

U.S. TARIFF UPDATE.

10 December 2025



New Zealand
INTERNATIONAL
BUSINESS FORUM

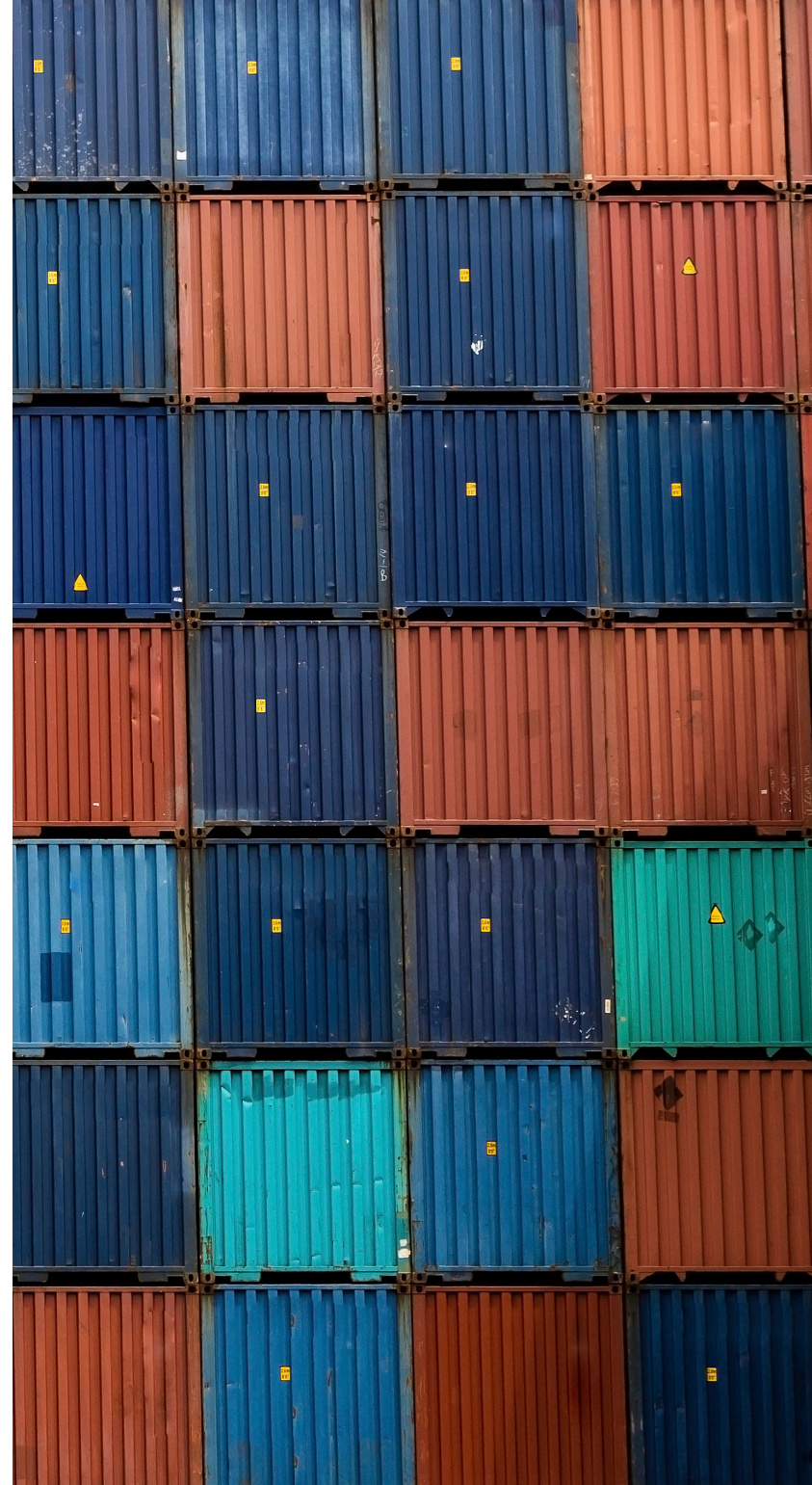


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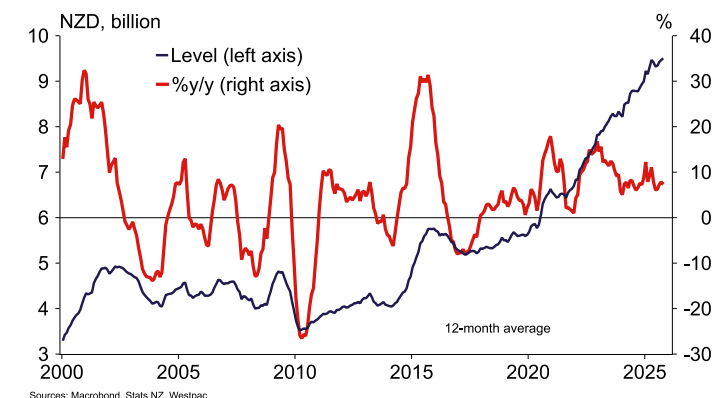


SUMMARY

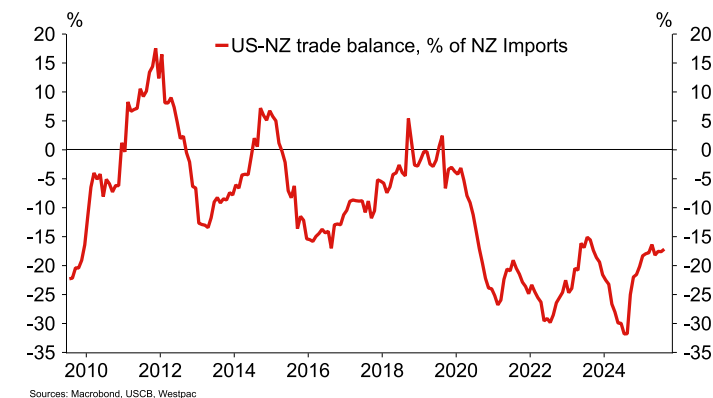
US tariffs manageable, but clearly unhelpful.

- Around 70% of New Zealand's exports to the US are subject to a 15% so-called "reciprocal" tariff. This is on top of any pre-existing tariffs. Other exports are covered by sector-specific tariffs (e.g., those on steel, aluminium, timber).
- New Zealand's goods exports to the US totalled \$9.3bn over the past year, accounting for 13% of all goods exports. Beef accounts for over 20% of all exports to the US and (as of November) is no longer subject to a 15% tariff.
- Other key exports include dairy products (mainly whey and casein), wine, mechanical and electrical machinery, wood, fruit and fish.
- Strong demand – and high commodity prices – are shielding most primary goods exporters from the negative impact of reciprocal tariffs where applicable. Exporters will likely face pressure should US market conditions weaken.
- Exporters can seek to mitigate the impact by diversifying to other markets. There may also be other opportunities to mitigate the impact.
- As the economy recovers and import demand rises, it is possible that New Zealand will return to running a trade deficit with the US. This would provide an opportunity for the Government to seek a reduction in New Zealand's tariff.
- It is also possible that the reciprocal tariffs could be ruled illegal, at least in their current form, by the US Supreme Court.

