

India–New Zealand FTA: Apple Imports and Market Realities

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1. Introduction

The global trading environment has changed considerably over the past two decades. With limited progress in multilateral negotiations under the World Trade Organization, particularly since the Doha Round, bilateral and regional trade agreements have become increasingly important instruments for market access. Agriculture remains among the most sensitive areas in such negotiations because of its implications for farm incomes, food security and rural livelihoods¹. Even advanced economies continue to protect agriculture through tariffs, domestic support and regulatory measures². This reflects the political and economic sensitivity associated with agricultural trade liberalisation.

India has followed a similarly cautious approach, particularly for commodities involving large numbers of small and marginal farmers. Cereals, dairy and sugar, for example, have largely remained outside significant liberalisation commitments in most agreements. More recently, however, India has pursued trade agreements with partners such as the UAE, Australia, the United Kingdom, the European Union and New Zealand, with horticultural commodities increasingly entering market access discussions.

Experience shows that trade agreements often generate commodity and sector specific concerns, frequently amplified through media coverage³. While such concerns may highlight genuine risks, they are sometimes based on partial information rather than a careful assessment of market dynamics. In agriculture, these concerns are particularly sensitive because of their implications for farm livelihoods⁴.

The recently concluded India New Zealand Free Trade Agreement (FTA) has generated such concerns regarding apple imports and their possible impact on domestic growers⁵. Against this backdrop, this brief examines the structure of India's apple market and assesses the likely

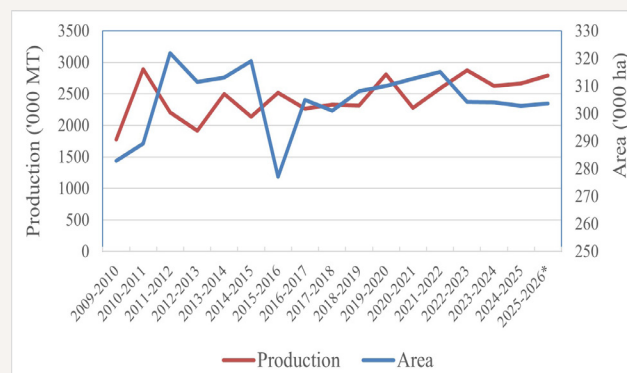
implications of the FTA based on observed trends in production, imports, and price dynamics.

2. Apple Production, Consumption and Seasonality

Apple is an important temperate fruit in India, with production concentrated in the north-western Himalayan region. The country produces around 2.6 million tonnes annually from about 0.3 million hectares⁶. Jammu & Kashmir and Himachal Pradesh together account for about 97 per cent of national production, while Uttarakhand, Arunachal Pradesh and a few other hill states contribute much smaller shares. This concentration makes apple cultivation especially important for farm incomes and local economies in these regions.

Over the past decade, the area under apple cultivation has remained broadly stable, while production has grown modestly with considerable year-to-year fluctuations (Figure 1). Productivity gains have therefore been limited and uneven. Average yields remain around 6 to 8 tonnes per hectare (t/ha), compared with more than 20 t/ha in major producing countries such as China and the United States⁷. The gap reflects structural constraints, including ageing orchards, limited adoption of improved planting material and rootstocks, inadequate canopy management, uneven irrigation access, and gaps in post-harvest handling^{8,9}.

Figure 1: Area and Production trends of fresh apples in India



Data Source: <https://agriwelfare.gov.in/>. Note: *Indicates First Advanced Estimate

