

# OPENING DOORS TO INDIA

NEW ZEALAND'S 2015 VISION



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## NEW ZEALAND'S 2015 VISION

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## FOREWORD FROM PRIME MINISTER KEY

I'm delighted to introduce the New Zealand Inc India Strategy. Our future prosperity as a country depends on our ability to overcome the tyranny of distance, connect with the world, and build our exports.

A stronger export market will help us build a stronger economy, which will, in turn, create jobs, boost incomes, and raise living standards for New Zealand families.

That's why New Zealand is taking a whole-of-government approach to building exports and opening up new markets. This includes directing government agencies' efforts towards key countries and regions over the next five years.

This strategy, the NZ Inc India Strategy, is the first. India is emerging as an Asian superpower and New Zealand needs to make the most of the opportunities it provides for the future.

Similar strategies for China, the United States, and Australia are also underway. Strategies for ASEAN, the Middle East, and the European Union are planned.

The NZ Inc India Strategy outlines why New Zealand exporters should be doing business in India and gives them the information they need to get started.

The Government's vision is for India to become a core trade, economic, and political partner for New Zealand by 2015. This is a bold aim, but one which all of Government is working towards.

For example, we are working hard to complete the India New Zealand Free Trade Agreement (FTA) in 2012. This FTA has huge potential to benefit both our countries.

New Zealand and India already have much in common. We share a Commonwealth heritage,

legal system, business language, democratic traditions, sporting passions, and people-to-people links.

We strongly value our strong bilateral ties with India. We look forward to building on our ties in the years ahead, and learning more about – and from – India.

I believe we can build an enduring and successful partnership with India that will bring in huge rewards for both our countries in the years to come.

This NZ Inc Strategy is our first step, and I encourage New Zealanders to find out more by visiting [www.mfat.govt.nz](http://www.mfat.govt.nz)

For more information about doing business in India, including market intelligence reports and information about business culture, visit [www.nzte.govt.nz](http://www.nzte.govt.nz)

**Rt Hon John Key**  
**Prime Minister**





## INDIA IN PERSPECTIVE

With more than 1.2 billion people, India is one of the world's largest economies. In nominal terms it is currently the world's 10th largest economy (US\$1,685 billion).

India is a country of diversity. It has 28 states, seven union territories, and numerous official languages. It is also a country of significant change, growth, and urbanisation – by 2030 it is expected that India will have 68 cities with populations of more than one million people.

→ “By 2012, [India] will have overtaken Japan to become the world's third largest economy, with GDP accounting for 5.8% of the world total in PPP terms. In the long-term, India could grow even faster than China due to its younger and faster growing population.” *Euromonitor*

There are 2.65 children in India for every woman of child-bearing age and with 64 percent of the population currently aged between 15 and 65, India has the world's largest working age population pool. According to the International Monetary Fund, this demographic dividend could add about two percentage points per annum to India's per capita GDP growth over the next two decades.

Indian people are becoming more widely educated and the liberalisation of the economy has given rise to a vast collection of self-made millionaires. This is a nation where staggering wealth and prosperity thrive side-by-side with a rural economy. Around 60 percent of the population lives rurally but there is rapid urbanisation and special economic zones in major cities have proved pivotal to development.

India is using some of its newfound wealth to invest in the education of its young people. While only 63 percent of adults are literate, among India's youth this figure is 78 percent. Already there have been striking advances in addressing literacy. There are now around 350 tertiary institutions in India, including the Indian School of Business which was ranked number 12 in global MBA rankings by the *Financial Times* of London in 2010. India's 100 million-plus English speakers are a huge asset as it develops into a global economy.

Education constitutes 20 percent of India's current budget for economic development, with a total outlay of about \$81 billion. This substantial investment is improving the

Even during the global recession India fared well, with annual growth of over five percent, and it is projected to return to more than nine percent, in line with its performance over most of the past decade.

In August 2007, the McKinsey Global Institute predicted that “over the next two decades, the country's middle class will grow from about five percent of the population to more than 40 percent and create the world's fifth-largest consumer market.” So far, that prediction is proving sound.

India's greatest asset is its youthful and increasingly educated population.



Clockwise from top:  
Taj Mahal (photo courtesy of WG-ST), spice market,  
Prime Minister Key in India with Stephen Fleming.



Clockwise from top left:  
Charminar in Hyderabad,  
The Ganges near Varanasi,  
and a Mughal tomb  
(photo courtesy of WG-ST).

quality of elementary education, recruiting additional teachers (particularly in science and mathematics), upgrading ICT in schools, and using technical assistance to strengthen educationally fragile states. The next Five Year Plan (2012-2017) is expected to further increase government spending on education and continue to promote the public-private partnership model of education infrastructure and capacity building.

**“India is one of the world’s best-performing economies for a quarter century. In the past two decades, the size of the middle class has quadrupled... and one percent of the country’s poor have crossed the poverty line every year.”**

*Respected Indian commentator Gurcharan Das*



## CITIES ON THE MOVE: THE TRANSFORMATION OF PUNE AND HYDERABAD

India is simply too large a market to approach in anything other than small sections, whether it be politically, institutionally, or geographically. Opportunities in India abound beyond the sprawling mega-cities of New Delhi and Mumbai and New Zealand companies should be looking at other tier one, two, or three cities as part of their market entry strategy. Some of India’s more ambitious cities offer healthy prospects for savvy businesses; two examples of upcoming cities are Pune and Hyderabad.



### PUNE

The transformation of India’s eighth largest city into a major industrial hub has attracted attention around the world. Known as a centre of education, Pune is located 150 kilometres from Mumbai, in the western state of Maharashtra, and is home to 5.5 million people. The city boasts the second highest per capita income in the country.

Pune’s growth can be attributed to three areas: ICT, small and medium engineering component manufacturing, and automobiles.

All sectors of the automotive industry are represented, from two-wheelers and auto-rickshaws to cars, excavators and trucks. The *Independent* once dubbed Pune India’s “Motor City” thanks to the proliferation of big-name international auto companies, such as Daimler, Chrysler, Volkswagen, Fiat, and Mercedes Benz, that have set up manufacturing or greenfield facilities in and around the city. Indian automotive

companies such as Tata Motors, Mahindra and Force Motors (Firodia-Group) have also set up in Pune.

A number of IT parks have been established to accommodate the city’s swelling software industry, which employs more than 70,000 people. Major software companies such as Infosys, Symantec, Tech Mahindra and IBM Global all have a presence in Pune, and Microsoft is planning a US\$156 million project in Hinjewadi, on the outskirts of the city.

In addition, a high-speed train is being built to connect Pune to Mumbai which will reduce travelling time to just one hour, and the state of Maharashtra is reportedly planning a 1000MW power plant to exclusively cater for Pune’s rapid expansion. There is a strong New Zealand link with Pune as well, with BLACKCAPS Jesse Ryder and Nathan McCullum playing for the Pune Warriors in the 2011 Indian Premier League (IPL) series.



### HYDERABAD

With a population of about six million people in the Greater Hyderabad Municipal region, the capital of the state of Andhra Pradesh offers numerous opportunities for New Zealand companies. Hyderabad is home to a sizeable “Tollywood” Telugu film industry which has shot some films in New Zealand, and the largest studio complex in the world, Ramoji Film City, is located on the outskirts of Hyderabad.

Hyderabad is also known for its pharmaceutical and entertainment industries, as well as IT and IT-enabled services, albeit smaller than Bangalore’s but with lower operating costs.

Microsoft’s India Development Centre is based in Hyderabad. The Indian School of Business based here has an association

with the likes of Kellogg and Wharton and attracts local students and international talent.

With a new airport, Hyderabad is becoming a regional aviation hub and is developing this sector as one of its specialisations. Dairy, meat processing, biotechnology and agritech also offer a good fit with New Zealand capability. Hyderabad is the home to sizeable national companies including the Dr. Reddy’s Lab, Mahindra Satyam, and GVK. GMR Group, which is working with the likes of Glidepath, originated in Hyderabad, and Apollo Hospitals – the largest private public hospital operator in India – is located there. Hyderabad is also poised to become a world-class hub for advanced semiconductor and electronics manufacturing.



