

New Zealand government downplays Trump's tariffs, despite business fears

Tom Peters
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New Zealand's right-wing coalition government has publicly sought to downplay the tariffs imposed on the country by US President Donald Trump, despite warnings by business commentators that they will have a major impact on the local economy.

Trump's announcement of tariffs of between 10 and 50 percent being added to all imports into the United States has sent shockwaves through the global economy. It is a major escalation in the US trade war, particularly against China but also Europe and other competitors.

American imperialism is seeking to reshore manufacturing in the US and establish "economic independence" in preparation for world war, which it sees as the only way to preserve its global dominance. As was the case with the tariffs imposed during the 1930s, Trump's tariffs will sharply accelerate the attacks on workers' living standards in every country, as well as geopolitical tensions and conflicts.

All US imports from New Zealand will face a 10 percent tariff, the same figure imposed on goods from neighbouring Australia. While the US calls its tariffs "reciprocal," New Zealand tariffs on goods imported from the US are only about 1.9 percent.

The claim by Washington that New Zealand has a 20 percent tariff on imports from the US is false. The figure is related to the US trade deficit with New Zealand. As Radio NZ explained, New Zealand "makes more money by selling things to the US than the US does selling things to New Zealand by about 20 percent."

Foreign Minister Winston Peters, from the right-wing nationalist NZ First Party, put a positive spin on the tariffs, telling a media conference on April 3 that the 10 percent figure was "a brilliant outcome... there's no country in the world that's done better than us." He

said it was "a day of celebration."

He said claims that New Zealand has a 20 percent tariff on US goods were incorrect, but dismissed the issue as unimportant.

Peters said that his visit to Washington last month, where he held talks with the Trump administration on strengthening the military and strategic alliance with the US, had put New Zealand in a strong position. He posted on X: "The purpose of our mission has been achieved. Indeed, New Zealand companies, who were fearing much worse, are well positioned compared to exporters from other countries."

National Party Prime Minister Christopher Luxon was less upbeat, telling the media that the tariffs were unjustified. He said the measures would lead to "huge uncertainty in the world, it creates high inflation, it has currency impacts, it has growth impacts..." Luxon said New Zealand would not retaliate with its own tariffs.

The US was New Zealand's second-biggest export market last year, with an annual value of \$NZ9 billion. According to media company Stuff, this could mean \$900 million in tariffs added to goods entering the US, which include wine, meat and dairy products, driving up prices for American consumers. Added to existing tariffs, the total US tariff on dairy—NZ's largest export industry—would increase to 30 percent.

Economist Jeffrey Halley told RNZ the cost of borrowing in New Zealand could increase if US banks hike interest rates in response to inflation, because New Zealand banks obtain much of their funding in international markets with US dollars.

Another economist, John Ballingall, said that while New Zealand faced lower tariffs than other countries, "for the global economy—which determines the overall demand for our exports—the outcome is much, much worse than I expected.

“If these tariffs stay in place for any protracted period, it is undoubtedly a risk the global market could slow quite markedly and that could have a dampening effect on what we export to all markets.” J.P. Morgan estimates that there is a 60 percent chance of a global recession.

New Zealand’s largest export market, by far, is China, which took about \$NZ18 billion worth of goods last year. If the US tariffs on China, which now total more than 54 percent, trigger a significant slowdown, demand for New Zealand exports could be severely affected.

Retaliatory tariffs on US goods imported by China and European countries will accelerate the spiral into trade war and worldwide inflation.

The New Zealand ruling elite will ensure that the financial burden of the trade war is borne entirely by working people.

The country’s economy is already extremely fragile. The country experienced a recession last year, only returning to growth of 0.7 percent in the first quarter of 2025. The recession was deliberately triggered by the Reserve Bank, which raised interest rates in 2023 in order to drive up unemployment and increase the rate of exploitation of the working class.

The government is implementing brutal austerity measures. It is sacking thousands of public sector workers and cutting healthcare services, while diverting billions of dollars to the military for war preparations. Poverty is increasing, with about 500,000 people, one in 10, relying on food parcels from charities to survive.

There are tactical differences in the political establishment over how to respond to Trump’s actions. While Peters (who is seeking to emulate Trump’s far-right demagoguery) called for a “celebration” of the tariffs announcement, the opposition Labour Party foreign affairs spokesperson David Parker told TVNZ that it was part of the “unwinding of the rules-based order.” He said New Zealand should strengthen trade agreements with Europe and Asia, including through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Parker said “there has been an erosion” of trust for the US, with “serious” implications for the Pacific region. He said the prospect of New Zealand joining the AUKUS military pact—an anti-China agreement between the US, Australia and UK—“has got to be dead

in the water.”

He stressed, however, that New Zealand is “not non-aligned” and that Labour would maintain the alliance with the US, as well as Australia. Parker’s main point was that New Zealand must spend more on its own military, including by purchasing drones, and push back against China’s economic activity in the Pacific. He claimed that if China continued to expand its fishing activities in the Pacific, it “could morph over time into a paramilitary fishing fleet.”

All the capitalist parties agree on the need to prepare for war as part of the US-led imperialist bloc. This is the ultimate logic of trade war.

Tariffs and other trade barriers are economically irrational in a world where production is globalised: there is no such thing as a purely “American” smartphone, computer or vehicle. These and countless other commodities are produced by workers in multiple countries.

Tariffs express the madness of the capitalist system, in which the world remains divided into rival nation states and imperialist powers, which are determined to strengthen their grip on natural resources and supply chains at the expense of their rivals.

To stop the descent into barbarism and world war, as the *World Socialist Web Site* explained, “The working class must undertake a political struggle for its own independent interests. Workers in the US and around the world [including in New Zealand] must start that fight by opposing all forms of nationalism. Tying themselves in any way to their ‘own’ national ruling class, in whatever side of the tariff war they are on, is, as history has shown, the road to disaster.”

Workers and youth must fight for the international unity of the working class to put an end to capitalism, which is leading the world to catastrophe, and reorganise the world on socialist lines.



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