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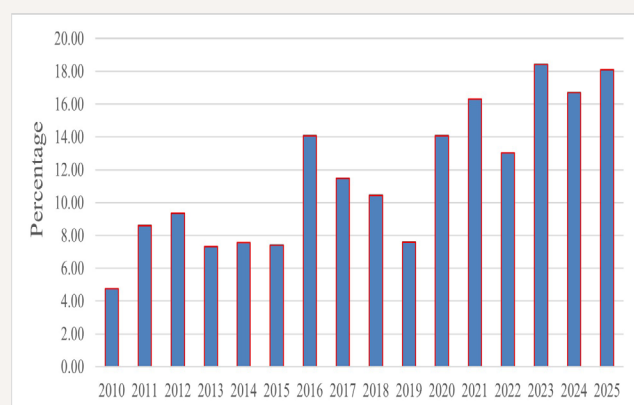
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Apple production in India is highly seasonal, reflecting the temperate nature of the crop and the agro-climatic conditions of the major producing states. Traditional varieties include Red Delicious, Golden Delicious and Royal Delicious. The crop cycle involves winter dormancy, spring flowering, summer fruit development and harvesting from late summer to autumn. Across the major producing regions, harvesting generally extends from July to October, with some variation by altitude, location and varietal maturity. Early and late maturing varieties extend the season at either end. This seasonality is important because domestic fresh supply is concentrated within a few months, while demand is spread more evenly through the year.

On the demand side, fresh fruit consumption has been supported by rising incomes, urbanisation and the expansion of organised retail. Household data show that the share of monthly per capita consumption expenditure on fresh fruits is about 2.54 per cent in rural areas and 2.50 per cent in urban areas, and has increased since 1999¹⁰. Although these estimates relate to fresh fruits as a broad category rather than apples specifically, apples have become an important component of fruit consumption in urban and semi-urban markets. Growing demand is also reflected in rising import dependence, which increased from about 4 per cent of net domestic availability in 2010 to around 18 per cent in 2025 (Figure 2).

Figure 2: Import dependence for fresh apples in India



Data Source: <https://apps.fas.usda.gov/psdonline/app/index.html#/app/advQuery>

3. Tariff Structure and Apple Trade

Fresh apples are classified under HS/ITC(HS) code 08081000. India's import policy treats apples as "Free", subject to tariff and other policy conditions. The effective applied duty is 50 per cent, equal to the WTO bound rate¹¹. Although the composition of the duty has changed through the Basic Customs Duty and the Agriculture Infrastructure and Development Cess, the effective incidence has remained at 50

per cent. During the 2019 trade tensions, India also imposed an additional 20 per cent retaliatory duty on apples originating in or exported from the United States¹².

Apple imports have also been subject to non-tariff policy conditions. In 2015, imports were restricted to Nhava Sheva Port. This was relaxed in 2016 to allow imports through specified sea ports, airports, land ports and land borders, and the port restriction was removed in 2018. In May 2023, a minimum import price condition was introduced, under which imports are treated as "Free" only when the CIF value exceeds Rs 50 per kg, except for imports from Bhutan. The measure was intended to address concerns over under-invoicing. India's apple import regime has therefore combined tariff protection with administrative conditions relating to entry points and minimum import price. While these do not constitute quantitative restrictions, they show that apple imports have been managed through a mix of tariff and non-tariff instruments.

Under the India–New Zealand FTA¹³, India has provided calibrated market access for fresh apple imports from New Zealand through a tariff rate quota (TRQ). Imports within the quota face a concessional duty of 25 per cent, while imports beyond the quota continue to face the existing 50 per cent duty. The quota begins at 32,500 tonnes and rises gradually to 45,000 tonnes over six years. The concession applies only to consignments with a CIF value of at least US\$1.25 per kg and is available during the April to August window. Fresh apples do not appear to have received comparable concessions in India's recent agreements with the UAE, Australia and the United Kingdom, where the normal 50 per cent duty continues to apply.

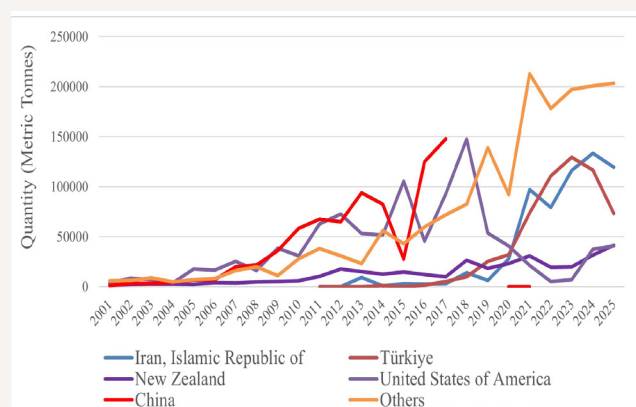
India's apple exports remain modest, valued at US\$16.05 million (35,875 tonnes) in 2025, with Nepal, Bangladesh, Bhutan and the UAE among the major destinations. In contrast, apple imports have increased over time and currently stand at around 4,78,299 tonnes (373.448 million US\$) annually. India's sources of fresh apple imports have also changed significantly, reflecting trade-policy developments, pricing dynamics and shifts in supplier competitiveness (Figure 3).