New Zealand goods exports to the US



US-NZ goods trade balance, % of imports

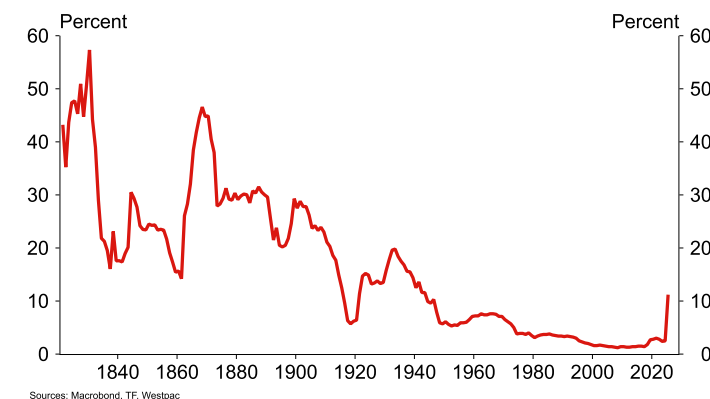


THE NEW TARIFF ENVIRONMENT

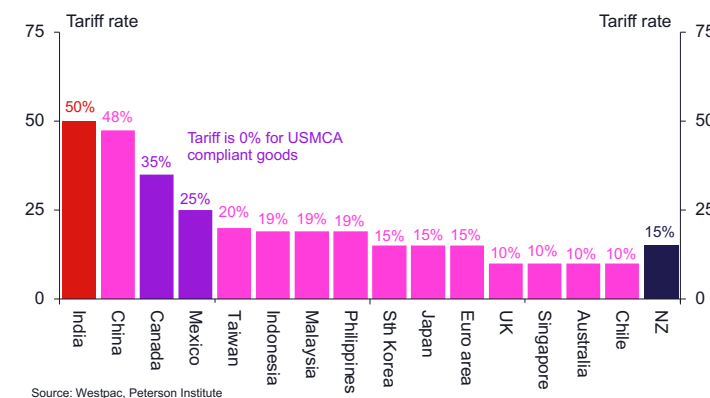
The new US tariff landscape.

- Executive order 14326, signed by President Trump on 31 July, placed a 15% so-called “reciprocal” tariff (RT) under the International Emergency Economic Powers Act (IEEPA) on around 90% of New Zealand’s exports to the US. On 13 November, tariffs were removed on certain key exports (notably beef and kiwifruit) leaving around 70% of exports now subject to reciprocal tariffs.
- That tariff is in addition to any standard Most Favoured Nation (MFN) tariff that might already be in effect.
- Some products are currently exempt from the 15% reciprocal tariff, as they are covered by sector specific tariffs e.g., those on steel, aluminium, copper, timber and autos. Other products are exempt as they are currently subject to an investigation by US trade officials e.g., pharmaceuticals, semiconductors, processed critical minerals, unmanned aircraft (drones).
- New Zealand’s reciprocal tariff of 15% is the same as that imposed on the EU and Japan (although total EU tariffs are capped at 15%, whereas the NZ tariff stacks with other tariffs). It is lower than the reciprocal tariffs imposed on China; but higher than the 10% tariff imposed on the likes of Australia, the UK, Chile, Singapore and Argentina.
- Moreover, some trading partners are operating off a zero or low tariff base, given their existing FTAs. In particular, the Australian 10% reciprocal tariff is not stacked onto any other MFN tariffs.