## INDIA'S COMMERCE

The Indian economy is largely driven by the domestic market and the rise of consumerism. Its transformation is particularly focused within the following areas: the food supply chain, consumer lifestyle, industry, infrastructure, innovation and skills. There are significant opportunities for New Zealand companies.

Modern India is a car manufacturing hub and has three Antarctic research stations, a space programme, a large agricultural sector, diversified industry, and a sophisticated financial and service sector.

Over the past decade India has capitalised on its wealth of well-educated, English-speaking workers to become a major exporter of software and business process outsourcing (BPO) services and resources. Global research group Gartner estimates India's BPO sector will make US\$1.4 billion in 2011.

India is establishing itself as a global force in influential sectors such as the auto industry and is now the world's largest auto-component manufacturer. Hyundai, Renault, and Ford all

now have Indian manufacturing plants and the Indian corporate giant Tata owns Jaguar and Land Rover.

Infrastructure problems are the biggest obstacle to the full realisation of the country's economic potential. India's ports, roads, and rail network need massive capital investments and power shortages continue to be a factor.

Bureaucracy, labour market rigidities, and regulatory and foreign investment controls are also constraining economic growth.

In India, cricket is both a lucrative and hugely influential sport. Some 70 to 80 percent of global cricket revenues are generated by and in India. Business commentators estimate the net worth of the IPL to be around US\$3.7 billion.

➔ “Rather than adopting the classic Asian strategy – exporting labour-intensive, low-priced manufactured goods to the West – India has relied on its domestic market more than exports, consumption more than investment, services more than industry, and high-tech more than low-skilled manufacturing.”

*Respected Indian commentator Gurcharan Das*

## NEW ZEALAND AND INDIA

India is an increasingly key player in global and regional political, security and economic discussions and negotiations, and our two countries have a shared stake in Asia's stability, security and prosperity.

New Zealand and India have enjoyed long-standing and warm relations. Our historical ties stretch back to when Indian migration began in the 1890s and the Gallipoli landings in 1915. The founder of modern India, Mahatma Gandhi, is an admired figure in New Zealand; and Sir Edmund Hillary's legacy as Everest pioneer and Ganges adventurer is also well known in India.

The acknowledgement of New Zealanders by the Indian government is another sign of the strength of the relationship between the two countries. In 2008, Sir Edmund Hillary was posthumously awarded the second highest Indian civilian honour, the Padma Vibhushan, and in January 2011, New Zealand's former

Governor General Sir Anand Satyanand received the Pravasi Bharatiya Samman Award (Global Indian of the Year).

There has been a steady flow of high level visits in both directions, and, in 2011, Rt Hon John Key was the sixth New Zealand Prime Minister to visit India since formal relations began.

New Zealand also wants to work with India to ensure greater momentum in the East Asia Summit, to further its political, security, and economic agenda; to advance the Comprehensive Economic Partnership in East Asia (CEPEA); and in settings such as the ASEAN Regional Forum.

### NEW ZEALAND AND INDIA TRADE FIGURES



Source: Statistics New Zealand (for the 12 months to March 2011)



Sir Edmund Hillary went up the Ganges River in a Hamilton Jet in the late 1970s (photo courtesy of Hamilton Jet).



### HAMILTON JET

Hamilton Jet is the world's largest manufacturer of water jet propulsion systems. Its water jets are installed in high-speed marine vessels around the world.

Recently the company rekindled an old relationship - with India. Hamilton Jet sold its first boats there in 2000 after working with a distributor who helped establish a relationship with the Indian Navy. After that association ended, Global Sales and Marketing Manager Mike Shearer says it took a long time to find a new partner and re-establish the relationship.

Sir William Hamilton designed the innovative jet propulsion system in the 1950s using a 2000 year old principle first described by Archimedes, and in 1977 Sir Edmund Hillary led an expedition with his son Peter to the source of India's sacred Ganges River using the Hamilton Jet boats.

But the company realised that its rich and iconic heritage was not something the company could use to trade on.

"It's a heritage we are proud of," says Shearer, "but it's not actually something we use because it can be difficult, especially in the government sector which tends to rotate every three years. It's more important to have the ability to get in front of the right people."

Shearer says having an appreciation for how business is done in India is the first step to being successful.

"You need to take time to understand the hierarchical business practices and realise early on that it requires a certain commitment in terms of resources. When we started we didn't recognise the fact that we personally needed to have enough resources to be able to spend time physically in India."

In addition he says it's important to recognise the level and depth of personal relationships that have to be nurtured.

"It's a unique business environment. We had to learn to foster personal relationships with business partners while at the same time maintaining the ability to be fairly tough. You don't want to be thought of as naive."

Hamilton Jet doesn't currently have an office in India but is considering the option, as a particular challenge the company faced was finding a suitable professional partner to work with, especially from a distance.

Shearer says the market in India has the potential to be bigger for Hamilton Jet than all of South America. However, it's a unique market and a whole new way of doing business.

[www.hamjet.co.nz](http://www.hamjet.co.nz)

“Three quarters of India’s consumer market in 2025 doesn’t exist today.

➔ \$1.32 trillion...

...a year in future purchases is up for grabs.” *India mega-retailer Future Group*

## THE NZ INC INDIA STRATEGY

This country strategy is the first of its kind. It is part of a broader strategy to increase the internationalisation of the New Zealand economy which, in turn, is part of the wider Economic Growth Agenda. It supports the Government's main goal to deliver greater prosperity, security and opportunity for all New Zealanders.

The strategy is part of a whole of Government approach to growing exports and new markets.

The NZ Inc India Strategy reflects India as an important bilateral partner for New Zealand. It has a strong trade and economic focus and sets out ambitious, high-level five-year goals and actions to achieve them.

The strategy also provides an overview of our strengths and, at times, a frank admission of weaknesses in New Zealand's overall approach.

It focuses on key sectors and identifies pathways to superior long-term performance. The strategy has been developed by ministers and government agencies with important private sector input from industry groups, businesses, and organisations involved in building New Zealand's relationship with India.

A central aim of this strategy is greater efficiency and effectiveness across all government agencies that work in and

with India, and more targeted and cohesive services to help successful businesses develop and grow in India. The strategy, however, goes far beyond increasing exports. It identifies issues that impact on New Zealand's ambitions: improving capital markets, fine tuning New Zealand's immigration policy, international education policy, and the need for direct air links between both countries.

### New Zealand 2015 vision

As international competition for India's attention intensifies, New Zealand must draw India's gaze. The vision for the NZ Inc India Strategy is that by 2015:

**“India will become a core trade, economic and political partner for New Zealand”**

Pivotal to this is achieving a Free Trade Agreement (FTA) with India. This will require the drive and energy of businesses working collaboratively with NZ Inc government agencies.

India with its huge economy and projected population growth offers: “a land of limitless opportunities”.

*Minister of Commerce and Industry, Anand Sharma*

## GOALS

The NZ Inc India Strategy identifies six strategic goals for furthering New Zealand's ambitions for its relationship with India. Each goal is focused, demanding, and precise, a benchmark against which success can be measured.

- 1 **Grow merchandise exports** to at least \$2 billion by 2015.
- 2 **Grow services trade** with India by an average of 20 percent per year.
- 3 **Improve the bilateral investment framework** and facilitate growth in the investment relationship.
- 4 **Attract and retain skilled migrants** from India who are able to make an effective contribution to New Zealand's economic base.
- 5 **Engage more deeply with India** on regional and global issues that will impact on New Zealand's future prosperity and security.
- 6 **Raise the profile of New Zealand's value proposition** in India through a series of conscious steps, from enhanced cricket diplomacy to increased political contact with India.

Underneath each goal is a series of actions and priorities that will be led by Immigration New Zealand, the Ministry of Education, the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise.