Import volumes were relatively low in the early 2000s. After 2007, the United States and China emerged as the leading suppliers. Following restrictions on Chinese apples in 2017 on quarantine grounds¹⁴, the U.S. became the dominant supplier. Retaliatory duties on US-origin apples¹⁵, together

with changing price competitiveness, subsequently encouraged diversification towards suppliers such as Türkiye, Iran, Italy, New Zealand, Chile, Poland and South Africa.

New Zealand's share in India's apple imports has remained modest, generally around 5 to 10 per cent, but it has an established presence in premium varieties and higher-value market segments. Overall, India's import structure has shifted from concentration in a few suppliers towards a more diversified sourcing pattern.

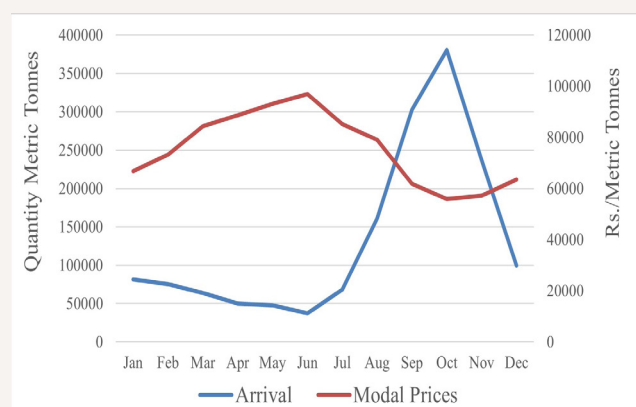
Figure 3: Import Trends of Fresh Apples in India from Major Exporting Countries



4. Price Dynamics of Indian and Imported Apples

Monthly triennium averages for 2023-2025 show a clear seasonal pattern in apple arrivals and prices. Domestic arrivals rise sharply from July and remain high during the peak harvest period, while prices soften as supplies from the major producing states enter the market. The decline is most pronounced from August to October (Figure 4).

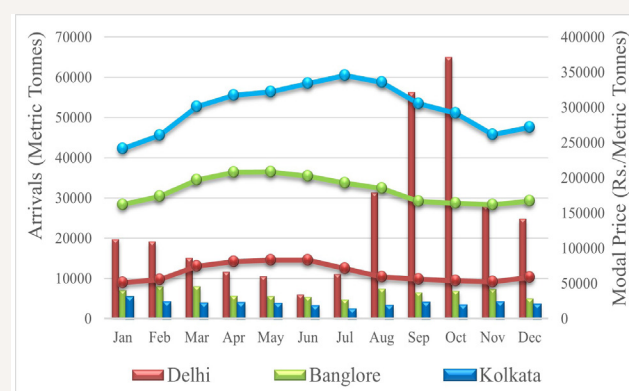
Figure 4: Seasonal pattern of market arrivals and prices of apple in India



Same data across selected markets shows important regional variation in arrivals and prices (Figure 5).

