Win, lose, or draw: What US tariffs could mean for Australian and New Zealand exports

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Summary

In early April, the US enacted 10% baseline tariffs on all countries, with a few notable exceptions, and quickly followed with the announcement of a 90-day pause on reciprocal tariffs above the 10% base. In this report, we examine what these tariffs and the retaliatory tariffs of impacted countries likely mean for Australian and New Zealand agricultural exports.

The current US baseline tariffs of 10% should be manageable for most countries, including Australia and New Zealand. Canada and Mexico are well-positioned, as most food and agricultural shipments to the US are tariff-free due to the US-Mexico-Canada Agreement (USMCA).

Beef: Due to USMCA, Canada and Mexico gained an advantage when other suppliers were hit with 10% tariffs, but their beef export volumes to the US may not see significant gains. This should still be the case once US reciprocal tariffs take effect, which is expected on 9 July.

Sheepmeat: Australia and New Zealand supply over 98% of US imports. Despite the 10% US import tariffs, these volumes are likely to continue.

Wine: Over 95% of US wine imports currently face 10% baseline tariffs. From 9 July, higher reciprocal tariffs are expected to affect over 80% of imports, mainly from the EU, while imports from New Zealand, Australia, Brazil, and Chile will remain at 10%, giving them a relative advantage.

Canola: USMCA allows Canadian canola oil and meal to flow tariff-free into the US, preventing increased competition with Australian canola in the EU and Asia.

Almonds: High Chinese tariffs have halted imports of almonds from the US, its major supplier. Australia is well-positioned to gain market share in China, which is already its largest destination.

Overall, Australian and New Zealand agricultural trade should be able to maintain current trade volumes, and some commodities may even find opportunities to gain share in the US or China. But US trade policy bears watching, as it could change in the near future.

In general, Australia and New Zealand's major F&A exports will withstand or win

In early April, President Trump imposed a 10% baseline tariff on all countries, though exceptions were made for China, which faces significantly higher tariffs in excess of 100%, and Mexico and Canada, which are already subject to 25% tariffs. However, the US-Mexico-Canada Agreement (USMCA) allows many food and agricultural products to continue to trade tariff-free. US reciprocal tariffs are expected to enter into force once the 90-day pause ends on 9 July 2025, though US tariffs might change at any time in the future.

Australian and New Zealand animal protein likely to see continued strong export volumes

Beef trade: Canada and Mexico will benefit, while Australia, New Zealand, and others are likely to cope

In 2024, Canada supplied 24% of US beef imports and Mexico provided 13%. Products from these countries continue to flow tariff-free into the US due to USMCA. Additionally, live cattle trade from both countries to the US, which stood at just under two million head in 2024, will continue to move tariff-free. Australia (24% of 2024 US beef imports), New Zealand (12%), Brazil (15%), and Uruguay (7%) currently face 10% baseline tariffs into the US, and under the announced reciprocal tariffs, these rates are expected to remain at 10%. This situation places Australia, New Zealand, Brazil, and Uruguay at a slight disadvantage compared to Canada and Mexico. However, the US is the major market for Canada and Mexico (82% of Canadian beef exports and 75% of Mexican exports go to the US), and despite a tariff advantage, they are not expected to see a large change in traded volumes. With tariff rates at 10%, Australian and New Zealand beef exports to the US are likely to continue at strong levels.

The US beef cattle herd is the lowest it’s been in over 70 years, and beef production is forecast to contract over the coming years. Tariffs are not expected to accelerate the struggling US cattle herd’s rebuilding process. Thus, RaboResearch expects the US to have strong demand for beef imports for at least the next two years.

With Australia and New Zealand sharing common export markets with the US (China, Japan, and South Korea), any retaliatory action these countries direct towards the US may provide opportunities for exports into these markets. For example, as at the beginning of May, news reports suggested that Chinese importers were looking to other suppliers, including Australia, to fill gaps left by the now more expensive US beef.

