NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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US Confirms Section 301 Forced Labour Tariffs on 99% of US imports; New Zealand Subject to 12.5% Additional Duty

MARKET INTELLIGENCE REPORT

Summary

- The United States has announced on 23 July that it is imposing additional tariffs on 60 economies accounting for 99% of US goods imports.
- This follows the United States Trade Representative (USTR)'s investigation under Section 301 of the Trade Act of 1974 into forced labour.
- New Zealand will be subject to an additional 12.5% tariff on most exports to the United States from 24 July 2026, replacing the expiring Section 122 tariff regime.
- The New Zealand Government is disappointed with the outcome and will continue to make the case for better treatment with the United States.
- Economies that have entered into Agreements on Reciprocal Trade (ART) with the United States, or otherwise committed to forced labour import bans, received a lower 10% tariff rate.
- Existing exemptions continue, including for beef, kiwifruit, and other tariff lines previously excluded from Section 122 duties.
- The Section 301 tariffs will be applied in addition to normal US MFN tariffs, but will not stack with Section 232 tariffs.
- For product-specific details by tariff line, see the Tariff Finder.

Report

USTR announces final Section 301 action

On 24 July, USTR announced its final action following its Section 301 investigation into 60 economies that it considers have failed to prohibit and effectively enforce the importation of goods produced (in whole or in part) using forced labour. The final action replaces the 10% Section 122 tariffs, which expired on 24 July, and applied additional tariffs on all investigated economies, accounting for 99% of US goods imports.

Under the final determination, New Zealand is among 41 economies subject to an additional 12.5% tariff. For 38 economies this will be applied on top of the United States' normal Most Favoured Nation (MFN) tariff rates For Japan, South Korea, and Switzerland it is a ‘net’ rate of 12.5%.

Find the Fact Sheet, Presidential Action and Federal Register notice.

Existing exemptions remain in place

As with the previous Section 122 tariff regime, a number of New Zealand export products remain exempt from the additional duties. These include:

- Beef;
- Kiwifruit; and
- All other tariff lines previously excluded under the Section 122 measures. (NB: There are new ‘scope limitations’ for certain chemicals, where the exemption only applies if they “are for use in pharmaceutical applications".

Additional exemptions

In addition, USTR has expanded the list of excluded products, adding several hundred tariff lines. See the Annex to the Presidential Memorandum of 23 July for detail.
The additional exclusions cover approximately NZ$100 million of New Zealand exports, with around 80% of this trade falling under two tariff lines:

- HS 0511.99.30 (Animal products chiefly used as food for animals or as ingredients in such food, not elsewhere specified) and
- HS 1209.91.80 (Vegetable seeds, not elsewhere specified, of a kind used for sowing)

Relationship with other US tariffs

For New Zealand, the new Section 301 tariffs will be applied in addition to MFN tariffs, consistent with the previous Section 122 and IEEPA tariff arrangements.

However, the new duties are separate from and will not be imposed on top of existing Section 232 tariffs. Products already subject to Section 232 measures will continue to face those tariffs rather than any Section 301 tariff.

Differentiated treatment across economies

New Zealand is among the 38 economies facing the higher 12.5% tariff (plus MFN), alongside:

- Algeria, Angola, Australia, the Bahamas, Bahrain, Brazil, Chile, China, Colombia, Costa Rica, the Dominican Republic, Egypt, Guyana, Hong Kong (China), Iraq, Israel, Kazakhstan, Kuwait, Libya, Morocco, Nicaragua, Nigeria, Norway, Oman, Peru, the Philippines, Qatar, Russia, Saudi Arabia, Singapore, South Africa, Thailand, Türkiye, the United Arab Emirates, Uruguay, Venezuela and Vietnam.

The following economies will face an additional 10% tariff (plus MFN):

- Argentina, Bangladesh, Cambodia, Canada, Ecuador, El Salvador, Guatemala, Honduras, India, Indonesia, Jordan, Malaysia, Mexico, Pakistan, Sri Lanka, Trinidad and Tobago, and the United Kingdom.

This was previewed by the draft USTR notice in June. The Presidential Action states that: '10 percent is the appropriate rate of Section 301 duties for investigated economies that (i) impose a forced labor import prohibition; (ii) have committed to impose and enforce such a prohibition through an Agreement on Reciprocal Trade; or (iii) have imposed a partial regime with the effect of preventing the importation of certain forced labor goods.'

For several economies, in line with their negotiated framework agreements with the United States, the tariff rate is structured as 10% or 12.5% net of MFN, meaning the total tariff payable is capped at that rate, or if the MFN tariff is over that rate, only the MFN tariff applies:

- European Union and Taiwan: 10% including MFN, or MFN only if above 10%
- Japan, South Korea and Switzerland: 12.5% including MFN, or MFN only if above 12.5%.

A more detailed explanation is laid out in the Federal Register Notice.

Outlook

The New Zealand Government remains disappointed by the US decision and will continue to engage with the United States regarding the investigation and resulting tariff measures.

Exporters should review affected tariff lines and monitor official guidance, including updates to MFAT's Tariff Finder, which has been updated to reflect the new measures.

More info

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