Other agencies working closely on actions and priorities include the Ministries of Agriculture and Forestry, Science and Innovation, Defence, Economic Development, Culture and Heritage, Transport, Tourism New Zealand, Customs, and the Department of Internal Affairs.

Several key steps to implement this strategy are already underway. They include:

- re-launching the bilateral relationship at the highest political level through Prime Minister John Key's state visit to India in June 2011
- negotiating the New Zealand-India FTA and reducing trade access barriers
- engaging with Indian business lobbies to strengthen our FTA constituency
- developing action plans for key sectors
- using cricket diplomacy to promote New Zealand business and
- investigating air links.

### 1 **Grow merchandise exports to at least \$2 billion by 2015**

New Zealand's exports to India are growing rapidly, and India is currently New Zealand's seventh largest export market, earning \$917 million in the year to March 2011.

This figure reflects significant growth in recent years – only three years ago India was this country's 24th largest export market.

To achieve the goal of growing merchandise exports to at least \$2 billion, New Zealand must:

### **Complete a Free Trade Agreement (FTA) with India**

The rapid growth in New Zealand's exports to India could provide increased value if an FTA liberalised India's severe tariff and non-tariff



➔ “India is on the verge of becoming a great power and the swing state in the international system. As a large, multi-ethnic, economically powerful, non-Western democracy, it will play a key role...”

*C. Raja Mohan in Foreign Affairs Magazine*

barriers. The scale of demand is huge and similar to China’s and the completion of an FTA is a central element of New Zealand’s overall trade strategy.

**Protecting our existing commodity based trade**

While FTA aspirations are of critical importance, it is also crucial that New Zealand remains focused on protecting current commodity exports – namely coal, logs, wool, and, increasingly, dairy. Trade threats and problems occur routinely. These will continue to require expert management.

**Boosting non-commodity exports**

About 350 New Zealand companies are already exporting to India, with a similar number interested in doing so. However, most of these companies are small and occasional exporters.

Just eight companies are responsible for three-quarters of New Zealand’s exports to India. There is an opportunity to develop the export potential of about 700 companies. The lack of depth here is a significant weakness for New Zealand. Addressing this will not be easy and will take time.

To do this, New Zealand government agencies will work to raise the profile of India as an export destination among New Zealand businesses, educate potential exporters in Indian business culture, and develop sector strategies in key areas of opportunity (see page 27 for more information).

New Zealand needs to better understand Indian business culture in order to grow business opportunities and build relationships. In any strategy it is important to recognise weaknesses and areas in which New Zealand underperforms.

**TOURISM: INDIAN VISITORS TO NEW ZEALAND**



Source: Statistics New Zealand (for December year end)

➔ **MAINFREIGHT LIMITED**

Mainfreight Limited is a global supply chain logistics provider, with businesses operating in 186 branches throughout New Zealand, Australia, Europe, Asia, and the United States of America. Established in 1978, Mainfreight has sales of \$2 billion a year, employs over 4,600 people, and has in excess of 30,000 customers worldwide and more than 4,300 shareholders.

Don Braid, Group Managing Director, says India is Mainfreight’s “next China”. The schedule for moving into India has been accelerated following the 2011 trade mission. Braid says the mission convinced him there was no time to waste in finding the right partner.

[www.mainfreight.com](http://www.mainfreight.com)

“We want to make sure we’ve got the right partner. Once we pick that company, that’s a relationship for life for us.”

Braid says there is a genuine opportunity for New Zealand products and services, but he warns that Kiwi businesses have to enter the market with a sharp focus.

“You need to be focused on what you can sell or what you can do. Over-promising and under-delivering is not going to cut it in that market.”

He also says NZ Inc is a key strategy for success. “We need to move as a country. Together, united, the brand of New Zealand has a big job to play in attracting the Indians to New Zealand trade.”

➔ **FEDERATION OF MAORI AUTHORITIES**

Traci Houpapa is Chair of the Federation of Maori Authorities (FOMA), which was established 25 years ago to promote and advance the sound management of Maori authorities and economic development.

Houpapa says New Zealand would be remiss to neglect what Maori-owned organisations, Maori beliefs, and Maori culture could add to a relationship with India. “For Maori and Indians, there are a number of commonalities in terms of culture.”

These include an intergenerational focus, a long-term business horizon, and a clear desire to build wealth and benefit for families and

communities. Maori understand the emphasis Indians place on developing a relationship of trust and confidence as the basis for an enduring business association. Such commonalities need to be underlined in the fierce global competition for India’s attention.

Beyond that, New Zealand needs to understand the strong branding opportunity Maori culture offers in terms of establishing a foothold in India. “The interesting thing about New Zealand is that it has tangata whenua, it has Maori. It’s a huge brand and marketing opportunity.”

[www.foma.co.nz](http://www.foma.co.nz)

However, we also have areas of strength to build on. We have a substantial community of New Zealanders of Indian heritage and also aspects of Maori business culture to draw from.

**2 Grow services trade by 20 percent per year**

There is great potential for New Zealand’s services trade with India, but analysis reveals significant weaknesses in our assets and in our approach. The most obvious competitive sectors at this stage are education, tourism, and professional services.

**Education**

Over the past six years, the education relationship with India has gone from strength to strength. New Zealand and India renewed their Education Cooperation Arrangement in 2010, and during Prime Minister Key’s visit to India in June 2011, he announced an agreement between India and New Zealand to progress a joint Prime Ministerial Education Initiative between the two countries.

New Zealand is one of a dozen countries India is particularly keen to work with in terms of education, and maintaining our relatively strong profile at the political level will be necessary to ensure profile and access.

room for New Zealand education providers to help train some of the large number of Indian graduates who will be required in coming years to service India’s swiftly expanding business sector.

He cautions that New Zealand has to take care to ensure Indian students are placed in high-quality courses and are receiving the best possible New Zealand education at reputable institutions. Top-flight Indian students learning alongside ambitious New Zealanders could create rich friendships and future business networks that could benefit both countries.

**UNIVERSITIES NEW ZEALAND**

Derek McCormack, Chair of Universities New Zealand and Vice-Chancellor of Auckland University of Technology, says that although India is New Zealand’s third largest source market for international students, there is potential for New Zealand universities to develop much stronger engagement in the market.

“We need to make further contact with some Indian agencies, and build up stronger relationships with university networks.”

McCormack says there is opportunity for collaboration in areas such as joint research and student or staff exchanges. There is also



New Zealander Stephen Fleming has coached the Chennai Super Kings, women riding the Pune train (photo courtesy of WG-ST).

New Zealand needs to carefully balance the marketing of education services to India, seeing India as an important source of quality students and prospective migrants, and as a long-term partner in education cooperation activities. This requires a more sophisticated approach than just promoting New Zealand as an education destination.

Quality of education and the safety of young people are concerns everywhere. In international education, they are crucial. This is a very sensitive area with considerable reputational risk around it. The Government will work intensively with education providers to ensure we can offer young Indian students in our country a safe and high-quality experience.

**Tourism**

The strong Indian economy, high consumer confidence, and a willingness to spend on travel is resulting in an increase in outbound travel from India.

Indian tourists are of exceptional value to New Zealand’s tourism industry. They prefer to travel in New Zealand’s low season, creating a welcome boost for the sector; they prefer free and independent travel, which means they spread their spending beyond the main tourist

hubs of Rotorua and Queenstown; and they stay longer and spend more per capita than many other nationalities.

The great natural assets we have to attract Indian travellers are obvious, but so too is our fundamental weakness: there is no non-stop air link between India and New Zealand – travellers must transit through Australia or Asian hubs such as Singapore, Kuala Lumpur or Hong Kong. This represents a constraint on trade, business people and international students.

**Professional services**

Over the next 15 years, there will be massive competition for the US\$1.2 trillion worth of infrastructure required in India’s cities. New Zealand’s large engineering consultancies are aware of the market and are assessing opportunities. An FTA might provide a platform for professional services companies to reconsider India as a market where they could grow.