Figure 1: The US tariff rollercoaster and tariff levels faced by major US beef import origins

	Before US tariff changes under President Trump	Tariffs on Canada and Mexico announced	30-day pause of Canada and Mexico tariffs	Tariffs on Canada and Mexico unpaused	Zero tariffs for USMCA-compliant products	10% baseline tariff announced	Reciprocal tariffs announced	90-day pause on reciprocal tariffs	Pause on reciprocal tariffs to end
Announcement date		2 Feb 2025	3 Feb 2025	3 Feb 2025	2 Apr 2025	2 Apr 2025	2 Apr 2025	9 Apr 2025	9 Apr 2025
Implementation date		4.Feb 2025	3 Feb 2025	4 Mar 2025	2 Apr 2025	5 Apr 2025	9 Aor 2025	9 Apr 2025	9 Jul 2025
Canada (23% of US imports)	0%	25%	0%	25%	0%	0%	0%	0%	0%
Mexico (14%)	0%	25%	0%	25%	0%	0%	0%	0%	0%
Australia (23%)	0%	0%	0%	0%	0%	10%	10%	10%	10%
New Zealand (12%)	0%	0%	0%	0%	0%	10%	10%	10%	10%
Brazil (14%)*	26%	26%	26%	26%	26%	36%	36%	36%	36%
Uruguay (6%)	0%	0%	0%	0%	0%	10%	10%	10%	10%
Nicaragua (4%)	0%	0%	0%	0%	0%	10%	18%	10%	18%

*Of the countries mentioned, all except Brazil have a specified tariff-rate quota. In the absence of a specified tariff-rate quota, Brazilian exports to the US already faced a 26.4% tariff and now have an additional 10%.
Source: MLA, White House, RaboResearch 2025

Sheepmeat – No changes to trade flows expected despite tariffs

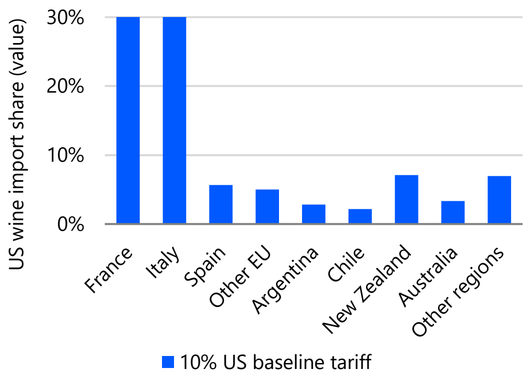
The US tariffs of 10% are unlikely to significantly alter existing trade flows of sheepmeat into the US. Australia traditionally supplies 74% to 75% of US lamb imports, followed by New Zealand with 23% to 25%, and the remaining 1% to 2% deriving from Chile, Canada, and Mexico. As long as US consumption of sheepmeat continues at current levels, Australia and New Zealand are expected to maintain export volumes into this market.

Opportunities for Aussie and Kiwi wine might arise in China and the US

In 2024, US wine consumption totalled USD 75bn, most of which was supplied by domestic product and only 9% by imported wines. As only about 1% of US wine imports originate in Canada and Mexico and thus do not face tariffs under USMCA, **the vast majority of imports currently face 10% tariffs, a level that should still be manageable for importers. As of 9 July, when the 90-day pause on US full reciprocal tariffs is expected to expire, over 80% of wine imported into the US will face higher tariffs than the current 10%.** This is because reciprocal tariffs on the European Union (supplier of almost 80% of US wine imports) are expected to rise to 20%, while those of smaller suppliers like South Africa and Israel will rise to 30% and 17%, respectively. With import tariffs expected to remain at 10% for New Zealand (which supplied 9% of 2024 US wine imports), Australia (4%), Argentina (3%), and Chile (2%), those suppliers will be better off than the vast majority of exporters from the EU and other parts of the world and might benefit slightly.