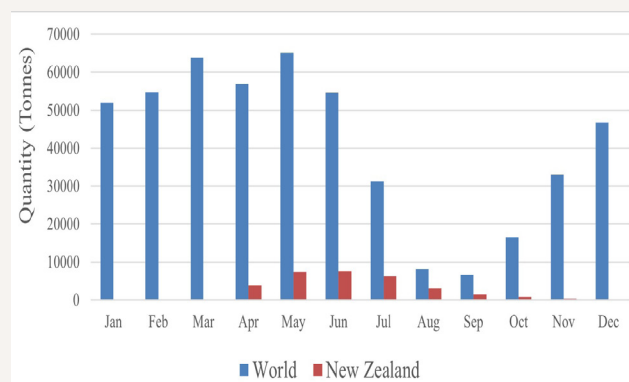
Delhi's Azadpur market, with much larger arrivals and strong linkages to Himachal Pradesh and Jammu and Kashmir, broadly follows the national pattern, with arrivals rising after July and prices declining during the harvest season. Bangalore shows comparatively stable arrivals and prices through the year. Kolkata exhibits greater intra-year price variation, with prices rising during the middle of the year. This may reflect differences in sourcing, distance, market structure and the composition of supplies, although the pattern requires further market-level verification.

Figure 5: Apple arrivals and prices in selected metropolitan markets



Import patterns broadly complement the domestic seasonal cycle. India's apple imports are higher during January to June, when domestic fresh arrivals are relatively limited, at around 52 to 65 thousand tonnes per month. Imports decline sharply from July and remain low during August and September, coinciding with the main domestic harvest period (Figure 6). New Zealand supplies are concentrated mainly between March and July, overlapping more with India's lean supply period than with the peak harvest months. This timing is important because the concessional window for New Zealand apples largely precedes the period of heavy domestic arrivals from Himachal Pradesh and Jammu and Kashmir.

Figure 6: Monthly fresh apple imports from world and New Zealand



Price comparisons by origin and variety show clear differences in market positioning between domestic and imported apples. The available price information¹⁶ for 2023–25 shows that imported apples generally command higher wholesale and retail prices, although the gap varies by variety and country of origin. In 2025 (Table 1), New Zealand varieties such as Queen and Royal Gala were quoted at wholesale prices of about ₹233 to 267 per kg and ₹233 to 250 per kg, with retail prices generally between ₹320 and 400 per kg. Other imported varieties from the United States, China and Europe also occupied relatively high price bands. Indian varieties such as Red Delicious, Granny, Golden and Gala were generally quoted at lower wholesale prices, though some entered higher retail segments.

These price differences reflect not only origin, but also varietal characteristics, grading, appearance, packaging, storage quality and branding. Imported apples therefore do not compete uniformly with all domestic apples; competition is more direct in premium and organised retail segments, including with other imported apples.

Table 1. Prices of domestic and imported apple by origin and variety 2025

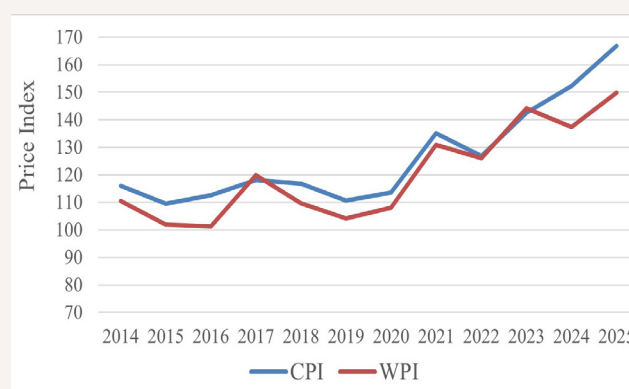
Origin	Variety	Wholesale (₹/kg)	Retail (₹/kg)
USA	Red Delicious	240–260	350–400
	Granny Smith	206–211	250–280
	Cosmic Crisp	183–194	280–300
New Zealand	Queen	233–267	350–400
	Royal Gala	233–250	320–350
	Granny Smith	172–178	300–350
Italy	Granny Smith	178–189	300–320
France	Granny Smith	172–178	300–320
South Africa	Gala	133–144	250–280
China	Fuji	211–222	320–350
India	Red Delicious	93–100	200–220
	Granny	86–93	150–180
	Gala	120–130	220–240
	Golden	80–90	130–150

Source: India: Fresh Deciduous Fruit Annual, USDA¹⁷

Longer-term price trends indicate that apples have become a higher-value commodity in the domestic market. The Consumer Price Index for apples (base

2012) increased from about 116 in 2014 to over 166 in 2025, while the Wholesale Price Index rose from around 110 to 149 over the same period (Figure 7). Thus, the increase was sharper at the consumer level, and the gap between the two indices widened towards the end of the period. This points to the role of storage, handling, transportation, intermediation and retail margins in shaping final consumer prices. Evidence from the apple value-chain study¹⁸ also suggests that controlled-atmosphere storage can improve price realisation, although the benefits depend on supply-chain efficiency and the distribution of margins. Taken together, these trends underline the role of domestic supply-chain inefficiencies, alongside import competition, in shaping price transmission and farmer realisation.

