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91530



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Level 3 Agricultural and Horticultural Science, 2016

91530 Demonstrate understanding of how market forces affect supply of and demand for New Zealand primary products

9.30 a.m. Monday 14 November 2016
Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how market forces affect supply of and demand for New Zealand primary products.	Demonstrate in-depth understanding of how market forces affect supply of and demand for New Zealand primary products.	Demonstrate comprehensive understanding of how market forces affect supply of and demand for New Zealand primary products.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL the questions in this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–16 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

TOTAL

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INSTRUCTIONS

This assessment requires you to answer questions related to TWO distinctly different primary products. Note the following points.

1. Select your primary products and write them in the box below. **Before** doing this, carefully read ALL of the questions in this paper to ensure that your selection will allow you to meet ALL the requirements of the questions.
2. The primary product for your discussion of supply (Question 1) **must** be different from that for your discussion of demand (Question 2).
3. At least one of your selected products must earn significant export earnings for New Zealand producers.

Choice of market forces affecting product **supply** for discussion in Question One:

- exchange rate
- market trends
- quantity available
- weather events.

Choice of market forces affecting product **demand** for discussion in Question Two:

- consumer preferences
- promotion
- quality requirements of processors or buyers
- reliability of supply.

Question Three asks you to discuss how the Trans Pacific Partnership (TPP) agreement could affect the supply of, and demand for, one or both of your selected products.

SELECTION OF PRIMARY PRODUCTS

Primary product (1) for discussion of supply: _____

Primary product (2) for discussion of demand: _____

Primary product for discussion in Question Three: _____

Note: In your answers, use specific examples, including recent units and values where appropriate, to help explain how market forces affect supply and demand – e.g. volume of product, typical costs, and returns to producers.

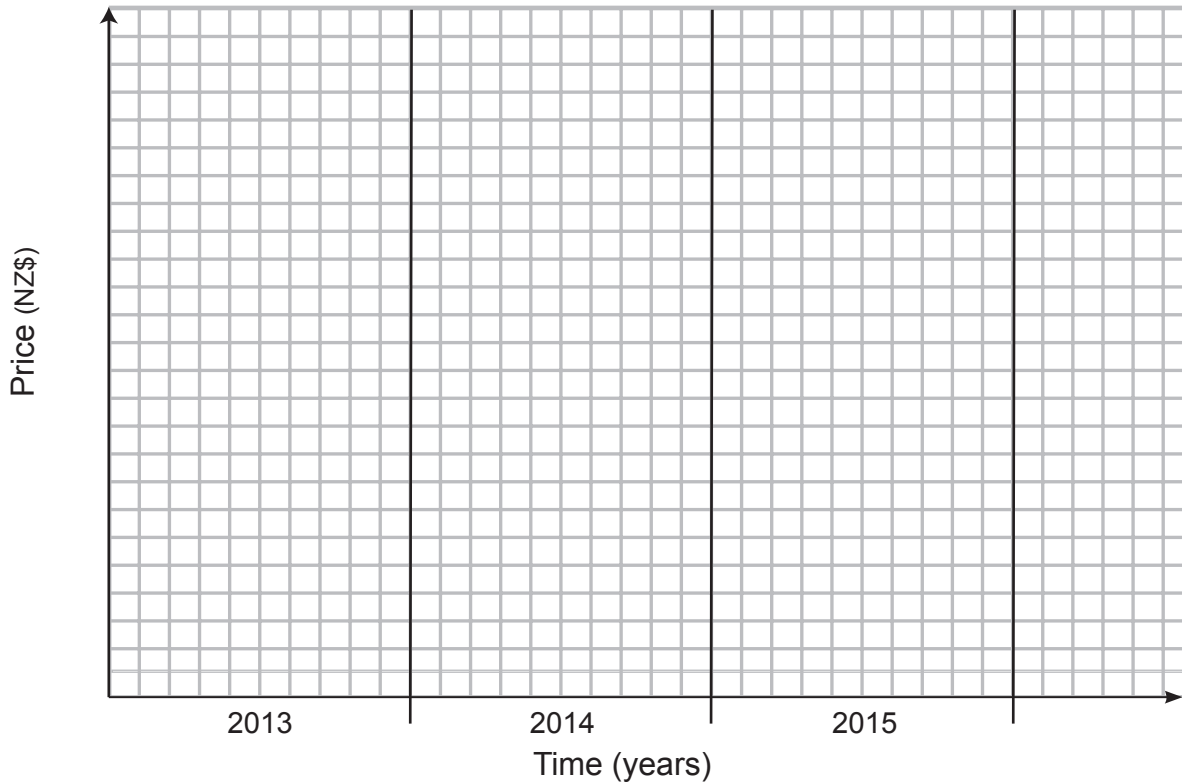
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QUESTION ONE: Market forces affecting the supply of primary products

Note that the product you have chosen for discussion in Question Two cannot be used for this question.

Primary product (1): _____

Draw a graph on the grid below, representing trends in the price received over the last three years (price vs time).



Explain the impact of at least TWO of the market forces listed below on the price trends for your product.

Exchange rate	Market trends
Quantity available	Weather events

In your answer, use data and evidence to:

- identify the trends that are observed in the graph
- explain how TWO market forces contribute to the price trends observed in the graph
- rank the importance of each market force in its impact on, or contribution to, the price trends observed, and justify your ranking.

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QUESTION TWO: Market forces affecting the demand for primary products

Note that the product you have chosen for discussion in Question One cannot be used for this question.

Primary product (2): _____

Demand for a product can often be influenced by more than one factor. For your second selected product, identify TWO market forces from the box below that impact on demand, and explain the relative importance of each of these forces.

- Consumer preferences
- Promotion
- Quality requirements of processors or buyers
- Reliability of supply

(a) Select TWO market forces from the box above, and analyse their effect on the demand for the product.

Market force 1: _____

Effect on demand

Market force 2: _____

Effect on demand

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QUESTION THREE: The Trans Pacific Partnership (TPP) agreement

RESOURCE ON THE TPP

Potential benefits of the TPP

The Asia-Pacific region is a key driver of global economic growth. Roughly half of

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countries at the moment, the hope is that it will eventually expand to include other Asia-Pacific economies.

Source (adapted): <http://mfat.govt.nz/Trade-and-Economic-Relations/2-Trade-Relationships-and-Agreements/Trans-Pacific/index.php>

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on the following page.**

New Zealand has negotiated several free trade agreements. Some examples include:

- Australia-New Zealand CER
- New Zealand-Singapore CER
- Trans-Pacific Strategic Economic Partnership
- ASEAN-Australia-New Zealand FTA
- New Zealand-Malaysia FTA

In February 2016, the TPP was signed by 12 countries in Auckland. It has not yet entered into force. It is now up to each of the partner governments to decide whether or not to join the TPP.

With reference to ONE of your selected products, discuss how the TPP might impact on the supply **and** demand for the product in the market(s) for it, and whether the TPP will be of benefit to New Zealand producers of this product.

Lined writing area for student response.

**Extra space if required.
Write the question number(s) if applicable.**

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QUESTION
NUMBER

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