

# International trade Outlook for 2026

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# Looking forward in 2026

## New Zealand exporters should expect continued turbulence and uncertainty in 2026, with the Trump administration continuing its intense focus on tariffs.

At the time of writing, President Trump had already issued a flurry of trade threats since the turn of the year, which have been closely watched, even if they have not materialised to date, including:

- a new tariff on goods from Denmark, Norway, Sweden, France, Germany, the Netherlands, Finland and the United Kingdom unless the US is permitted to purchase Greenland
- a 100% tariff on all Canadian goods if Canada finalises a trade agreement with China
- a 25% tariff on South Korean goods in response to South Korea's failure to ratify a revised bilateral arrangement, and
- tariffs on any country trading with Iran.

While the situation remains fluid, several concrete developments have also already been formalised this year. In January President Trump imposed a 25% tariff on certain advanced computer chips to discourage imports that do not support US domestic manufacturing capacity. He also declared by proclamation a 180-day window to conclude bilateral agreements securing reliable supplies of critical minerals, with options to take retaliatory action, including the imposition of import restrictions, where the negotiations fail to deliver a deal.

This could lead to further restrictions on potential trading partners around mid-year.

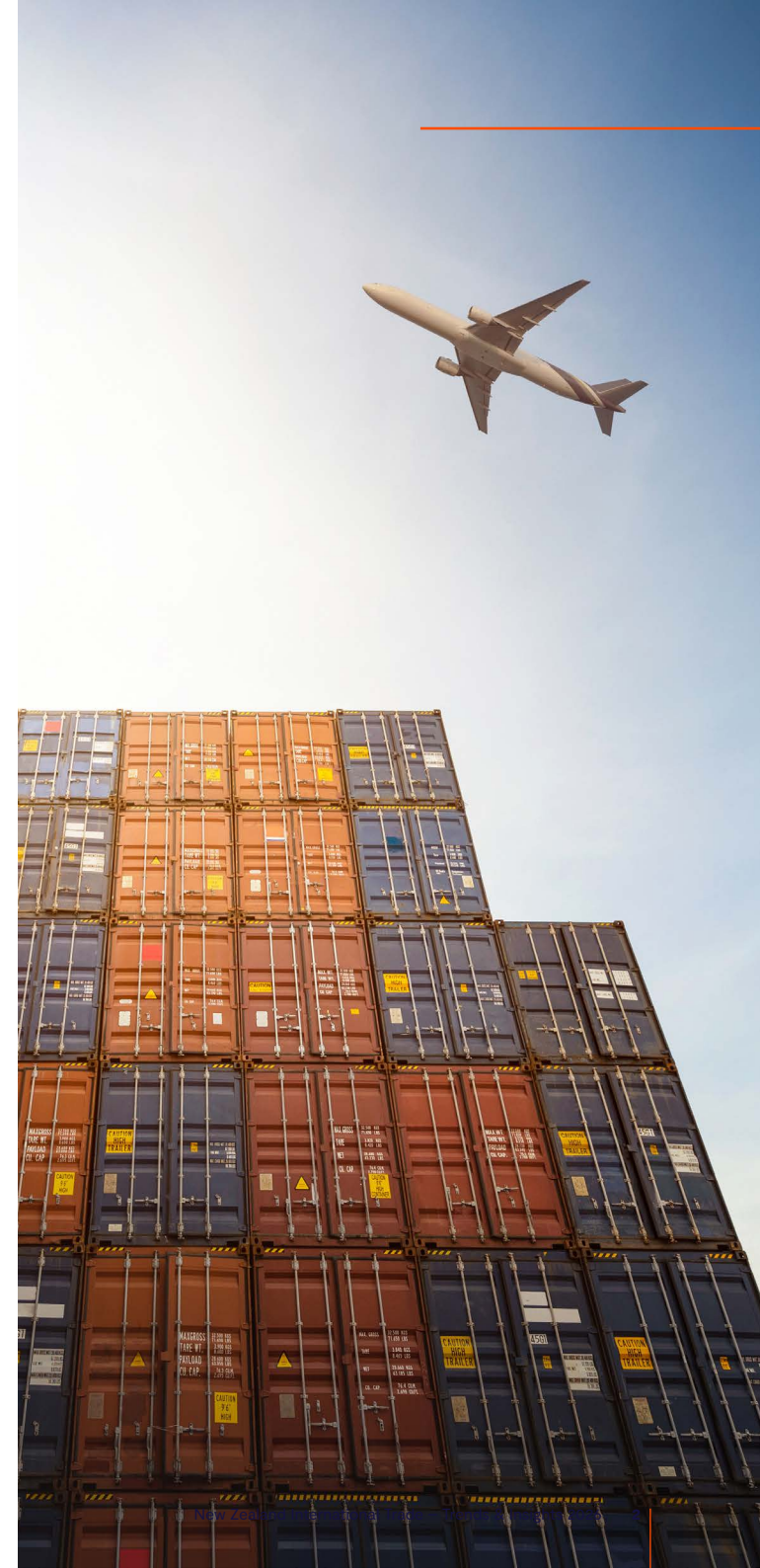
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The US Supreme Court decision on the legitimacy of the Trump Administration's reliance for its tariff policy on the International Emergency Economic Powers Act 1977 (IEEPA) is due any day now. IEEPA is designed expressly for use in situations of "unusual and extraordinary threat".