Figure 7: CPI and WPI of Apples over the years



Source: CPI: <https://esankhyiki.mospi.gov.in/macroidicators?product=cpi&tab=table>
WPI: https://eaindustry.nic.in/display_data_201112.asp

5. Market Segmentation and Implications of the FTA

The evidence on seasonality, import timing and price differences by origin and variety suggests that India's apple market is segmented rather than uniform. Domestic apples remain the main supply base, particularly during the harvest season, and span a broad price range. Imported apples, including those from New Zealand, generally occupy higher price segments and are differentiated in urban markets by origin, variety, packaging, durability and retail presentation. New Zealand's export basket is concentrated in varieties such as Royal Gala, Envy, Rockit, Queen and Fuji¹⁹, indicating a stronger presence in differentiated and higher value segments. Imported and domestic apples are therefore not completely separate markets, but the degree of competition varies across varieties, quality grades, regions, seasons and retail channels. The New Zealand concession must also be viewed within the broader import market, since its impact depends on whether increased imports from New Zealand add

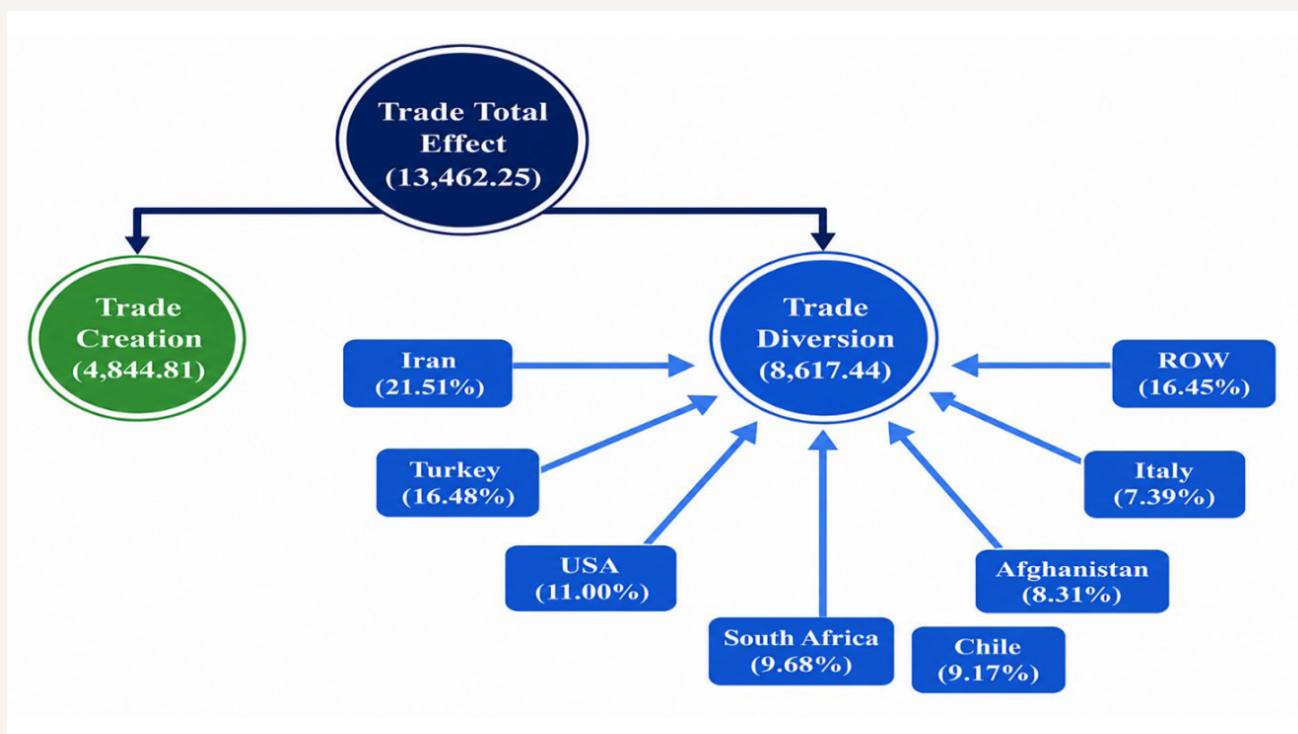
to total imports or substitute for supplies from other countries.