US tariffs – average rate all imports



The tariff landscape

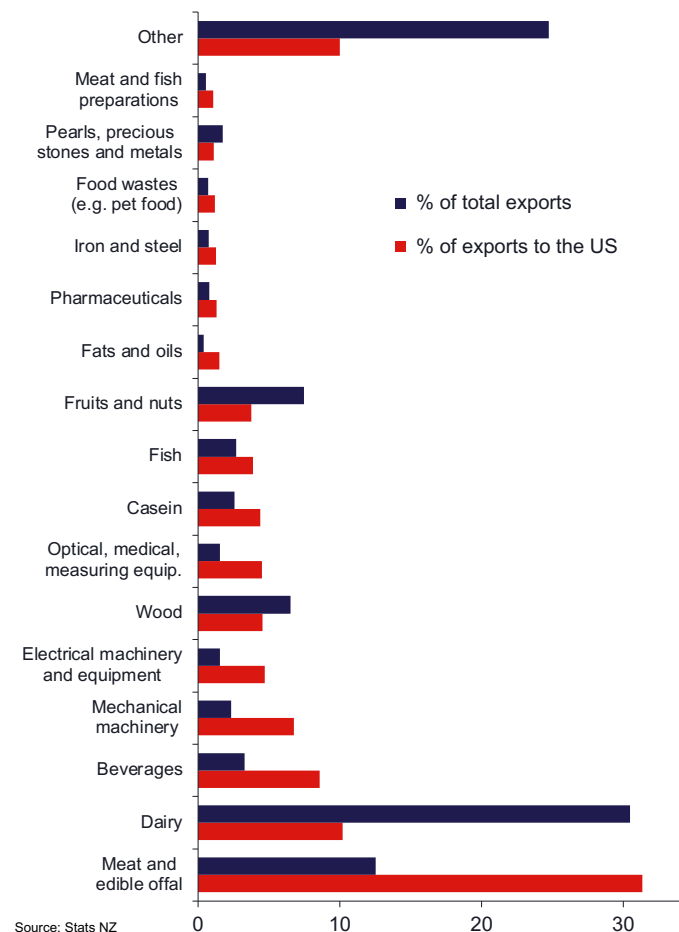


NEW ZEALAND'S EXPORT EXPOSURE

Key exports.

- New Zealand's goods exports to the US totalled \$9.3bn over the past year, accounting for 13% of all goods exports.
- Meat comprises around a third of New Zealand's exports to the US – almost three times the share of meat in total exports. Of that, more than two-thirds is beef. Sheep meat accounts for the bulk of the remainder.
- Dairy comprises just 10% of total exports to the US, despite accounting for around a third of New Zealand's total exports. Whey and milk proteins are the primary exports to the US, whereas a broad range of core dairy products, including milk powders, account for the majority of dairy exports to other markets.
- Other significant exports to the US include beverages (mostly wine), electrical and mechanical equipment and optical and medical equipment. In each case exports to the US account for a greater share than the share of exports overall, indicating that the US is a relatively important market for these products.
- While New Zealand also has material exports of wood and fruit to the US, the US is a relatively less important market for these products.
- A more detailed breakdown of New Zealand's exports to the US is contained in the appendix.

Major goods exports

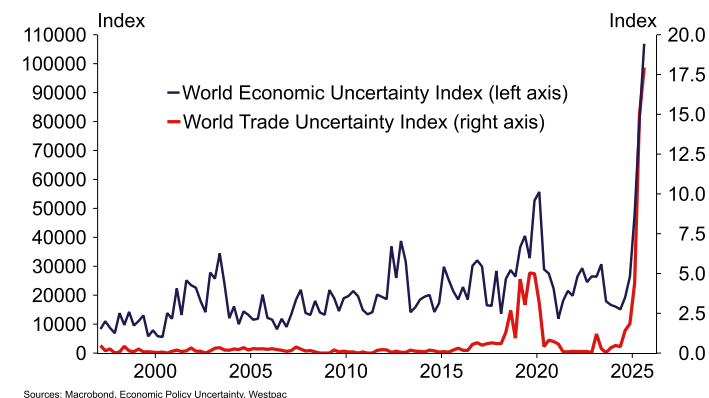


EXPECTED ECONOMIC IMPACT OF TARIFFS

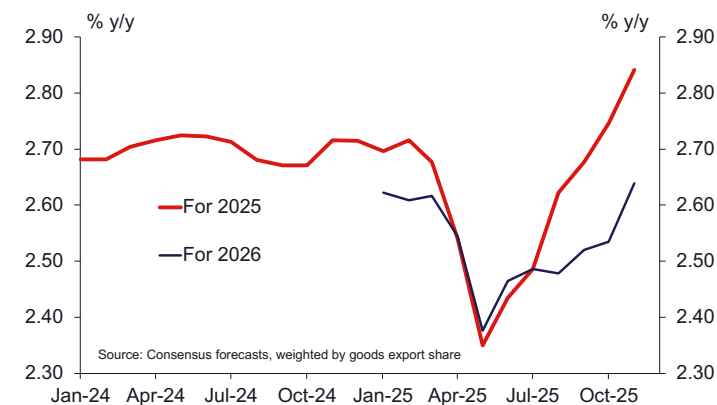
Tariff impacts on growth.