With a concerted push to develop our relationship, India could represent a huge opportunity for a range of New Zealand-based niche service providers. Clustering of niche service providers within sectors will also be important for gaining a foothold.

India was ranked 134th in the 2011 Ease of Doing Business ranking. New Zealand ranked third, behind Singapore and Hong Kong. Chad came last, ranked 183rd.



The coordinated effort by the New Zealand aviation sector is a good example of how this can work.

**3 Improve the bilateral investment framework and facilitate growth in the investment relationship**

Foreign Direct Investment (FDI) and international trade are becoming ever more closely linked to global supply chains. We can be certain that India will become a much more important player in both inward and outward FDI flows.

**Inward investment**

New Zealand has a weak record of attracting investment from India. Official records show the stock of investment from India into

New Zealand was valued at \$105 million in 2010, an increase of around 95 percent from a very modest base in 2009. Indian companies are primarily investing in our ICT and coal resources, and there is interest in biotechnology and pharmaceutical products.

Leading Indian ICT companies such as HCL, Mahindra Satyam, and Tata Consulting Services have made strategic investments in New Zealand, which we would like to see grow given India's known strengths in the ICT sector. For example, Tata Steel is operating from eight locations in New Zealand after the acquisition of Corus in 2007. Some companies have also shown interest in the use of New Zealand's iron sands as an alternative to iron ore.

**AVIATION NEW ZEALAND**

<p>Aviation New Zealand connects customers to New Zealand capability in training (pilot, cabin crew, engineering), general aviation, maintenance, repair and overhaul, and airport fit-outs and services. It also encourages collaboration to ensure the scale that international customers require. Aviation New Zealand represents 65 businesses, which collectively generate \$10 billion in economic activity, including \$4 billion in exports.</p>	<p>John Nicholson, CEO, says: "In terms of building the relationship, that regular contact seems to be very critical. It gives you momentum."</p> <p>Although the potential in India is obvious, Nicholson says business leaders are well advised to spend wisely as they research the market and establish a presence just in case that potential is never realised.</p> <p><a href="http://www.aviationnz.co.nz">www.aviationnz.co.nz</a></p>
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**Outward investment**

Investment by New Zealand companies in India is sparse but growing, and in the two years to 31 March 2010 doubled to \$129 million. Outward investment primarily involves a few dynamic New Zealand manufacturing and services companies that identify India as a high growth market, including the likes of Rakon with their manufacturing and technology partner and Medtech Global's R&D centre.

**Policy framework**

An FTA with a comprehensive, high-quality outcome on investment would provide a significant opportunity to advance the investment policy agenda. From New Zealand's perspective, such an outcome would include disciplines and protections which affirm, amongst other things, the principle of non-discrimination and the ability to transfer payments and investment capital freely to and from India.

New Zealand has a double tax agreement with India, which was concluded in 1986 and updated in 1999 and has proven to be a useful component of the bilateral economic relationship. Discussions with India are currently in progress, with a view to a further update of certain administrative provisions.

New Zealand Trade and Enterprise will continue to be proactive in identifying both inward investment opportunities for Indian businesses and outward investment opportunities for New Zealand companies.

**4 Attract and retain skilled migrants from India**

In the year to June 2011, India was one of the largest sources of permanent arrivals to New Zealand.

New Zealand needs to attract and retain more skilled Indian migrants who can contribute to New Zealand's prosperity.

In many ways, our shortages perfectly complement India's excess: while India has the deepest software labour pool in the world, the growth rate of several New Zealand software companies is constrained by lack of software engineers.

With demographic changes in New Zealand, there is a need for skilled migrants to contribute to our labour force and help lift productivity rates. India could continue to be a significant source of skilled migrants and qualified young people who will stay in New Zealand and contribute to the labour force.

Immigration New Zealand has made a considerable effort to meet the challenge of the Indian market and now has 54 staff based in India (including locally engaged and seconded staff).

The New Zealand Government has approved pathways to gain residence, which should encourage higher-level study by international students, including those from India.

**5 Engage more deeply with India on regional and global issues**

Since coming to office, the Government has led a major upsurge in developing the political relationship with India and this will continue.

This was capped off by Prime Minister Key’s visit to India in June 2011, accompanied by the Minister of Trade Tim Groser and a high-level business delegation. This was a timely opportunity to engage Indian Prime Minister Manmohan Singh and others in the Indian political leadership on the major regional and international issues of the day. Mutual understanding and joint cooperation were

deepened as a result of the visit. The Indian Minister of Commerce and Industry, Anand Sharma, also visited New Zealand in 2011.

India is emerging as a key player in global and regional forums. As India’s influence grows, countries, including New Zealand, and institutions will need to embrace its rise, particularly in the Asian region.

New Zealand needs to continue to build influence and credibility with India, to achieve New Zealand’s regional and global objectives. The Government will pursue more relationships with Indian counterparts, seek out common ground on a range of issues, and work towards achieving solutions.

**ASIA NEW ZEALAND FOUNDATION**

Asia New Zealand Foundation is the leading non-government organisation on Asia-New Zealand relations.

Its programmes are designed to equip New Zealanders with knowledge and understanding of Asia and to forge valuable links to the region. James Penn, Business Programme Director, says: “With India’s GDP expected to continue at 8-10 percent per annum over the next five to eight years, we need India’s growth story to become part of New Zealand’s economic growth story.

Over the same period, growth from New Zealand’s domestic economy and reliance on our traditional overseas markets

is not going to deliver the higher incomes we desire.”

Penn says to realise that opportunity and meet the expectations of customers and business partners in India, New Zealand businesses need to recognise the threats posed by our limited size in such a huge, rapidly growing market.

“We need to address the small scale of our companies through sectoral collaboration and, where feasible, the formation of industry consortia. Unless we find ways of doing this we’ll find ourselves bypassed in favour of those with larger resource bases.”

[www.asianz.org.nz](http://www.asianz.org.nz)



➔ “India’s economic growth rate is expected to surpass nine percent over the next three years, despite the challenge of rising inflation, regulatory hurdles and inadequate infrastructure. With one of the youngest demographics in the world, robust domestic consumption and a growing middle class, India provides considerable opportunities as a consumer market and a global manufacturing hub.” *World Economic Forum*

**6 Raise the profile of New Zealand’s value proposition in India**

Many countries are assessing their relationships with India and are attempting to best position themselves to develop economic, cultural, or political opportunities. The Prime Minister’s state visit to India in June 2011 was highly successful in highlighting the New Zealand brand and profile in India as well as our business capability and expertise.

To continue to raise New Zealand’s profile in this crowded market requires, firstly, greater Ministerial and political involvement in the relationship, and, secondly, the ongoing articulation of the New Zealand value proposition.

**Common branding**

The New Zealand brand has high recognition in India thanks primarily to its association with cricket. The consistent use of the New Zealand Masterbrand (the silver fern mark) and a strong story around brand values will continue to be a focus. A set of common messages for all NZ Inc agencies will also help convey New Zealand’s value proposition to India.

**Cricket links and diplomacy**

Cricket has the ability to provide an important profile for New Zealand in India – a profile which is out of all proportion with New Zealand’s size and global influence. A contributing factor is the growing number of New Zealand players in the Indian Premier League (IPL). In the 2011 IPL final both teams – Royal Challengers Bangalore (RCB) and the Chennai Super Kings – had links to New Zealand, with Daniel Vettori as captain of RCB and Stephen Fleming as coach of the winning team, the Chennai Super Kings. Other players featuring prominently were Tim Southee and Scott Styris for Chennai Super Kings, Ross Taylor and Jacob Oram for Rajasthan Royals, Jesse Ryder and Nathan McCullum for Pune Warriors, Brendon McCullum for Kochi Tuskers, and James Franklin for Mumbai Indians.