Seen in this context, the India New Zealand FTA represents a limited adjustment within an already differentiated import segment rather than a generalised opening of the Indian apple market. The TRQ is modest relative to annual apple imports, while the price condition limits the scope for low priced imports under the concession. Even at the minimum eligible CIF value of US\$1.25 per kg, the indicative landed cost after concessional duty and other import related expenses is around ₹155 to 157 per kg at the current exchange rate²⁰, above the wholesale prices of many domestic apples and substantially above farm harvest prices. While some substitution with premium domestic apples is possible, but the price differential, varietal

differences and market positioning suggest a limited effect on average domestic apple prices. Competition is therefore likely to be stronger within the imported and premium segments, including with other foreign suppliers, than across the wider domestic market.

The SMART simulation supports this interpretation. Reducing the duty on New Zealand apples from 50 per cent to 25 per cent generates both trade creation and trade diversion, but the latter is larger. This suggests that part of the increase in New Zealand supplies would substitute for imports from other countries rather than add entirely to India's total apple imports (Figure 8). The FTA is therefore more likely to alter the composition of imports than the overall structure of India's apple market.

Figure 8: Estimates using SMART Tariff simulation model



Note: Values: '000USD, Base year: 2025

This source substitution effect could become more important if external supply conditions change. Geopolitical or logistical disruptions affecting suppliers such as Iran could create additional space for New Zealand in India's import basket. Even then, the shift would largely reflect reallocation among foreign suppliers rather than direct displacement of domestic apples.

6. Policy Implications: Strengthening Competitiveness

The assessment of the tariff concessions for fresh apples in the India–New Zealand FTA suggests that

the concern is less about immediate broad-based displacement of domestic apples and more about the competitiveness of India's apple value chain. The analysis of arrivals, prices and market segmentation shows that domestic apples face persistent challenges in managing seasonality, quality differentiation and supply-chain efficiency. These issues require policy attention irrespective of the FTA.

The first priority is to manage seasonality more effectively. Domestic arrivals increase sharply during the harvest period, exerting downward pressure on prices. Strengthening post-harvest infrastructure, particularly controlled-atmosphere storage, pack-

houses and logistics, can help stagger arrivals, reduce distress sales and improve farmer realisation.

The second priority is grading, sorting and quality differentiation. Imported apples command a premium partly because of varietal positioning, uniformity, grading, packaging and retail presentation. Market-linked grading and quality standards can help Indian growers move beyond undifferentiated bulk markets and capture higher-value segments.

The third priority is to improve supply-chain efficiency and the farmer's share in the consumer rupee. As discussed earlier, value-chain evidence shows that storage can improve absolute farmer realisation, but aggregation, price discovery, logistics, retail margins and intermediation remain important in determining how value is distributed. This points to the need for stronger market linkages and more efficient distribution systems. There is a need for developing an all-season refrigerated rail logistics network for the uninterrupted movement of apples from Kashmir and Himachal Pradesh, reducing post-harvest losses and improving market access.

The agreed Apple Action Plan between India and New Zealand should be used as a practical instrument for upgrading the domestic value chain. Cooperation in high-density planting, improved planting material, orchard management, grading, pack-house systems, controlled-atmosphere storage and post-harvest handling can help address productivity and quality gaps that have emerged from the analysis. The value of the Action Plan lies not merely in technical cooperation, but in linking trade engagement with the competitiveness needs of Indian growers.