- Uncertainty about the final form of the US tariff regime and for how long it will be sustained can lead to cautious behaviour from consumers and businesses, impacting both exporters and domestic spending.
- Tariffs act as a tax on imports, that is paid by the importer. Unless the importer can push the cost back on the exporter, that will raise the cost of imports and so lower demand for those imports. If the exporter pays the tariff, that will directly impact exporter revenues.
- The size of the impact will depend on how consumers and producers respond to the price changes caused by the tariff. The impact on exporters will be greater if consumers are sensitive to price movements and if US producers are responsive to higher prices on imports. The size of these effects will vary from product to product.
- A reduction in US imports of the goods that New Zealand exports may also lead to weaker export prices (as well as weaker prices for the goods New Zealand imports). In the US, inefficiencies created by disrupted supply chains may magnify the negative impact on demand for these exports.
- US tariffs will also lead to trade diversion. Some countries with high tariffs into the US are diverting their exports into other third markets where these products directly compete with New Zealand goods.

Trade and economic uncertainty



Consensus forecasts for trading partner growth

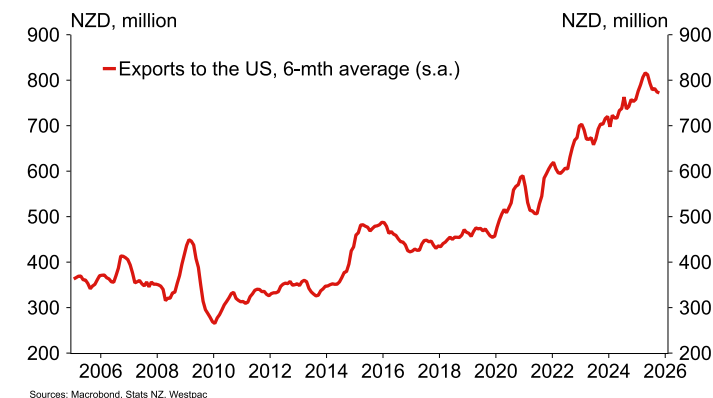


HOW ARE NZ EXPORTERS COPING SO FAR?

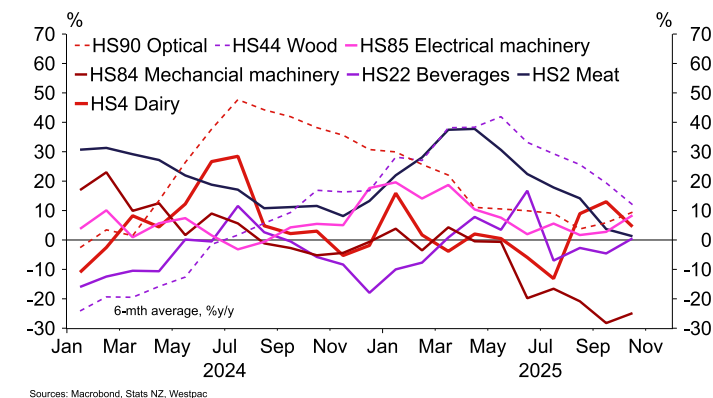
In aggregate, the impact of tariffs has been limited so far?

- In 6-month average terms, exports to the US peaked in April – the month that tariffs were first announced.
- While exports have since declined, the decline is modest and at this stage it is too early to attribute this to tariffs (as opposed to simply volatility).
- Delving into the detail, amongst NZ's largest exports to the US, the most notable decline is in exports of mechanical machinery. Exports of beverages are also tracking slightly below year earlier levels, while some other categories – such as meat and electrical machinery – are seeing slowing rates of growth.
- In our discussions with exporters, we have found that many have been successful in passing on some or all of the tariff to US importers. Those that have been most successful are those selling commodity products currently in high demand with few near-term substitutes and those selling high-tech and somewhat unique manufactured goods with no substitutes.
- Those exporters that have been less successful are those selling primary products where supply is currently plentiful and there are close US substitutes.
- Should tariffs have a depressing impact on US consumer spending over time, it is possible that more US importers will try to push tariffs back onto exporters.

