

## **ExportNZ View on 10<sup>th</sup> April - Pause on Reciprocal Tariffs**

- Trump's announcement doesn't directly impact the additional 10% tariff placed on most New Zealand goods exported to the US. However, it means that for the next 90 days, all other countries (except China) that previously faced higher reciprocal tariffs will now only face the same baseline 10% rate as New Zealand.
- Lawrence Wong, Singapore's Prime Minister, put it best when he said the environment is "uncertain, unsettled, and increasingly unstable". The Liberation Day tariff regime was in place for barely a week, and it has now been rolled back – we had been waiting for the "L-Day" announcement for clarity on the US position, but today's announcements from the President have added to the uncertain, unsettled, and unstable global trading environment.
- If the trade war between China and the US continues to escalate, as it has over the past week, it could have significant implications for New Zealand. In the short term, China may increase imports from New Zealand to replace goods it previously sourced from the US.
- However, the long-term concern lies in the broader impact on the global economy. As two of the world's largest trading nations, reduced trade between the US and China - driven by rising tariffs - could slow global economic growth and dampen consumer demand. Every other country around the world will have either China or the US as their number one trading partner. If the USA and China are doing well economically, then everyone else is doing well. New Zealand is no exception - as a small, export-dependent economy, we are particularly vulnerable to these global downturns.

### **What's our Advice to Exporters?**

- Analyse your markets and any exposure you may have. Explore options in other markets, scenario plan for situations where tariffs are applied or supply chains are disrupted and identify any additional risks that may occur.
- Stay informed, the situation is moving at a quick pace and things can change in a matter of hours. We've asked MFAT to increase the amount of information they are relaying to businesses – so stay close to official information coming out.
- Strengthen your partnerships – make sure that you are in communication with partners, distributors, and networks in various markets and discuss options for dealing with different scenarios.
- Leverage the New Zealand brand, our reputation for being a trusted trade partner, and our wide array of free trade agreements (free trade agreements already cover three-quarters of our current exports).

## ExportNZ View on 'Liberation Day' – 2<sup>nd</sup> April

President Donald Trump has announced a new package of tariffs targeting countries trading with the United States, including a 10% tariff on goods from New Zealand.

While this is a significant move, New Zealand's tariff rate is lower than many other nations, placing it in a lower-risk category. This outcome reflects positive advocacy from the New Zealand government and officials.

In response, Trade Minister Todd McClay emphasised that while the tariffs are not ideal, New Zealand will not impose retaliatory tariffs on US imports, as it would lead to higher costs for consumers. He also noted that despite the 10% tariff, many exporters are still seeing opportunities in the US market.

However, New Zealand's stance remains in favour of a rules-based trading system, which offers consistency and stability. The government continues to engage with US counterparts to advocate for the removal of these tariffs, recognising the negative impact of trade wars on the global economy.

In the long term, the imposition of new tariffs may lead to more competition in global markets, as displaced exports from other countries seek new markets. This adds a layer of uncertainty for exporters as they navigate this evolving landscape.

ExportNZ remains focused on advocating for free-trade agreements and continues to work towards ensuring New Zealand's export interests are protected.

One aspect of the new tariffs is that there is no direct tariff applied to services or tech exports. The new tariffs also have some exceptions:

- Products covered by earlier US tariff increases, such as steel products and their derivatives and aluminium products and their derivatives as well as automobiles and key automobile parts.
- Products, including lumber, copper, semiconductors, and pharmaceuticals, certain critical minerals, and energy and energy products, listed in Annex II of the Executive Order, which may be subject to sector-specific tariffs in future.
- Items already in transit to the US before 5 April should not be subject to the additional tariff – for details, see the executive order, sec. 3(a) para 2.

To assist businesses in navigating this new landscape, New Zealand's Ministry of Foreign Affairs & Trade (MFAT) has set up an email address where businesses can share information, ask questions, or provide perspectives on how they are being impacted. Those wishing to communicate directly with MFAT can reach out to [us.exports@mfat.net.nz](mailto:us.exports@mfat.net.nz).

Alternatively, businesses that may prefer confidentiality can contact [exportnz@businessnz.org.nz](mailto:exportnz@businessnz.org.nz), and ExportNZ will relay their concerns or queries without disclosing identities.