The broader message is that commodity-specific concerns in FTAs should neither be dismissed nor amplified without evidence. In the case of apples, the market-access concession appears limited, segmented and more likely to affect competition within the import basket than to cause broad displacement of domestic apples. The policy task now is to monitor import behaviour carefully, use the Apple Action Plan effectively, and strengthen the domestic apple value chain through productivity improvement, quality upgradation, post-harvest infrastructure and better market linkages. In other words, the appropriate response is not alarm, but preparedness backed by targeted value-chain strengthening.

Endnotes

- 1 Anderson, K. (2016). *The Evolution of Food Trade Patterns Since 1960*. In: *Agricultural Trade, Policy Reforms, and Global Food Security*. Palgrave Studies in Agricultural Economics and Food Policy. Palgrave Macmillan, New York. https://doi.org/10.1057/978-1-137-46925-0_4
- 2 Sharma, S. K., Mukherjee, K., & Neogi, S. (2025). "Unmasking the true emperors of agricultural protectionism." *Down To Earth*, 8 May 2025.
- 3 For a recent example of similar concerns emerging around non-agricultural commodities during trade negotiations see <https://www.theguardian.com/business/2026/jun/07/eu-uk-car-industry-lobbying-second-brexiteu-tariff-delay>
- 4 <https://www.reuters.com/world/europe/why-eu-farmers-are-upset-about-mercotur-deal-2024-11-18/>
- 5 <https://www.thehindu.com/news/national/jammu-and-kashmir/indian-farmers-fear-a-flood-of-cheap-new-zealand-apples-if-duty-cuts-take-effect/article70478690.ece>
- 6 <https://www.agriwelfare.gov.in/en/StatHortEst>
- 7 <https://www.fao.org/faostat/en/#data/QCL>
- 8 Wani, S. A., Kumar, S., Naqash, F., Shaheen, F. A., Wani, F. J., & Rehman, H. U. (2021). Potential of apple cultivation in doubling farmer's income through technological and market interventions: An empirical study in Jammu & Kashmir. *Indian Journal of Agricultural Economics*, 76(2), 278-291.
- 9 https://www.mofpi.gov.in/sites/default/files/study_on_infrastructure_gaps_-_apple.pdf
- 10 https://www.mospi.gov.in/sites/default/files/publication_reports/Report_591_HCES_2022-23New.pdf
- 11 <https://ttd.wto.org/en/data/idb/bound-duties?member=C356&product=08081000&year=2025>
- 12 <https://ipga.co.in/wp-content/uploads/2022/08/15.06.2019-Customs-Tariff-Notification-No.-17-2019-Duty-on-USA-Goods.pdf>
- 13 <https://www.mfat.govt.nz/assets/Trade-agreements/NZ-India-FTA/Free-Trade-Agreement-between-the-Government-of-New-Zealand-and-the-Government-of-the-Republic-of-India.pdf>
- 14 <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-suspends-fruits-from-china-after-they-fail-pesticide-tests/articleshow/58707215.cms?from=mdr>
- 15 Grant, J. H., Arita, S., Emlinger, C., Johansson, R., & Xie, C. (2021). Agricultural exports and retaliatory trade actions: An empirical assessment of the 2018/2019 trade conflict. *Applied Economic Perspectives and Policy*, 43(2), 619-640.
- 16 The broader price positioning is based on available price quotations for 2023–25; the table reports 2025 values to avoid gaps in the year-wise series.
- 17 https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Fresh+Deciduous+Fruit+Annual_New+Delhi_India_IN2025-0064.pdf
- 18 https://www.mofpi.gov.in/sites/default/files/study_on_infrastructure_gaps_-_apple.pdf
- 19 <https://unitedfresh.co.nz/assets/site/Fresh-Facts-2025-%E2%80%93-Online-Version-%E2%80%93-28.10.25.pdf>
- 20 At ₹95/US\$, US\$1.25/kg ≈ ₹118.75/kg. Adding 25% import duty (≈ ₹29.69) and ~5% other expenses (≈ ₹7.42) give an indicative landed cost of ≈ ₹156/kg.

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