ExportNZ
EXPORTERS HELPING EXPORTERS

ExportNZ Update on US Tariffs Post 2026 US Mid-term Elections

5 November 2026

Key Points for NZ Exporters:

- **Democrats have secured control of both chambers of Congress**, significantly changing the political balance in Washington and increasing scrutiny of President Trump's trade policies.
- **No immediate changes to US tariffs:** Existing tariffs on New Zealand goods remain in place. Exporters should continue planning around current tariff obligations.
- **Greater scrutiny could create opportunities for tariff relief:** Democrats may seek to challenge the President's tariff powers and examine the impact of tariffs on American businesses and consumers, although any legislative changes face significant obstacles.
- **US trade protectionism is likely to continue:** Both major political parties support measures to protect American industries and strengthen domestic supply chains. A Democratic-controlled Congress does not necessarily mean a return to free trade.
- **Uncertainty remains:** Exporters should continue monitoring US trade policy developments, maintaining close relationships with US customers and importers, and managing exposure to tariffs and supply-chain costs.

What has happened?

The United States held its midterm elections on Tuesday 3 November (4th Nov NZT), with the Democratic Party securing control of both the House of Representatives and the Senate, taking control of Congress away from the Republican Party.

The result represents a significant political shift in Washington, with voters expressing dissatisfaction with the Trump administration over the cost of living, inflation, the ongoing conflict with Iran, and the direction of the US economy.

Key election outcomes:

- House of Representatives: Democrats have secured a majority, gaining more than two dozen seats from Republicans.
- Senate: Democrats have secured a majority, flipping at least seven Republican-held seats, including in Texas, Kansas, South Carolina, North Carolina and Ohio.
- White House: President Donald Trump remains in office until January 2029.
- New Congress: The incoming Democratic-controlled Congress will take office on 3 January 2027.

The result means the US will enter a period of *divided government*, where the President and Congress are controlled by opposing political parties. This will make it more difficult for the Trump administration to pass legislation and will increase congressional scrutiny of its policies.

What does this mean for US trade policy?

1. Greater scrutiny of tariffs, but no immediate changes

Democrats have been critical of President Trump's tariff policies, particularly their impact on American businesses, consumers and inflation.

With control of Congress, Democrats will have greater opportunities to investigate tariff decisions, hold congressional hearings and introduce legislation seeking to limit presidential tariff powers.

However, President Trump retains significant executive authority over trade policy and the power to veto legislation. Existing tariffs, including those imposed under Sections 301 and 232 of US trade legislation, will not automatically change following the election.

2. Trade protectionism is likely to continue

Despite political differences, both major US political parties have increasingly supported measures to protect American manufacturing, strengthen domestic supply chains and address competition from China.

A Democratic-controlled Congress does not necessarily signal a return to more liberal US trade policies or greater market access for foreign exporters.

3. Greater political uncertainty over future trade measures

The incoming Congress will have greater powers to scrutinise and challenge the administration's trade agenda, but President Trump can continue to pursue trade measures through existing executive authorities.

This could result in more political disagreement over trade policy, potentially slowing negotiations and complicating the introduction or removal of tariffs.

4. The US economy will remain a key consideration

Cost-of-living pressures and inflation were significant issues during the election, reflecting ongoing challenges for American households and businesses.

For New Zealand exporters, US consumer demand, exchange-rate movements, energy prices and international shipping costs will remain important factors alongside tariff policy.

How about the ongoing lamb meat global safeguard investigation?

The United States International Trade Commission is conducting a Section 201 safeguard investigation into lamb imports into the US, including those from New Zealand and Australia, after American producers raised concerns.

After initial hearings late last month, the USITC is expected to make its initial determination on 13 November 2026. If it finds serious injury (to the domestic US Lamb industry), it could recommend additional tariffs, import quotas or tariff-rate quotas, with a report due to the President by 11 January 2027.

While the incoming Democratic-controlled Congress may take a different approach to trade policy, the investigation is proceeding under existing US legislation. Any final decision on safeguard measures will rest with President Trump.

New Zealand's red meat industry has argued that its exports complement US domestic production and are not responsible for serious injury to American producers.

What does this mean for New Zealand exporters?

The election does not change the tariffs currently facing New Zealand goods entering the United States.

While the result should create opportunities for greater scrutiny of tariffs and their economic impacts, exporters should not expect immediate tariff relief, nor greater certainty around tariff policy.

In practical terms, New Zealand businesses should:

- Continue planning around existing tariffs: Maintain current tariff assumptions when pricing products, negotiating contracts and assessing US market opportunities.
- Monitor future tariff developments: Congressional scrutiny may lead to proposals for tariff reform, exemptions or changes to executive trade powers, although implementation remains uncertain.
- Engage with US customers and importers: Understand how tariffs and economic conditions are affecting demand, purchasing decisions and commercial arrangements.
- Maintain flexibility: Continue assessing supply-chain costs, market diversification opportunities and exposure to changes in US trade policy.

What happens next?

The incoming Congress will take office on 3 January 2027, with Democrats expected to prioritise oversight of the Trump administration and its economic policies.

For exporters, the key developments to monitor will be congressional efforts to challenge tariff powers, any changes to existing tariff measures, and the administration's response to increased political opposition.

ExportNZ's assessment and what happens next

The incoming Congress will take office on 3 January 2027, with Democrats expected to prioritise oversight of the Trump administration and its economic policies.

The election represents a significant change in the US political environment, but not necessarily in the direction of US trade policy.

The key developments to monitor will be congressional efforts to challenge tariff powers, any changes to existing tariff measures, and the administration's response to increased political opposition.

For New Zealand exporters, the priority remains managing the existing tariff regimes and trade barriers while staying informed about potential policy changes.