



To: Foreign Affairs, Defence and Trade Select Committee

From: Wood Processors and Manufacturers Association of NZ
(WPMA)

Date: 14 May 2026

Subject: International treaty examination of the Free Trade
Agreement between the Government of New Zealand and
the Government of the Republic of India

Note that we wished to be heard at Select Committee.

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1. Introduction

- 1.1 The Wood Processors and Manufacturers Association of New Zealand (WPMA) is appreciative of the opportunity to provide feedback on the 'International treaty examination of the Free Trade Agreement between the Government of New Zealand and the Government of India' (NZ-India FTA).
- 1.2 As an opening statement we are strongly supportive of the NZ-India FTA. The removal of 95 percent of tariffs on wood and articles of wood, pulp of wood, and paper and paperboard from day one of the FTA coming into force will be a key driver to increased export growth for forestry and wood products to India.
- 1.3 India represents an important export market for wood and forestry products with significant potential for growth. Tariffs range from 5.5% to 11% and when combined with Non-trade barriers they are acting as a disincentive to exporters.
- 1.4 With the NZ-India FTA over 95% of wood product and log exports will enter India duty free immediately once the FTA enters into force. Almost all of New Zealand's remaining forestry trade interests will have tariffs removed over seven years. This liberalisation of tariffs will create new opportunities for New Zealand exporters of wood products into the Indian market. According to the supporting documents to the FTA, wood products alone are expected to experience the largest absolute increase of all exports, up \$487 million annually by 2050.
- 1.5 As the New Zealand wood products industry looks at rebuilding our exports to India, it is important that the NZ-India FTA comes into force. Not only will this remove tariffs and other barriers to trade, but it will also assist in development of strong relationships with key Indian agencies. Connecting on values and demonstrating a clear focus on mutually beneficial areas of interest will be critical to the Indian Government opening the door to a longer-term trading relationship with New Zealand exporters.
- 1.6 Within the NZ-India FTA is a commitment to undertake a general review of the Agreement within one year of entry into force, and every two years thereafter. This is seen as sensible and is supported as a means of ensuring the FTA is kept up to date and to address any gaps in the agreement.

2. Discussion

Highlighted are key points WPMA wishes to make on the NZ-India FTA.

2.1 The opportunity for New Zealand Radiata Pine in India – Market Insights

- 2.1.1 India's domestic softwood market (includes Radiata Pine) was valued at USD 508 million in 2025 and is predicated to grow at a rate of 11 percent annually,

according to an Intelmarket Research report. The softwood market is forecast to reach around USD 1.06 billion (NZD 1.79 billion) by 2032.

- 2.1.2 Softwood lumber is primarily used in construction, furniture manufacturing, and packaging industries. Its lightweight yet durable properties make it ideal for structural applications, interior fittings, and engineered wood products. The market encompasses treated lumber and other variants tailored for specific end-use requirements.
- 2.1.3 Growth in the Indian market is driven by increasing urbanisation, infrastructure development, and government initiatives like the 'Smart Cities Mission and Housing for All'. The rising preference for sustainable construction materials further bolsters demand, particularly in residential and commercial projects.
- 2.1.4 The government's push for affordable housing targeting 20 million urban and 30 million rural homes by 2032, is cresting unprecedented demand for construction materials. Softwood lumber known for its workability and cost-effectiveness, has become a preferred material for structural frameworks, roofing and interior applications.
- 2.1.5 In addition, the Indian Green Building Council reports that green building projects have increased by 37% in the last three years, with softwood being specified in over 60% of these projects for its lower carbon footprint.
- 2.1.6 This trend aligns with India's commitment to reduce emissions intensity by 45% by 2030. The market has responded with increased imports of FSC-certified softwood from Canada and Europe (but not New Zealand), which grew by 23% year-on-year in 2023.
- 2.1.7 The Indian furniture market is also undergoing transformation and is forecast to reach USD 27 billion by the end of 2026, with pine a preferred wood variety due to its consistent grain, lightweight, and machine properties.
- 2.1.8 On the pulp front India is one of the fastest-growing pulp-consuming markets globally. Demand is structurally rising due to packaging, e-commerce, and demographic factors. Import dependence remains high due to a shortage of options in domestic pulp capacity.
- 2.1.9 The lack of domestic softwood forest resources means India is largely import dependant, with Canada emerging as a market leader leveraging their established trade relationships. Europe has also significantly expanded their footprint with some companies reporting 15% annual growth. In addition, Australia has increased its market share as tariffs for the Australian forest industry were eliminated from entry into force of the Australian Economic Cooperation and Trade Agreement in 2022.