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Should the Court decide against him, attention will turn to whether there are alternative legislative provisions the President might use, and whether the money already paid in tariffs could be practicably refunded.

Governments and exporters cannot afford to ignore these developments, so remaining vigilant and nimble will be crucial in navigating the trade policy landscape in 2026.





# The New Zealand Government's response

Canadian Prime Minister Mark Carney took the spotlight at Davos with his [speech](#) on 20 January when he called for middle powers to “[s]top invoking the rules-based international order as though it still functions as advertised”, and to “[c]all it what it is – a system of intensifying great power rivalry, where the most powerful pursue their interests, using economic integration as coercion”.

He urged all governments to set “building a strong domestic economy” as their immediate priority because that would reduce their exposure to “the leverage that enables coercion”.

New Zealand Prime Minister Christopher Luxon touched on the same theme in an address to the Auckland Chamber of Commerce on 19 January when he talked of the “rupture” of the global rules-based ethos.

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Key to New Zealand's response, and to that of other jurisdictions, has been the pursuit of new trade alliances – in particular in New Zealand's case; the India NZ Free Trade Agreement, the 2024 NZ-Gulf Cooperation Council FTA and the 2025 NZ-UAE Comprehensive Economic Partnership Agreement.

- See our review below of 2025 for more detail.

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We expect this trade alliance focus to persist. There continues to be strong interest in acceding to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), with New Zealand closely involved in ongoing accession negotiations. Current signatories are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United Kingdom and Vietnam. Accession negotiations with Costa Rica are reportedly close to conclusion and Uruguay is the next in line with the possibility of negotiations also commencing with Indonesia, the Philippines and the UAE in 2026.

Meanwhile the EU-Mercosur agreement (an FTA reached in principle in 2019 between the European Union and South American trade bloc) seems close to ratification.

New Zealand has also been innovative in working with like-minded countries to negotiate new topic specific agreements such as the Digital Economic Partnership Agreement (DEPA), the Agreement on Climate Change, Trade and Sustainability (ACCTS), and the Future of Investment and Trade Partnership (FIT-P).

While much of this activity can be attributed to self-interest, with governments acting to increase their own resilience, these agreements are based on legally binding rules. New Zealand's recent successful legal claim against Canada under the CPTPP over their administration of dairy tariff-rate quotas (TRQs) shows that these rules can still be enforced.

# Where next for the WTO?

The 14th Ministerial Conference (MC14) of the World Trade Organisation (WTO), to be held in Cameroon in March, provides the next opportunity for the WTO to demonstrate its relevance. New Zealand Trade and Investment Minister Todd McClay will be in a pivotal role as Vice Chair of the Meeting, with the subject of WTO reform on the agenda – as it has been on many occasions in the past.

