

# Divisions within NZ coalition government over India Free Trade Agreement

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New Zealand's National Party-led government signed a Free Trade Agreement (FTA) with India in December, which has now triggered a major dispute within the ruling three-party coalition. Winston Peters, leader of the anti-immigrant New Zealand First Party, has declared that it will oppose the deal when it is presented to parliament.

The agreement with the far-right Indian government of Prime Minister Narendra Modi is bound up with gathering inter-imperialist rivalries, both economic and military, amid the global crisis deepened by the US Trump administration. New Zealand's fragile economy, which depends overwhelmingly on primary produce, has been hit by Trump's tariff regime. About 70 percent of NZ exports to the US, worth \$NZ9.3 billion annually, have had 15 percent reciprocal tariffs imposed on top of existing quotas and tariffs.

The NZ ruling elite is also seeking to diversify its exports away from China—currently NZ's biggest trading partner—as it prepares to join a US-led war against China.

The main aim of free trade agreements is to lower barriers for corporations and boost profits at the expense of workers. The India FTA is likely to exacerbate wage competition, subcontracting and deregulation, particularly in the IT sector. It will place downward pressure on wages, facilitate further privatisation, and accelerate the drive to “reform” labour laws so as to attract investment.

Peters opposes the agreement, however, on the reactionary and xenophobic basis that it includes temporary three-year work permits for 1,670 skilled Indian workers and uncapped student visa provisions. Peters falsely declared the deal would lead to “tens of thousands of people” arriving, which would take opportunities “away from New Zealanders.” National's

Trade Minister Todd McClay dismissed the claims as exaggerated, noting the strict limitations on the work permits and their non-renewable nature.

With the National Party increasingly unpopular and an election looming in November, NZ First is seeking to distance itself from the government of which it is a crucial part. Peters is seeking to exploit growing anger among working people over the worsening cost-of-living crisis, unemployment and social inequality and to steer it in the direction of toxic right-wing nationalism.

Peters is posturing as the defender of “ordinary New Zealanders” against foreigners; meanwhile he and his party have repeatedly played a major role in governments—led by both Labour and National Parties—that have presided over tens of thousands of job losses, the defunding of vital public services, and historic transfers of wealth to the rich.

NZ First's rhetoric echoes that of Trump and other far-right figures who are being promoted by ruling classes throughout the world. A current NZ First post on X features a photo of the party leader with the Trump-like caption: “We make no apologies for being nationalist and patriotic.” An accompanying membership invitation states: “Help us put New Zealand first.”

NZ First blames Indian workers—among the most exploited and vulnerable sections of the international working class—for the economic insecurity facing New Zealand workers. Along with its campaign against so-called “racial privileges” for indigenous Māori, Peters' anti-immigrant rhetoric is designed to split the working class on racial lines in order to deflect any unified struggle against capitalism.

NZ First's anti-immigrant posturing on the FTA parallels its other anti-working class policies. Peters

recently seized on the US withdrawal from the World Health Organisation (WHO) to denounce it as “a bunch of unelected globalist bureaucrats,” and raising whether taxpayers’ money “is being responsibly spent overseas instead of here at home.” Peters is meanwhile aligning openly with Trump on decisive geo-political issues, including the criminal US abduction of Venezuela’s President Maduro.

The coalition’s far-right ACT Party has welcomed the India FTA as “a massive moment for New Zealand.” Its trade spokesperson Parmjeet Parmar noted that two-way trade between the two countries already totals more than \$3 billion each year.

For National and ACT to pass the required legislative changes to the Tariff Act, they will need the support of the Labour Party, which is not yet confirmed. Labour leader Chris Hipkins told Radio NZ on February 3 that Labour was still “working through” the deal “to try and understand” the number of immigrants that could be allowed in. From 2017–2020, Labour was in government with NZ First and adopted many of its policies, including draconian restrictions on immigration.

Labour has refused to rule out forming another coalition government with NZ First after this year’s election, despite denouncing the party as racist prior to the 2023 election. Labour’s allies the Greens and Te Pāti Māori have also indicated that they could join a government that included NZ First.

All these parties bear responsibility for the legitimisation of NZ First, which is gaining ground in the polls. The party got just over 6 percent in the 2023 election but has since climbed to 9.8 percent in a recent RNZReid Research poll and 11.9 percent in the Taxpayers’ Union-Curia poll.

The figures showed no substantial popular support for either of the major parties. National is polling around 32 percent (down from 38 percent in 2023) and Labour has risen to just under 35 percent—an increase from the Labour government’s landslide defeat in 2023, where it received just 26.9 percent of the votes. Labour cannot however achieve a majority in parliament even with support from the Greens, which dropped 1.3 points to 9.6 percent and Te Pāti Māori on 3 percent.

This leaves NZ First as a potential kingmaker—the role its leader Peters has cultivated throughout his career since forming NZ First after breaking from

National in 1993. Right-wing *New Zealand Herald* columnist Matthew Hooton has postulated that if NZ First can achieve “medium-sized party status,” the party could well demand leadership of the next government, with Peters in charge.

Peters’ ascent parallels the international surge of far-right forces across the world, led by US President Donald Trump. This includes Nigel Farage’s Reform UK in Britain and Pauline Hanson’s One Nation in Australia. While there is no mass support for their extreme right-wing programs, these individuals and parties express the same ruling class strategy: to bring forward reactionary vehicles that will intensify the enforcement of austerity, xenophobia and militarisation.

Amid the explosive crisis of capitalism, political responsibility for the rise of far-right populism rests squarely with the “left” establishment parties. In collaboration with the trade unions, they have prostrated themselves entirely to the demands of the ruling elite to drive down the wages and living standards, while pouring unprecedented sums of money into preparing for imperialist war.

Anti-immigrant parties like NZ First are only able to exploit working class anger because of the absence of a genuine socialist alternative. Workers and young people must reject all forms of nationalism, xenophobia and attacks on immigrants, including that promoted by Labour and its allies. The urgent task is to build an internationalist and socialist party that fights to unite workers of every background and nationality against war, social inequality and discrimination, and to put an end to the capitalist system that threatens to plunge the entire world into barbarism.



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