining sites. This is driven by New Zealand law and regulation requiring high standards as well as a desire to meet community expectations at the local level. We would be happy to provide examples of what the industry is doing in the area of environmental management.
27. In terms of carbon emissions associated with coal, it should be noted that emissions occur on the consumption of coal not the mining⁷ and so direct coal exports do not impact New Zealand's emissions profile as the coal is not consumed in New Zealand.
28. In terms of the impact on global emissions, as stated earlier, because of the high quality and specific characteristics of New Zealand export coal, its emissions intensity is lower than coals from other countries. This means coal exports from New Zealand to India and elsewhere are substituting lower quality coals used in steel making which has the effect of actually reducing global emissions.

⁷ Although there are also fugitive emissions which escape when the coal is extracted.