Mark Carney's comment about not treating the rules-based system as though it still works as advertised is prescient here. While it might be true that more than 70% of world trade is still conducted under WTO rules, it is also true that trying to get consensus on many issues can be an exercise in futility.

McClay is mindful, however, that for small economies like New Zealand:

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“The WTO and its rules remain vital...providing certainty for our exporters on the global stage.”

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New Zealand also benefits from the existence of the WTO's embattled dispute resolution system, which – although hamstrung at the appellate level because of the US's longstanding block on the appointment of new appellate body members – is still operating with an appeals level for countries such as New Zealand that have supported the alternative appellate mechanism, the Multi-Party Interim Appeal Arbitration Arrangement (MPIA).

This was launched in April 2020 and is now recognised by 56 like-minded states, including a number of New Zealand's largest trading partners.

# EU sustainability regulation

Large New Zealand exporters are monitoring the implementation of the European Corporate Sustainability Reporting Directive (EU CSRD), the timing of which has shifted. As at the time of publication, CSRD requires reporting on matters including climate, biodiversity and human rights, on a phased basis from 2025 and is expected to increase sustainability requirements in global supply chains.

## The EU CSRD Standards will apply to:



EU companies employing on average over 1,750 employees and with a net annual turnover of over €450m.



Non-EU companies generating an annual net turnover in the EU of more than €450m (previously €40m).

Separately, the Corporate Sustainability Due Diligence Directive, to come into force in 2028, will require the largest entities to identify, prevent, mitigate and remediate the adverse impacts of their activities on human rights and the environment.

The impacts that are captured under the Directive include modern slavery, child labour, exploitation of workers, pollution, emissions and biodiversity loss arising out of an entity's own operations and business relationships within value chains.

## The thresholds for participation are:



EU companies with ≤5000 employees and a net turnover of €1.5b.



Non-EU companies with a net turnover in the EU of €1.5b.

Source: [www.europarl.europa.eu](http://www.europarl.europa.eu)

# The view through the front window for New Zealand exporters

Being alert to and prepared for potential tariff shifts remains critical. In particular, we draw exporters' attention to the following:



Stats NZ data has the US jostling with Australia to be our second largest export destination, briefly superseding it in the third quarter of last year despite the tariff upheaval.



New Zealand's 'sustainability advantage' is still a key market differentiator and driver of value offshore but can be easily undermined by competitor action or social media commentary.



The increasing value of reviewing supply chain weak points, as supply chain difficulties are not expected to improve in the near future.



The prospect of increased sustainability disclosure requirements in trade to the EU (see above) and Asia, while the converse is occurring in the US. With 70% of New Zealand's exports by value going to markets that have mandatory climate-related reporting, either in place or in prospect, businesses will need to proactively manage their ESG trade risk. This will apply not just to exporters but to all New Zealand companies that are part of international supply chains.



The Government's continued pursuit of strategic international alliances, which may expand our export market opportunities.



The need to continue to monitor sanctions risks, even if they are now well understood.



# The rear-view mirror, looking back on 2025

New Zealand's export volumes to the US proved remarkably resilient through 2025, rising by around 5% despite the tariff turmoil. The largest rises were in meat, iron and steel, and pharmaceutical products.

The Trump Administration:

- Imposed a 10% tariff on most NZ exports in April 2025
- Increased it to 15% in August
- Then removed the “reciprocal” (i.e., Trump-imposed) tariffs on a range of agricultural products in mid-November, including beef (which reverted to the pre-Trump rate of less than 1%) and kiwifruit.

This reversal has been attributed to inflationary pressures on US consumers. The Government estimates that approximately a quarter of New Zealand's exports to the United States – valued at \$2.2b annually – are now exempt from the 15% tariff and that this will save around \$330m per year in additional tariff duties.