- 2.1.10 With tariffs of between 5.5 and 11% on New Zealand wood products entering India, our industry is currently at a disadvantage when it comes to competitive pricing of softwood into India and is missing out on the Indian market opportunities. This is highlighted by our export data, which shows a drop off in sales of forestry and wood products to India from a high of \$326 million in 2029 to an estimated \$139 million in 2025, up from a low of \$76.5 million in 2024.
- 2.1.11 When breaking down these figures further, logs and poles sit at \$77 million, wood pulp at \$46 million, paperboard at \$4 million and timber/lumber products at around \$5 million combined. Hence, with a market value expected to grow to NZD 1.79 billion for softwood by 2032, WPMA sees excellent opportunities once the NZ-India FTA is in force for improved competitiveness for exports of our wood products into the Indian market.
- 2.1.12 By way of comparison, most wood and pulp tariffs for the Australian forest industry were eliminated from the entry into force of the Australian Economic Cooperation and Trade Agreement (ECTA) with India in 2022 or have been negotiated to slide to zero by 2028.
- 2.1.13 Although Canada does not yet have an FTA with India, British Columbia and the Canadian federal government have invested in long-term market development in India. Companies began promoting Canadian wood in the 1990s, and since 2012, BC's Forestry Innovation Investment (FII) has worked to build demand and brand recognition. This has steadily increased Canadian wood's presence in India.

2.2 Key Advantages of the NZ-India FTA to the Wood Processing and Manufacturing Sector

- 2.2.1 Besides the removal of 95% of tariffs between 5.5 and 11% from New Zealand wood and forestry products, the NZ-India FTA offers additional benefits to both our industry and to wider New Zealand. The key added benefits of the FTA to our industry when trading with India are outlined as follows.

Application of Non-Tariff Measures – Article 2.10

- 2.2.2 The wording in Article 2.10 in that '*neither party shall adopt or maintain non-tariff measure on the importation of any good of the other party*' and '*with the effect of, creating unnecessary obstacles to trade between the Parties*', is strongly supported by WPMA.
- 2.2.3 Non-tariff barriers (NTBs) are one of the main impediments to developing a fair-trading regime for New Zealand exporters of wood products with India.
- 2.2.4 Feedback received from New Zealand wood product exporters to India and other countries emphasise that NTBs are causing trade distortions, which is having a negative impact on the ability to sell product into export markets, such as India.

Examples of Non-tariff barriers include:

- i. Complex fees systems and a lack of transparency in determining duties and charges, in addition to state and local taxes and charges, which increases the cost of imported wood products.
- ii. Lengthy and bureaucratic customs and entry procedures and inconsistent application of customs valuation criteria.
- iii. Measures for protecting small-scale domestic industries, including: investment limits on small-scale enterprises and reservation of products for exclusive manufacture in the small-scale sector, including wooden furniture; tax incentives and other subsidies for small-scale industries; and government procurement preferences to small enterprises.

2.2.5 Article 2.10 within the FTA and the provisions to address NTBs such as a legally binding commitment for India's customs service to release all goods within 48 hours of arrival will benefit New Zealand wood product exporters.

2.2.6 WPMA has been a long-term advocate of supporting removal of Non-tariff barriers, hence the implementation of Article 2.10 in the NZ-India FTA is most welcome.

Export Subsidies – Article 2.14

2.2.7 Like NTB's export subsidies for local producers are a barrier to trade and provide an unfair competitive advantage to domestic companies. The wording in the FTA text that the Parties agree not to maintain any export subsidies that are inconsistent with their obligations under the WTO Ministerial Decision on Export Competition is welcomed. However, monitoring the use of subsidies within India could be challenging and we encourage the New Zealand Government to ensure that this is rigorously watched as to keeping in line with the wording in the Article.