Exports to the US



Selected exports to the US



HOW CAN BUSINESSES MITIGATE THE IMPACT?

Actions exporters can take to mitigate the impact.

- Depending on the product involved, exporters can seek to:
 - Increase their optionality by progressing diversification into markets with lower trade barriers.
 - Adjust their supply chains so that a greater share of final value is added in countries attracting a lower tariff or in the US itself, potentially via joint ventures, licensing agreements or through transfer pricing to US subsidiaries.
- Where possible, invest in branding and added-value products that offer unique characteristics and that are therefore likely to be less price sensitive, making it easier to pass tariffs through to US consumers.
- Collaborate with relevant government and non-government agencies to lobby for lower tariffs and develop business strategies to mitigate tariffs (e.g., Business NZ, Export NZ, Ministry of Foreign Affairs and Trade, New Zealand Trade and Enterprise, Meat Industry Association, Beef + Lamb, New Zealand International Business Forum). Collaborate with in-market US partners.
- As the economy recovers and import demand rises, it is possible that New Zealand will return to running a trade deficit with the US. This would provide an opportunity for the government to consider formal discussions seeking a reduction in New Zealand's tariff.

Executive Director of the International Business Forum Felicity Roxburgh recommends:

- Cut through the noise to find good actionable intelligence, information you can rely on from government and industry sources. Use this to undertake some scenario planning appropriate to your size and scale, aiming to include geopolitical risk alongside other business risk factors.

HOW CAN BUSINESSES MITIGATE THE IMPACT? CONT.

Other considerations...

New Zealand International Business Forum Board Member Sarah Salmond recommends:

- **Strategic perspective:** The 15% “reciprocal” tariff is more than a headline, it’s a structural shift. Exporters need to treat tariff exposure as a core part of their pricing and risk strategy, not just a compliance issue.
- **Resilience and adaptation:** Building resilience means more than absorbing costs. It’s about diversifying markets, rethinking supply chains, and investing in products that can command a premium even in a high-tariff environment.
- **Practical advice:** Understand who pays the tariff and how it flows through your contracts. Clarity on importer-of-record responsibilities and tariff allocation can make the difference between margin protection and margin erosion.
- **Opportunity Framing:** Tariffs are a challenge, but they also create an incentive to innovate. Exporters who add value, differentiate their products, and strengthen US partnerships will be best placed to navigate this landscape.

Finally...

- It is possible the reciprocal tariffs could be ruled illegal, at least in their current form, by the US Supreme Court (after a 5 November hearing, a decision is likely to be some months away). However, other legal instruments to apply tariffs remain, e.g., the section 232 investigations. These would have a more uneven impact on New Zealand exporters.

TARIFF IMPACTS BY SECTOR

Tariff impacts on the meat sector

Product	Value	Current tariff on NZ exports	Main competitors' tariffs	Comments
Beef	\$1,929m (Frozen) \$525m (Chilled)	In quota, US 4.4c per kg. Outside quota, 26.4% tariff.	Canada/Mexico (unlimited quota), Australia (0% tariff if in quota), Brazil/Uruguay/Argentina (same out-of-quota tariff as NZ).	Reciprocal tariffs on imports of beef from New Zealand and other exporting countries were discontinued in November, restoring a broadly level playing field.
Sheep meat	\$621m	0.7 cents/kg +15% RT.	Australia (subject to 10% RT).	NZ is disadvantaged against Australian and US suppliers. US lamb farmers have lobbied for specific tariffs on NZ imports.