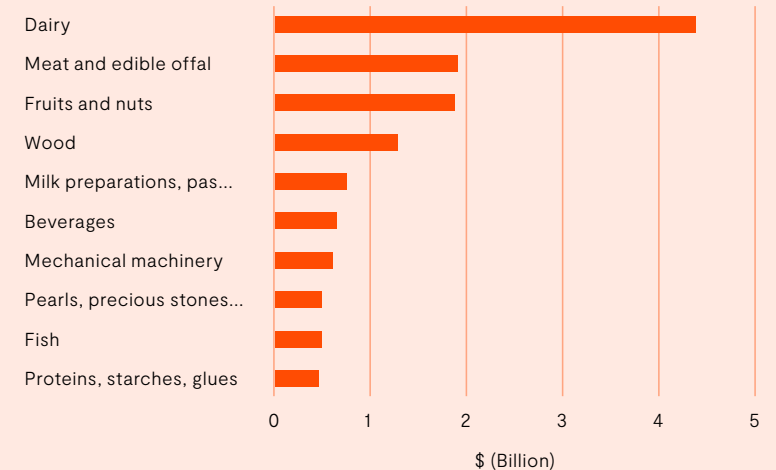
More broadly, dairy exports remained strong, with over \$7b exported in the December 2025 quarter. The scale of our dairy sector cannot be understated – earning more than double the returns from meat, just under \$3b; wood, just over \$1b; wine, just under \$600m; and fruit, just under \$400m).



NZTE has produced [resources](#) to support New Zealand exporters with US tariffs. In addition, MFAT also produces [Market Intelligence Reports](#).

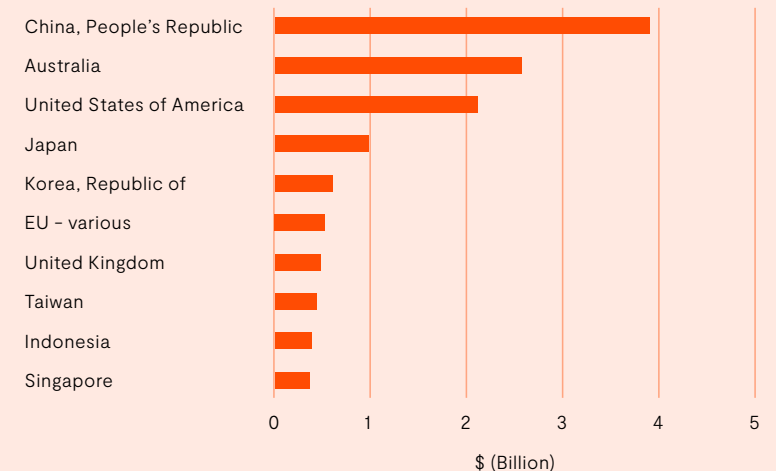
## Top 10 exports by product - September 2025 quarter

Total goods | The rest of the world



## Top 10 export destinations - September 2025 quarter

Total goods | The rest of the world



Source: Stats NZ, New Zealand International Trade

# Progress toward the double-our-exports goal

The Government is continuing to pursue its goal of doubling the value of New Zealand's exports in 10 years.

Key developments are:



Concluding FTA negotiations with the Gulf Cooperation Council (GCC) in late 2024, positioning New Zealand as the first major agriculture exporter with preferential access to the GCC – now the world's ninth-largest economy.



The entry into force of the New Zealand–United Arab Emirates Comprehensive Economic Partnership Agreement on 28 August 2025. The UAE is among New Zealand's largest markets in the Middle East, taking just over \$1b in NZ exports annually.



Announcing on 27 May 2025 a new Cooperation Agreement between New Zealand and Viet Nam that aims to grow timber exports and remove trade barriers for the forestry sector.