In cooperation with leading sporting personalities, New Zealand will continue to make strategic use of sporting diplomacy to advance NZ Inc objectives. In 2010/2011, New Zealand Trade and Enterprise specifically supported the BLACKCAPS’ participation in New Zealand trade and business promotional events, match hospitality, and memorabilia for Indian business contacts, and Sir Richard Hadlee and Stephen Fleming have both taken part in recent missions to India. New Zealand Trade and Enterprise will continue to lead this type of activity, working with Ministry of Foreign Affairs and Trade and New Zealand Cricket.

➔ **India is the world's largest producer of films, producing 1,288 feature length films in 2009, compared with Hollywood's 485.**

**Education**

In June 2011 New Zealand Prime Minister Key and his Indian counterpart Prime Minister Singh announced a joint India-New Zealand Prime Ministerial Education Initiative.

The \$1 million jointly funded initiative aims to enhance bilateral cooperation in higher education, research, skills development, and indigenous education. There will be a focus on building knowledge and awareness among young business leaders from both countries through scholarships and internships in each other's business schools and industrial enterprises. This initiative also includes a new sports scholarship and academic exchange programme that will enable Indian students to study sports qualifications in New Zealand.

There is also an opportunity to promote New Zealand's world-class higher education and research facilities and technical and vocational education capabilities while supporting engagement with Indian institutions, research organisations, and education businesses.

**Film**

Film is a national obsession in India. India is the world's largest producer of films, producing 1,288 feature length films in 2009, compared with Hollywood's 485. Of these blockbusters significant dance sequences are filmed in New Zealand, raising our profile while increasing tourism and education earnings. This has led to Queenstown being a high-status honeymoon location for India's massive middle class.

The challenge is to change New Zealand's standing from a "desirable location", used for the occasional dance backdrop, into a strategic partner of Indian film. The India-New Zealand Film Co-production Agreement, signed in June 2011, is designed to enhance screen co-investment, joint creative input, and film crew interaction.

**Science and innovation**

New Zealand and India also have a Science and Innovation Protocol for Cooperation, which provides a framework for future scientific exchanges and research collaboration. The first joint science initiative, the Science Research Workshop on Food Technologies and Dairy, was held in 2011 in New Zealand at the Riddet Institute, Massey University and Lincoln University.

**People to people exchanges**

The New Zealand India community is a rich strand in our multicultural society and the foundation for increased business, migration, and cultural flows. New Zealand's Sir Edmund Hillary Fellowship, established in 2008 by the Governor General, enjoys high esteem. The first recipient in 2010 was Indian Member of Parliament Rahul Gandhi, one of India's key political figures. The 2011 recipient is Indian Member of Parliament Dr Vijay Mallya, one of India's most influential business leaders and Chairman of Kingfisher Airlines and United Breweries.



Bollywood superstar, Sonam Kapoor, receives a Maori welcome (photo courtesy Darren Centofanti/L'Officiel India).

➔ **GLIDEPATH**

Glidepath is the world leader in airport baggage handling systems, boasting more than 550 projects in 61 countries. The company has built its reputation on providing end-to-end solutions - from initial feasibility studies through to design, manufacture, installation, and ongoing operations and maintenance.

Established in 1972, Glidepath started exploring opportunities in India around 2001. It won a \$2 million contract in 2002 but it was only in 2006 that the company really began targeting India. Since then Glidepath has been proving its dedication to the market with a handful of successful baggage handling and maintenance contracts worth up to \$3 million each. It's not a large volume of work for a business with Glidepath's resources and reputation, but the company is well aware that you must prove yourself with a track record of successful projects in India before you'll break into the big time.

The Chair of Glidepath and Export New Zealand, Sir Ken Stevens, was the business leader for the delegation accompanying the Prime Minister's Mission to India. He says Indians love their celebrities. "They like to drag us knights around town and meet influential people. I get the feeling if I didn't have a knighthood I wouldn't get cooee," he laughs.

Face-to-face relationships have proved vital for Glidepath and Sir Ken says the market needs "constant tilling". Bosses should visit regularly and maintain weekly phone contact with associates in India. "Relationships have to be established before the business will flow."

Sir Ken says Kiwis should make the most of commonalities between our countries (the Commonwealth, cricket, filmmaking and the like), develop robust relationships as a base for business, and be prepared for the infectious enjoyment Indians take from doing business. "They get a lot of fun from business. In many ways it's a sport to them."

[www.glidepathgroup.com](http://www.glidepathgroup.com)



➔ “29 languages...”

...are spoken by more than one million people in India.” *2001 India Census*



Clockwise from top: Children at Holi (the festival of colours), Indian bridge (photos courtesy of WG-ST), Sir Richard Hadlee at the Pipfruit launch in India, and New Zealand chillies.

## SECTORS OF FOCUS

The NZ Inc India Strategy is based around specific sectors that will be the focus of government agency efforts both in New Zealand and in India.

### 1 Food and beverage, and agritechology

### 2 High value manufacturing and technologies (ICT, healthcare)

### 3 Construction and interiors (including value-added wood products)

### 4 High value services (agriculture, forestry, infrastructure, aviation)

### 5 Tourism

### 6 Education

These six sectors have been identified based on the opportunities that exist in India and the capabilities and strengths that New Zealand either already has, or has the potential to develop further.

Sector specific strategies will be developed which will outline a range of activities and projects to be implemented by NZ Inc agencies, businesses, and other organisations.

New Zealand will grow exports in these sectors of focus by advancing key actions, namely:

- completing the FTA
- remaining vigilant in countering threats to our existing commodity-based trade, and
- accelerating the growth of non-commodity exports through support of businesses which show potential in this space.

### 1 Food and beverage, and agritechology

As India's population continues to expand and the middle-class consumer lifestyle gains momentum, there will be increasing opportunities for New Zealand companies to supply both commodity and higher-value niche food and beverage products, and to participate in India's food production and distribution system.

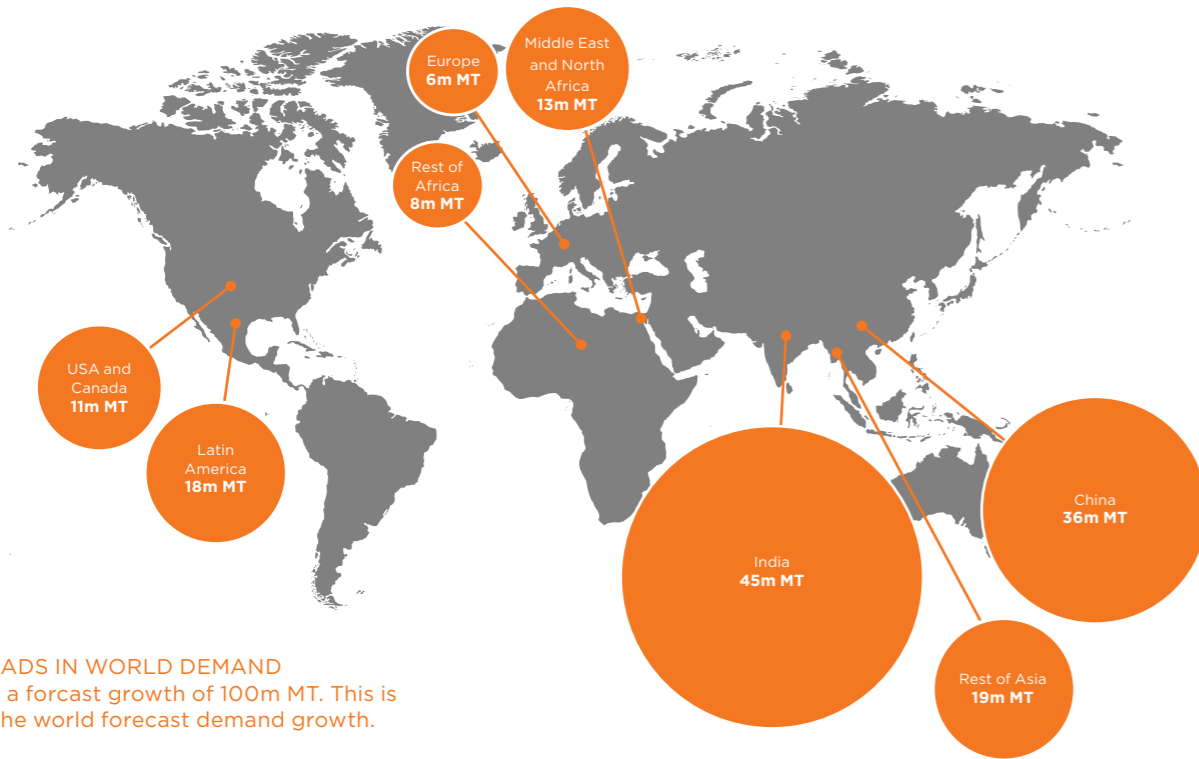
There is a clear requirement to improve India's food supply chain and there is strong interest at the highest level for New Zealand to assist with both improving food production and ensuring India can import safe, quality food to meet the demands of its swiftly-growing population. There are obvious opportunities in this market for New Zealand companies with food production, food technology, and cool chain expertise.