Tariff impacts on the dairy sector

Product	Value	Current tariff on NZ exports	Main competitors' tariffs	Comments
Whey	\$536m	Either: 8.5% MFN, 13% MFN, \$1.035/kg +8.5% MFN, 3.3 cents/kg or 87.6 cents/kg; plus 15% RT.	Canada (tariff free under USMCA); Germany/Ireland (15%RT).	EU total tariffs capped at 15%, whereas NZ RT stacks with MFN tariff and Canada faces no tariff.
Casein	\$292m	0.37 cents/kg +15% RT.	Ireland/France (15% RT), Argentina (10% RT).	EU total tariffs capped at 15%, whereas NZ RT stacks with MFN tariff.
Butter and dairy spreads	\$268m	12.3 cents/kg +15% RT (within quota); or \$1.541/kg plus 15% RT (in excess of quota).	Ireland/France (15% RT).	EU total tariffs capped at 15%, whereas NZ RT stacks with MFN tariff.
Cheese (Cheddar)	\$20m	Either 12% MFN or \$1.227/kg; plus 15% RT.	Ireland, Netherlands; face same tariff regime as NZ.	Reciprocal tariff impact small given that existing tariffs and quotas already prohibitive.
Milk powder	\$18m	WMP and SMP subject to quotas and \$1.092/kg or \$0.865/kg tariff in excess of quota; plus 15% RT.	Euro area countries and Australia (the latter faces a 10% RT).	Reciprocal tariff impact small given that existing tariffs and quotas already prohibitive.

MFN = Most Favoured Nation; RT = Reciprocal Tariff

TARIFF IMPACTS BY SECTOR cont.

Tariff impacts on the wine and fruit sector

Product	Value	Current tariff on NZ exports	Main competitors' tariffs	Comments
Wine	\$760m	Still <14% in containers <2 litres 6.3 cents/litre plus 15% RT; still < 14% in containers over 10 litres, 14 cents/litre plus 15% RT. Sparkling wine 19.8 cents/litre plus 15% RT.	France and Italy (4-5 times bigger than NZ), face same tariff as NZ; exporters; Australia and Chile (smaller than NZ) face a 10% RT.	NZ is not disadvantaged against European competitors, but is against some other key competitors and against US suppliers.
Kiwifruit	\$270m	No tariff.	Chile, Italy and Greece (no tariff).	Reciprocal tariff removed in November.
Apples	\$63m	No tariff.	Chile, Canada (no tariff).	Reciprocal tariff removed in November.

Tariff impacts on the manufacturing sector

Product	Value	Current tariff on NZ exports	Main competitors' tariffs	Comments
Mechanical machinery	\$629m	15% RT; MFN tariffs 0% for some categories; positive for others. Also some subject to 50% tariff on any steel or aluminium content.	China (10% RT + 10% Fentanyl from 10 Nov.), Mexico (0% if USMCA compliant), Germany (15% RT), Japan (15% RT), Canada (0% if USMCA compliant), Sth Korea (15% RT), Italy (15% RT).	While tariffs put New Zealand manufacturers at a disadvantage, the impact depends on the extent to which the products being sold have unique characteristics that cannot easily (or at least quickly) be replicated by alternative suppliers.
Electrical machinery	\$438m	15% RT; MFN tariffs 0% for some categories; positive for others.	China (10% RT+ 10% Fentanyl, from 10 Nov.), Mexico (0% if USMCA compliant), Vietnam (20% RT), Taiwan (20% RT), Malaysia (19% RT).	
Optical, medical and measuring equipment	\$420m	15% RT for mechano-therapy & massage devices; MFN tariffs 0% for some categories; positive for others.	Mexico (0% if USMCA compliant), Germany (15% RT), Japan (15% RT), Canada (0% if USMCA compliant), Sth Korea (15% RT).	

MFN = Most Favoured Nation; RT = Reciprocal Tariff

TARIFF IMPACTS BY SECTOR CONT.

Tariff impacts on wood and aquaculture sectors

Product	Value	Current tariff on NZ exports	Main competitors' tariffs	Comments
Sawn or chipped wood	\$536m	10% specific tariff, effective 14 October.	Canada (by far), China (10% Fentanyl, from 10 Nov), Brazil, Chile, Vietnam – all subject to same 10% specific tariff, effective 14 October.	NZ is not disadvantaged against foreign competitors, but is against US suppliers.
Fibreboard	\$292m	10% specific tariff, effective 14 October.	Canada, Chile, Germany – all subject to same 10% specific tariff, effective 14 October.	NZ is not disadvantaged against foreign competitors, but is against US suppliers.
Molluscs	\$268m	15% RT.	Canada 0% tariff as largely USMCA compliant, Japan 15% RT.	NZ is disadvantaged against Canadian and US suppliers.
Fresh, chilled, frozen fish, fish fillets	\$218m	15% RT.	Canada 0% tariff as largely USMCA compliant, Chile 10% RT, China (10% RT, 10% Fentanyl from 10 Nov), Norway 15% RT.	NZ is disadvantaged against Canadian and US suppliers, and slightly disadvantaged against Chile.