Concluding negotiations with India on an FTA on 22 December 2025. The FTA will provide immediate tariff elimination for over half New Zealand's current exports, increasing to over 80% when the FTA is fully phased in with a further 13% benefitting from sharper than usual tariff reductions. The FTA also facilitates duty-free entry of certain New Zealand inputs into India's manufacturing supply chains. In exchange, tariffs on Indian goods entering New Zealand will be removed immediately, reducing prices for New Zealand consumers, and Indian citizens will have increased access to New Zealand's labour market through short-term visas, a Working Holiday Scheme, and a Post Study Work Visa.



New Zealand becoming a founding member of the Future of Investment and Trade Partnership (FIT-P), launched in September 2025. The initiative is intended to strengthen supply chains, reduce non-tariff barriers, improve investment flows and use new trade technologies. The 16 members are: Brunei, Chile, Costa Rica, Iceland, Liechtenstein, Malaysia, Morocco, New Zealand, Norway, Panama, Paraguay, Rwanda, Singapore, Switzerland, the United Arab Emirates and Uruguay.

# Update on export controls and sanctions

Both New Zealand's Russian sanctions and broader export controls regimes have been under recent review.

## Export controls

The Ministry of Foreign Affairs and Trade (MFAT) completed its [consultation](#) on New Zealand's export controls regime in January. The focus was on the evolving proliferation challenges relating to strategic (military related) goods and technology, including expertise in such technology. Recommendations are expected to propose additional controls for intangible technology transfers, "know how" or technical assistance, sensitive technology transferred domestically, and the re-export or re-transfer of goods previously supplied under an export control permit.

## Iran sanctions

New Zealand reintroduced sanctions on Iran on 18 October 2025, following the United Nations Security Council's lead. The Iran Sanctions Regulations impose new restrictions and obligations for New Zealand businesses and individuals, including a duty to exercise vigilance when doing business with Iranian entities and a compulsory business registration scheme, effective from 1 February 2026.

MFAT's [guidance](#) on the new Regulations explains that conducting due diligence is an important part of compliance with the "duty to exercise vigilance" and includes suggestions on what this might entail. It also notes the need to ensure compliance with foreign autonomous sanctions regimes, such as those imposed by the US, the UK, Australia and the EU.

## Russia sanctions review

Published by MFAT in November 2025, the review of the Russian Sanctions Act and Regulations did not propose any major revisions but made 29 technical recommendations, many directed toward encouraging greater institutional cooperation and international alignment. They included:

- guidance or case studies to clarify the interplay of New Zealand's legislation with other jurisdictions
- updates to [MFAT's Regulatory Charter](#) to provide greater information on the roles and responsibilities of the respective agencies involved, and
- updates to existing guidance on the duty to freeze under regulations 10 and 11 (including how to implement the duty for varying types of asset classes).

Another focus was to reduce the compliance burden on businesses, including a key recommendation that any associates and relatives who are subject to sanctions must be listed by name. Submitters "overwhelmingly" noted that the lack of this requirement (they are now identified only as an "associate" or a "relative") makes compliance more difficult.

In relation to the overlap between the RSA and the AML/CFT Act, MFAT did not consider it necessary to create a power of supervision over the RSA for AML/CFT Supervisors, or to create positive obligations on duty holders under the RSA, or to tie the AML/CFT Act and RSA any closer together.



The review proposed a strengthened investigatory and enforcement role for MFAT, enabling it to order any duty holder to produce, or provide access to, records, documents or information relevant to analysing or investigating a possible offence under the Act. MFAT recommends this power be complementary to that of the Police Commissioner, have safeguards and include a penalty for non-compliance.

MFAT also wants the power to share relevant data with other agencies monitoring for sanctions compliance, and the power to monitor possible types of sanctions evasion behaviour.

# Key contacts

Chapman Tripp collaborates regularly with Tracey Epps  
on international trade advisory matters



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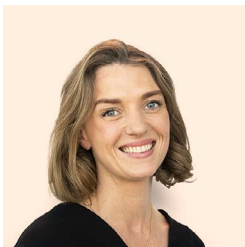
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Every effort has been made to ensure accuracy in this publication. However, the items are necessarily generalised and readers are urged to seek specific advice on particular matters and not rely solely on this text.

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