As well as supplying products directly, New Zealand primary producers can consider investing in joint venture production in market, while value-added products can be sold into food service, or the relatively small but growing supermarket sector.

Wine producers continue to face high tariffs, state taxes, and excise duties, but there is some cause for optimism as higher-value food service channels continue to grow.

**WORLD DAIRY DEMAND – ASIA LEADS WORLD DEMAND**

The total behind borders consumption growth in million tonnes (MT), 2009-2019.



**ASIA LEADS IN WORLD DEMAND**  
Asia has a forecast growth of 100m MT. This is 64% of the world forecast demand growth.

Source: Fonterra analysis. Milk Equivalent (ME) basis.

Until recently, there has been a notable absence in the statistics regarding New Zealand exports to India: the agriculture products for which New Zealand is renowned, such as meat and fresh dairy products. This absence is a direct result of the market access barriers New Zealand currently faces.

It is largely because of high tariffs (up to 60 percent for milk powder) that New Zealand only exported \$137 million worth of dairy products to India in the year ending March 2011. For the same period New Zealand’s global exports were \$10.9 billion. The FTA will seek to eliminate these tariffs.

Partnerships are essential in this sector, as large Indian corporates increasingly take control of specific niches. There are particularly good

opportunities for New Zealand providers of products and services in:

- Dairy – The New Zealand dairy industry is held in very high regard in India, and the Indian co-operative approach was derived from a visit to New Zealand by the father of the Indian dairy industry, Dr Kurian.
- Horticulture – India is very interested in productivity improvements in this area and looks at other countries, including New Zealand, as models for development. New Zealand apple orchards are 10 times more productive than their Indian counterparts.
- Meat processing – Meat is both a culturally and commercially sensitive area in India and most New Zealand meat exports are blocked by non-tariff barriers. While we persist in seeking

➔ While imports of Royal Gala apples have been nearly doubling year-on-year over the past four years, it has been against a backdrop of challenges.

*Pipfruit New Zealand’s Service Manager, Gary Jones*

**PIPFUIT NEW ZEALAND**

The New Zealand Pipfruit industry is building value and scale through branding and collaboration, and it’s doing it in India.

Increasingly, Indian consumers are turning their backs on the popular and traditional Red Delicious apple and choosing a New Zealand favourite, Royal Gala, which is good news for Pipfruit New Zealand, who chose India for the launch of its new apple brand “100% Pure Apples from New Zealand” in early 2011.

Pipfruit New Zealand’s Services Manager Gary Jones says the New Zealand industry, which leads the way in the development of new apple varieties and in growing, harvesting, and packing technology, wants to work with Indian growers to develop the market.

“We want New Zealand Royal Gala to be the new fruit for India.”

While imports of Royal Gala apples have been nearly doubling year-on-year over the past four years, it has been against a backdrop of challenges.

“Just the size of the subcontinent is daunting,” Jones says. “Our (Pipfruit’s) job is really to create a New Zealand presence around the fruit and provide the collateral, branding, and marketing materials.” Jones says the big challenge for New Zealand at the moment is India’s 50 percent tariff on imported fruit. He hopes that an FTA will help

ease that. In the meantime New Zealand has taken a multi-level approach to the market.

“Our aim is to help the Indian apple industry become more competitive.”

Being counter-seasonal, New Zealand poses no threat to Indian growers but can add value to their industry through introducing Kiwi technologies. To do this, New Zealand exporters need to develop long-term commercial partnerships to ensure year-round supply of high-quality, high-paying apple varieties.

“Once the relationships are built we’ll be able to bring over more proprietary varieties that are coming out of the New Zealand breeding programme. This will enable more unique varieties to be grown in the Himalayan foothills that we can look to commercialise together with Indian growers.”

Jones says New Zealand Trade and Enterprise’s help with the launch has been invaluable, especially kick starting the relationship building process, setting up the forums, and opening doors.

“Having cricketing legend Sir Richard Hadlee on board as an ambassador was inspired. In a cricketing mad country, his support of the brand gave us a good base to work from.”

[www.pipfruitnz.co.nz](http://www.pipfruitnz.co.nz)





Medical technology,  
Trade Minister Tim Groser and Medtech  
Global Chairman Vino Ramayah.

## MEDTECH GLOBAL

Hundreds of villages across rural India could soon have access to first-rate health care thanks to a tele-health solution developed by Auckland based Medtech Global.

Their tele-medicine solution developed out of a New Zealand product adapted to fit the Indian market then morphed into its own distinct solution. It provides access to vital patient data through video, audio, and electronic means and is now being piloted by India's National Agro Foundation (NAF).

"Initially we will pilot it in about five villages over 12 months. If we are successful it will be rolled out across 600 villages, and that's just in one State," says Chairman Vino Ramayah.

While Medtech Global's products are used in health care systems around the world, the recent partnership with NAF has focused attention on the scale of potential opportunities on the sub-continent.

The company has also signed a Memorandum of Understanding with the Rajiv Gandhi Cancer Institute and Research Centre for the digitisation and provision of electronic medical record software.

"Investing in India is not for the faint hearted," says Mr Ramayah. "You need stamina and patience."

He says it took them about 16 months to get to this point, and they were helped by

New Zealand Trade and Enterprise who facilitated meetings with key Government and private sector health care providers.

"That opened doors for us. Being part of the Prime Minister's trade mission also gave us a level of sponsorship that got us past the middle of the value chain."

Medtech Global has 150 staff in India and plans to open offices in New Delhi, Bangalore, and Mumbai to support the existing office in Chennai. Mr Ramayah says companies should not underestimate the importance of having local Indian staff both on the ground in India and in New Zealand.

"Indians are very cosmopolitan these days but there is an advantage to having someone who can understand the subtleties of the language and psyche. Not getting a straight answer is an example of the cultural dimension that surrounds decision making. There is a strong hierarchical framework in business and no-one wants to make a decision that upsets their boss."

Mr Ramayah says that New Zealanders also don't understand how much running around you might need to do to seal the deal. "In New Zealand you move on if you don't see signs of something happening, while in India, they expect you to invest the time. Relationship building is very important."

[www.medtechglobal.com](http://www.medtechglobal.com)

➔ "Rock-bottom prices in mobile services have eroded the rich-poor distinction in India's telecom market, and the vast majority of the population in urban areas – irrespective of income – has access to mobile services." *Boston Consulting Group*

solutions to these barriers with India, there is an opportunity for providers of equipment and technology.

Across all these sectors, cool chain and waste management solutions are also opportunities for New Zealand companies. Companies considering market entry need to carefully research the methods used in Indian cool chains in order to provide a cost effective solution.

There is also value in groups of unrelated New Zealand companies from different points in the supply chain working in an integrated way to collectively partner with fast growing, broad spectrum Indian companies. New Zealand Trade and Enterprise will work as a catalyst where willing companies seek to do this.