Risk Assessment – Article 6.5

2.2.8 Article 6.5 - Risk Assessment - outlines that each party shall base its sanitary and phytosanitary measures with respect to trade with the other Party on relevant international standards, guidelines or recommendations, where they exist, except as otherwise provided in the SPS Agreement. The Parties shall strengthen their cooperation on risk assessment in accordance with the SPS Agreement while taking into account the relevant decisions of the WTO SPS Committee and international standards, guidelines and recommendations.

2.2.9 WPMA supports the wording in this Article as a means of ensuring that any phytosanitary measures enforced on goods imported into India are based on international standards and guidelines, which are based on facts and science.

Forestry Cooperation – Article 6.5

- 2.2.10 Within Article 6.5 of the text, both New Zealand and India recognise their common interest in strengthening cooperation in the forestry sector by building relationships between forestry-related entities and organisations.
- 2.2.11 Besides the cooperation in sustainable forest management, research and innovation, education, harvesting and certification, the Article specifies the use of timber products and applicable standards.
- 2.2.12 Based on the majority of the target market for New Zealand timber and lumber being the Indian building and construction market, it is important that the relative Indian building standards recognise and specify New Zealand Radiata Pine as an accepted building material for structural, appearance and general construction. Without this recognition, it will be difficult to grow the export of New Zealand wood products into the Indian market.
- 2.1.13 India's Bureau of Indian Standards (BIS) has a code of specification (National Building Code) for construction and construction methods which also specifies guidelines pertaining to structural timber, structural plywood, wood fence and posts, and the construction of timber ceilings in buildings. Similarly, fire codes have been prepared under the same set of codes. These standards are not mandatory for the private sector, but compulsory for government institutions. Making the Indian standards comparable to New Zealand building standards as part of the NZ-India FTA will be a positive action to support wood product exporters to India.
- 2.2.14 Implementing the cooperation in timber products and applicable standards specified in Article 6.5 – Forestry Cooperation will assist in ensuring a process is enacted for development of standards that specify the use of Radiata Pine within the Indian building and construction market.

3. Conclusion

- 3.1 The decline of New Zealand wood product and forestry exports to the Indian market has come about due to several reasons including tariffs, the difficulty in dealing with Indian bureaucracy, the use of Non-Tariff barriers to support the Indian wood processing industry, and phytosanitary measures.
- 3.2 Given this, WPMA is very supportive of the NZ-India FTA coming into force. As highlighted WPMA views the completion of the NZ-India FTA as a key means of lifting exports of wood products to India.
- 3.3 WPMA has been actively involved in supporting the Government on development of NZ-India FTA, specifically with the text for wood products. This includes providing details on HS codes as to key wood products where tariffs

need to be liberalised. With this detail specified within the FTA wording, we now see the opportunity to compete on the Indian domestic market with other countries such as Canada, Finland and Australia.

- 3.4 With the Indian softwood (includes NZ Radiata Pine) projected to increase from USD 1.06 billion to USD 1.79 billion by 2032, and the country growing economically at an estimated rate of 8%, India is set to become one of the largest consumers of wood in the world. There is, particularly, a renewed and heightened interest in sustainably harvested wood, fueled by factors such as a growing number of young middle-class families, a shortage of timber for building and construction, and awareness about environmental concerns such as carbon emissions, plus rising incomes.
- 3.6 WPMA thank the officials and the Minister for Trade for progressing the NZ-India FTA. We see no disadvantages to our industry or to New Zealand within the FTA. We now recommend that the FTA is supported by all political parties and brought into force as soon as practical.

The Wood Processors and Manufacturers Association

About us:

WPMA is a voluntary industry-based Association representing producers of sawn lumber, pulp, paper, panels, laminated products, mouldings, engineered wood, and bio-forestry products. Total sales of wood products both domestically and globally in 2025 was approximately \$5 billion. The industry employs close to 30,000 staff, mostly in regional New Zealand.

<https://www.wpma.org.nz/>

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