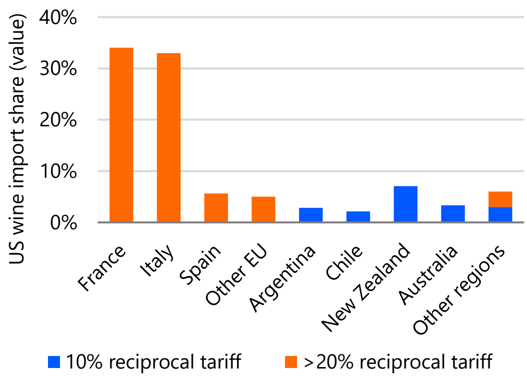
China's tariffs of well over 100% on imports from the US are likely to severely slow imports of US wines, which were valued at USD 96m in 2024. Much of this was higher-value wines. This opens an opportunity for premium products from other regions, including New Zealand and Australia but also the EU and South America, to gain market share.

Figure 2: Currently, all US wine imports face a 10% baseline tariff



Source: White House, US Census, RaboResearch 2025

Figure 3: Based on announced reciprocal US tariffs, >80% of US wine imports will face at least 20% tariffs as from 9 July 2025



Source: White House, US Census, RaboResearch 2025

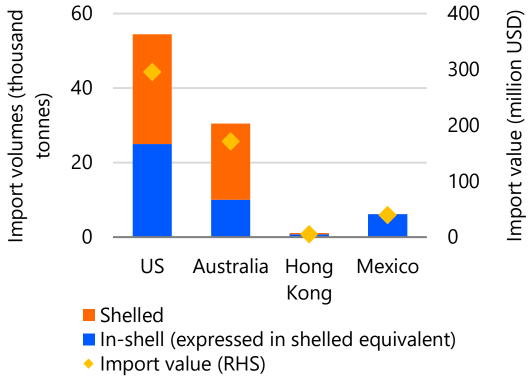
Canadian canola oil and meal's continued access to the US benefits Australia

Canada's canola crop is about three to four times larger than Australia's, with nearly two-thirds of it processed in Canada into oil and meal. This processing will continue only if the products can be shipped abroad. In recent years, about 95% of Canadian canola oil and 60% of the meal were exported to the US. Since canola and its products (meal and oil) can continue to move tariff-free into the US because of USMCA, this trade should persist, preventing a slowdown in the Canadian canola-processing industry. This continuation benefits Australian canola exporters because **a slowdown in Canada's canola crush would increase the availability of unprocessed canola in Canada, likely resulting in more intense competition in Australia's traditional canola export markets**, like Japan, the UAE, and the EU.

Australian almonds could profit from China's retaliatory tariffs on the US

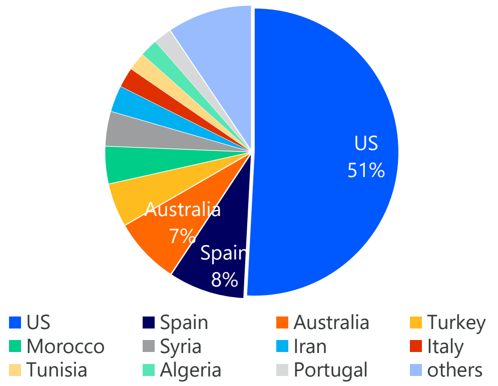
The US is the world's largest almond producer (about 50% of global production) and exporter (around two-thirds of global exports in shelled equivalent), and China is the world's third-largest importer. US exports of approximately 65,000 tonnes of shelled almonds to China, valued at over USD 300m, face prohibitively high tariffs of well over 100%. **With US exports to China out of the mix and limited alternative global exporters of almonds, Australia might see stronger purchasing interest from China.** In 2023, Australia was the second-biggest supplier of almonds to the Chinese market, shipping 37% of its almond exports, valued at AUD 171m, to China.

Figure 4: Chinese almond imports, 2023



Source: FAO, RaboResearch 2025

Figure 5: Major global almond producers, 2024



Source: FAO, RaboResearch 2025

Conclusion

New Zealand and Australia are highly dependent on trade due to their limited populations and high production volumes, which necessitate reaching global demand markets. Recent uncertainties caused by US tariff announcements and escalating trade tensions between the US and China have complicated global trade. However, not all is bleak. Australia and New Zealand are well-positioned to cope with these uncertainties. The tariffs introduced so far are not expected to significantly disrupt exports from the region. In fact, some exports, such as almonds and wine, could even benefit from the new tariff structures in the US and China.

Imprint

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