### 2 High value manufacturing and technologies (ICT, healthcare)

India has a rapidly expanding telecommunications and information technology market, with ICT experiencing the greatest growth in the Indian economy over the past decade, accounting for more than 47 percent of India's total services exports. There is also strong growth in mobile technology in India, with more than 10 million new subscribers every month.

There is significant potential for New Zealand businesses in this area, with opportunities across a diverse range of sub-sectors including banking, financial services, insurance, health IT, mobile applications, logistics, telecommunications, geographic information

systems, and media and entertainment.

India's diversified economy offers wide-ranging possibilities, and there are many opportunities for New Zealand companies to co-innovate or collaborate with Indian ICT firms as part of a concerted strategy to enter other global markets.

There are already a large number of successful New Zealand companies exporting ICT products to India, including those considering opening marketing and product development operations there. For example, Jade, MCOM, Omnimax, and Rakon are all well established in this market and Finzsoft has a successful global partnership with HCL.

Health IT is an area of significant opportunity for New Zealand. Medtech Global is already active in the market, and Apollo Hospitals, one of India's two largest healthcare providers, is engaging with more than 20 New Zealand companies following a recent visit to New Zealand.

### 3 Construction and interiors (including value-added wood products)

India's population is urbanising and modernising, and a young, affluent population is driving township developments in satellite cities around the major centres. Added to this is a rising awareness of environmental issues and an active green building movement.

Property development is a mammoth business in India, and New Zealand products can develop a niche servicing developers who seek to

“You have to love it (India), even if it’s a love/hate relationship. You won’t last if you don’t have a passion for the country.” *Ashley Allen – Director, architects WG-ST Limited.*



WG-ST LIMITED

After slow and steady growth, New Zealand architects WG-ST Limited are looking forward to a solid future in India.

WG-ST is a joint venture between Walker Group Architects and Stephenson & Turner Architects and Engineers to grow the work Walker Architects had been doing in India. Their projects in India include a multiplex cinema building, as well as retail, leisure, community, and apartment complexes. Most recently the company has worked on the Amanora Market City, a US\$1 billion project that at one point had 10,000 workers on site.

Director Ashley Allen says that accessing expert advice through New Zealand Trade and Enterprise’s India Beachhead programme proved invaluable when it came to starting conversations and building relationships.

To help deal with the distance factor, the company has grown partnerships with different architects in several different states in India that have compatible skills and that create a reliable presence in the region.

New Zealand Trade and Enterprise’s Brand Partnership programme, which allows companies to use the New Zealand fern logo on their branding, also helped WG-ST establish itself as a reputable service provider. “We were told early on that focusing on finding the right partners was more important than sourcing capital and

the New Zealand ethos of integrity was understood and recognised through its logo.”

One lesson from the work WG-ST has done in India is that it helps to have as many projects on the go as possible. “Wherever possible we always accept the job because, even if you are thinking ‘How am I going to manage this’, there will inevitably be a moment when everything pauses and projects get put on hold. They always start up again, sometimes you just don’t know when,” says Allen.

His advice for companies looking to expand into India is simple: go on holiday. “Go for a few weeks and get a feel for the country and the people. Go to try and understand the people and country first, not just to do business.”

Allen says the companies that succeed in India are the ones that are passionate about the country.

“You have to love it, even if it’s a love/hate relationship. You won’t last if you don’t have a passion for the country.”

WG-ST are able to share their enthusiasm for India through a book they’ve published of Allen’s photographs of the region, which has proved invaluable in demonstrating the company’s enjoyment of the landscape and culture.

[www.wg-st.com](http://www.wg-st.com)



Indian communication skyrockets.

differentiate their apartments and townships through the application of innovative or green products.

The acceptance of wood as a modern construction and interior material is growing, but the sheer scale of the Indian building sector will provide opportunities for those prepared to commit to the market and stay the course.

Market demand for New Zealand timber for use in construction, interiors, furniture, and packaging is increasing rapidly, and there is strong long-term demand for New Zealand radiata pine. Currently, most New Zealand timber is exported as logs and processed into timber in Kandla, Gujarat.

Recent duty and exchange rate changes may make export of manufactured timber products from New Zealand more attractive.

Sanitation, water, energy, and infrastructure also all provide opportunities for those able to partner with the larger Indian corporates who tend to dominate the sector.

**4 High value services (agriculture, forestry, infrastructure, aviation)**

While New Zealand exports to India remain dominated by commodities, specialised machinery is now the fourth largest area of exports from New Zealand to India, exceeding \$76 million in the year ending March 2011. This is a key area of focus for New Zealand Trade and Enterprise in the Indian market.

With heavy government investment in infrastructure development and considerable World Bank funding, many major road, aviation, energy, and rail projects are underway throughout India. New Zealand expertise is highly regarded and appropriate for many Indian projects, and opportunities exist in defence, telecommunications, aviation, CNG, security, the oil and gas sector, and food processing equipment.

When India’s inevitable infrastructure overhaul takes place, it will need the expertise of experienced operators from around the world. New Zealand must ensure, in this aspect of India’s development and in various other

➔ **Communication technology in India has undergone spectacular growth in the past decade. The highest growth has been in mobile phone technology, in 2010 670 million mobile phone subscriptions (up from four million in 2002). Fixed telephone technology is dilapidated and a major infrastructure challenge for the Government.**

sectors, that our businesses are well placed to compete for those opportunities.

Aviation is a particular area of focus for New Zealand, and two aviation industry delegations to India in recent years have helped cement pivotal relationships in the market, successfully highlighting New Zealand's expertise in this industry.

India is expected to become the third largest civil aviation market in the world by 2020, with substantial growth in aircraft, pilots, passengers and airport construction. This offers promising opportunities for New Zealand in infrastructure, training, maintenance and repair, software, and institution building.

India is Aviation New Zealand's top priority market and the organisation has led the development of an Indian engagement strategy.

**5 Tourism**

Tourism is New Zealand's most important single economic activity, employing one in 10 New Zealanders.

The growth in visitors from India has been strong in recent years, and India is now New Zealand's 10th largest market in terms of arrivals, attracting nearly 30,000 Indian tourists in the year to June 2011. Six years ago, it was New Zealand's 19th largest market for visitors. Continuing economic growth in India will continue to support increases in arrivals.

Indian visitors prefer to come to New Zealand during their summer (April to June), making them an important source of visitors for New Zealand's autumn shoulder season.

The Bollywood connection has been instrumental in stimulating tourism, particularly for centres such as Queenstown.

**COMMUNICATIONS IN INDIA**

MOBILE PHONE SUBSCRIPTIONS	<b>670 MILLION</b>
INTERNET USERS	<b>61 MILLION</b>
TELEPHONE CONNECTIONS	<b>36 MILLION</b>

Source: CIA 2010



**CTC AVIATION**

A succession of trips to India has consolidated a growing relationship between Hamilton-based aviation training provider CTC Aviation and the country's aviation regulatory authority, the Directorate General of Civil Aviation (DGCA), and Indian airlines, particularly the fast-growing low-cost carriers.

CTC Aviation CEO Ian Calvert says he first visited India in 2008 as part of an aviation trade delegation to explore opportunities for pilot recruitment, but the time wasn't quite right.

"At that stage there were thousands of licenced pilots in India and no job opportunities. However we could see the potential for training Indian pilots and kept engaged with our contacts."

Calvert says the company could see the need building as Indian airlines started ordering more aircraft and the DGCA took a hard-line approach to fraudulent licence scams and poor overseas training that meant a large number of pilots were not employable.

"The DGCA wanted systems that offered greater credibility, which New Zealand can offer, so we sent in briefing papers outlining what and how we could achieve that for them."

Calvert says the company's most recent trip to India with Prime Minister Key and a trade delegation including Trade Minister

Tim Groser helped consolidate the burgeoning relationships.

"We managed to add in some top level meetings we hadn't had much luck with before. These airlines were suddenly asking for full proposals and what practical steps needed to be taken to make them work."

Calvert says companies looking to do business in India should take the advice of experts in the field and learn the culture and way of doing business.