MFN = Most Favoured Nation; RT = Reciprocal Tariff

APPENDIX

New Zealand's major goods exports to the US (Year to 30 June 2025)

HS Code	Description	\$m
02	Meat and edible offal	2919
	Frozen beef meat	1929
	Sheep meat	621
	Chilled beef meat	225
	Meat and edible offal nec	74
	Edible offal	64
04	Dairy	951
	Whey and milk constituents	536
	Butter and dairy spreads	268
	Cheese	20
	Milk powder	18
22	Beverages	801
	Wine	760
	Unsweetened water	14
	Sweetened water	13
	Spirits and liqueurs	13
84	Mechanical machinery	629
	Dish washing machinery	79
	Machinery, plant, or laboratory heating equipment	54
	Engines and motors nec	41
	Machinery and mechanical appliances with individual functions nec	38
	Metal forging, bending, or flattening machine-tools	34
	Lifts, escalators, and conveyors	33

HS Code	Description	\$m
	Industrial machinery for food or drink manufacture nec	32
	Machines for manufacturing semiconductors	27
	Taps, cocks, and valves for pipes	27
	Agricultural, horticultural, and forestry machinery	26
	Harvesting machinery	23
	Parts for pulleys, cranes, lifts, fork-lifts, and earth-movers	21
	Laser, ultrasonic or electro-discharge machine-tools	19
	Computers	19
	Weighing machines	15
	Turbo-jets and turbo-propellers	15
	Milking machines	14
	Machine-tools parts and accessories	14
44	Wood	423
	Sawn or chipped wood of thickness 6mm and over	354
	Fibreboard	56
	Parquet flooring wood	10
90	Optical, medical, and measuring equipment	420
	Mechano-therapy and massage appliances	274
	Medical, dental, or veterinary instruments	39
	Instruments and apparatus for physical or chemical analysis	22
	Measuring or checking instruments nec	20
	Orthopaedic appliances	13

APPENDIX CONT.

HS Code	Description	\$m
35	Albuminoids, starches and glues	409
	Casein	292
	Albumins	95
	Peptones	22
03	Fish	361
	Molluscs	124
	Fresh or chilled fish	114
	Fish fillets	67
	Frozen fish	37
	Crustaceans	11
08	Fruits and nuts	348
	Kiwifruit	270
	Apples, pears, and quinces	63
15	Fats and oils	142
	Fat of cattle, sheep, and goats	66
	Animal fats and oils nec	60
	Chemically modified animal or vegetable fats and oils nec	13
30	Pharmaceuticals	123
	Human or animal blood, antisera, and vaccines	56
	Glands and organs	42
	Retail medicines	22
72	Iron and steel	117
	Cold-rolled iron or non-alloy steel 600mm or more flat-rolled	73
	Clad iron or non-alloy steel 600mm or more flat-rolled	30
	Hot-rolled iron or non-alloy steel flat-rolled 600mm or more	13

HS Code	Description	\$m
23	Food wastes	109
	Pet food	93
	Meat or fish meals	16
71	Pearls, precious stones and metals	102
	Gold	63
	Coin	22
16	Meat and fish preparations	100
	Prepared or preserved meat	61
	Extracts and juices of meat, fish or crustaceans	36
05	Animal products nec	87
88	Aircraft	84
	Aircraft parts	67
39	Plastics	65
	Plastic tubes, pipes, hoses, and fittings	15
	Plastic articles nec	15
	Plastic tableware and kitchenware	13
	Residual	696
	Total	9324

Source: Stats NZ

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