"You need to be able to identify the signals that signify a genuine conversation and don't let your judgement be clouded by preconceived ways of doing things. Don't rush it."

Calvert says one of the key learnings from his visits to India is that business becomes personal.

"It's not like in New Zealand where we tend to separate the two. In India they don't see it as dealing with a company but as dealing with a person and will invite you to dinners and possibly family functions. Often we don't see this as formal enough and tend to get out our diaries to schedule meetings."

"But the more you push, the less likely it is to happen."

[www.ctcaviation.com](http://www.ctcaviation.com)

➔ India now ranks as our third largest source country, in terms of international students, behind China and South Korea. On various internal survey fronts, it is reported the majority of these students fit in well and are happy. This is clearly assisted by a common language and our shared love for cricket.

**6 Education**

India was New Zealand's third-largest source country for students in 2010, with some 11,500 Indian students studying here, an increase of more than 24 percent from 2009 and almost four times more than five years ago.

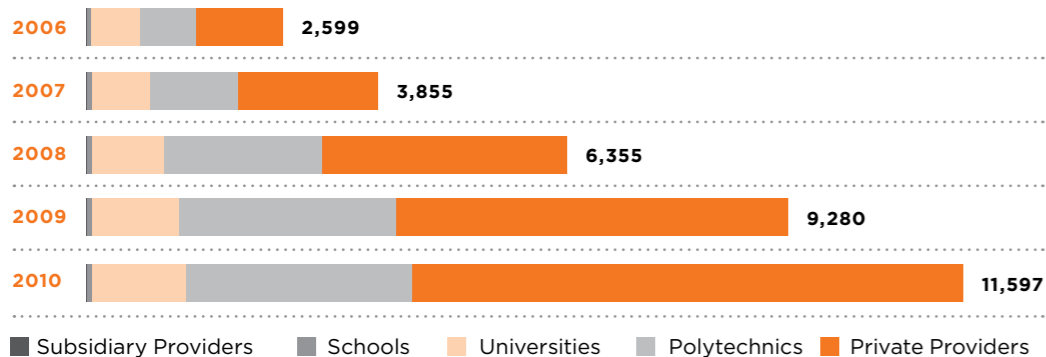
During the past two years, India has embarked on massive reforms across all levels of education. Education is one of the most dynamic sectors in India currently, and, for the first time, the private sector and foreign providers are being actively encouraged to participate.

This means there are numerous opportunities to collaborate with India in higher education and research, particularly in dairy and food science, agritech, and climate change, as well as technical and vocational education and training.

The growth of private education providers in India presents opportunities for New Zealand's education businesses to develop joint ventures with Indian companies and promote New Zealand's education intellectual property. Although there is significant potential, New Zealand education businesses are not very active in this area.

The New Zealand-India Education Cooperation Arrangement, first signed in 2005, was formally renewed in 2010. The Arrangement is a broad framework for bilateral cooperation on education, and it has seen the establishment of an Education Joint Working Group of senior officials, which has met twice.

**INDIA - FEE PAYING STUDENTS IN NEW ZEALAND**



Source: Export Education Levy, Ministry of Education



Indian boys pose for a photo (photo courtesy of WG-ST).



Clockwise from top left: Silk saris, agribusiness, and the Mumbai skyline.

## DOING BUSINESS IN INDIA

India is a large, diverse country with its own business culture. The approach to business and the social behaviour that underpins it varies between regions and between business people depending on their experience in working with the West.

This NZ Inc Strategy makes the case for a long-term commitment to the India market. The key question is how we action this and begin to see some results in the market. To help New Zealand business people find their way in India, New Zealand Trade and Enterprise has prepared a short guide. For more detailed information and useful links about navigating the India market please visit [www.nzte.govt.nz](http://www.nzte.govt.nz)

before you arrive. Keep in mind that India is not a single market. If necessary, focus on one geographic region and niche. Tailor your value proposition and offering to suit Indian customers and market requirements. India is different, so it can be costly to make assumptions based on experiences in other markets.

Understand the full value chain in India for your product or service and consider participation at many points in the value chain. India is a source of R&D innovation, raw materials, and processing, which may indicate a new business model for market entry or development.

Take the time to get to know your customers and business partners. Business in India is based on relationships that encompass family, personal life, and interests as well as shared business acumen. It takes time to build this kind of trust and awareness, and hospitality plays an important part.

Build your own network of local people living in the market who can advise you. India works through social networks, local understanding of current business and political relationships, and an intuitive way of getting things done that cannot be replicated.

Take time to find the right partner and business model that will work for your customers and your business. Do the required due diligence, and don't be rushed into appointing the first person who appeals to you. Make no assumptions and avoid making commitments too early.

Visit India often and meet your contacts face to face. You must go to the mountain.

→ “The time to enter is now. India’s strong growth fundamentals – 9 percent real GDP growth in 2010; forecasted yearly growth of 8.7 percent through 2016; high saving and investment rates; fast labour force growth; and increased consumer spending – make for a very favourable retail environment and the 4th spot in the Global Retail Development Index.”

*International management consultancy A.T. Kearney*

Accept that India is a long-term commitment and be prepared to make the necessary investment. Anticipate that everything takes longer and may cost more than first thought, so ensure you will have the resources to stay the course.

Do your homework on your target market segment and the companies you will see

## THE INDIA NEW ZEALAND BUSINESS COUNCIL



The India New Zealand Business Council (INZBC) was established in 1998 and exclusively promotes, develops and maintains trade, investment and business relationships between New Zealand and India. The association works closely with Export New Zealand, and operates as the “India unit” for them. The association also has long-standing relationships with a number of major Indian business associations including the Federation of Indian Chambers of Commerce and Industry, the Confederation of Indian Industry, ASSOCHAM – the Associated Chambers of Commerce and Industry of

India and PHD Chamber of Commerce. New Zealand businesses can leverage the networks and knowledge of the INZBC to accelerate their India business interests.

Chairman Wenceslaus Anthony says: “We are very happy to see the number of Kiwis now doing business in India.” Anthony says the key to success in India is understanding the business culture and taking a long-term view. “We urge businesses to seize the India opportunities now, and be ready to reap the benefits of the FTA when it is in place.”

*www.inzbc.org*

Plan ahead, but be flexible about time. Accept that appointments may not be finalised until a few days beforehand and may still change, and that things may not happen when you think they will.

Respect and understand hierarchy and status in India and the importance of formality, and build credibility and trusted relationships at the senior level that will support long-term business. It is important to know where people stand in the hierarchy and to acknowledge seniority.

Decisions are often made through consultation amongst a group of people and by the most senior person in the company, so allow time for this process to take place and find out who makes the decisions. The person at the top will call the shots.

Negotiate with a longer view in mind, and respect the negotiating skills of your Indian counterparts. Save concessions until later and build room to move into the price. Many will find negotiations continue after the contract is signed, and price is usually the key factor.

Don’t confuse what is really meant by “Yes”. Many people will avoid confrontation and saying “No”, so use the affirmative and body language in different ways to signal what they really think.

Although English is widely spoken in business circles, it is usually only a second or third language for most people so meaning can be lost in translation. It is important to confirm what is understood.

Be prepared for culture shock. Everyone will respond to India in different ways, but bear in mind that the initial experience can affect your judgement and disorientate you. Decisions can be deferred.

Be aware of corruption but do not get involved. This is illegal under New Zealand law.

Understand and respect Indian business regulations and bureaucracy, and adapt to meet their requirements. It is important to understand the role of government and rules in your industry.

Be proactive and well-organised with supporting material and a strong presence on the internet to promote your company to Indian businesses. It is a very competitive environment.

Take plenty of business cards with you and handle them with respect. You can’t build a network in India without business cards.

Follow up on visits as soon as you leave India and don’t take communication and understanding for granted. Confirm everything, but don’t rely solely on email – talking on a mobile phone or face-to-face is far more important.

Experience India in your own way and make your own assessment on what you see. Seek advice from other experienced business people, but decide what will work for you.

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