

91223



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

2

SUPERVISOR'S USE ONLY

Tick this box if you
have NOT written
in this booklet

Level 2 Economics 2021

91223 Analyse international trade using economic concepts and models

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Analyse international trade using economic concepts and models.	Analyse international trade in depth using economic concepts and models.	Analyse international trade comprehensively using economic concepts and models.

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 2–8 in the correct order and that none of these pages is blank.

Do not write in any cross-hatched area (///). This area may be cut off when the booklet is marked.

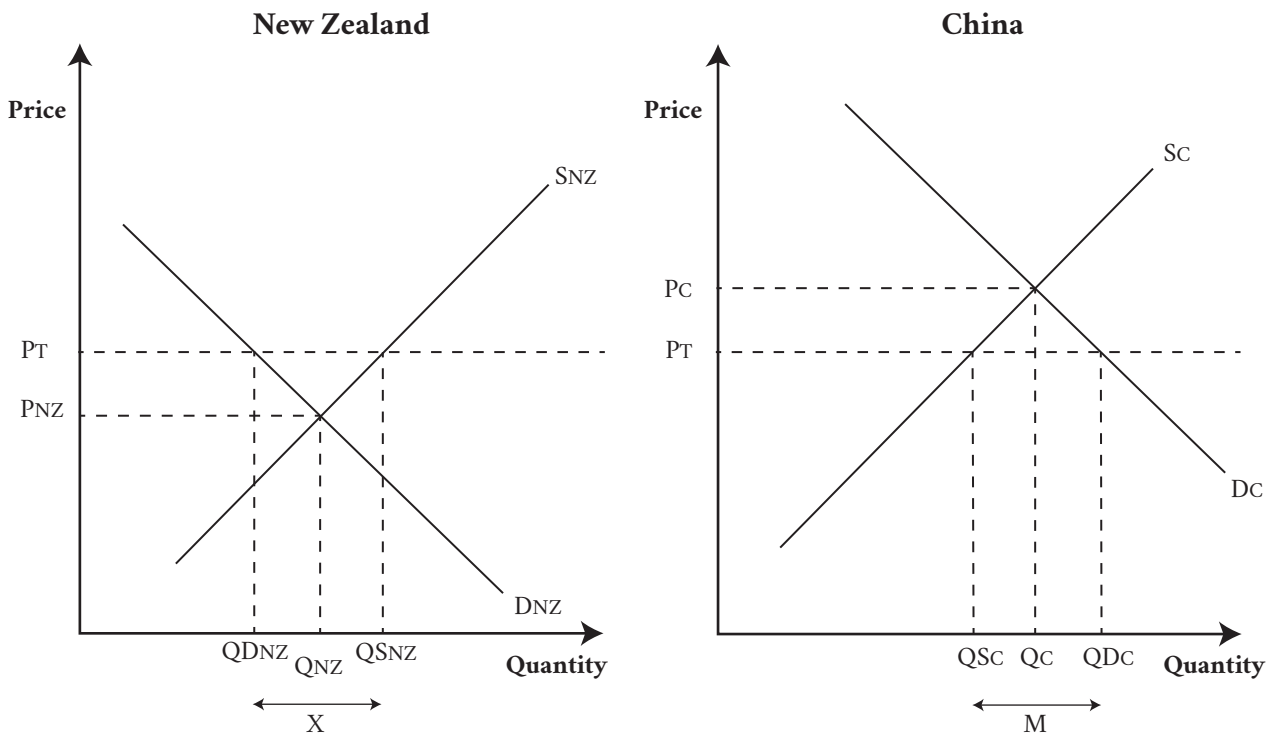
YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

QUESTION ONE: The two-country model

- (a) Explain why New Zealand is an exporter of dairy products such as butter and cheese.

Since 2012, China has developed over 40 large dairy farms, including one with 38 000 dairy cows in Bengbu, China. Large Chinese dairy farms are expected to grow rapidly, allowing large economies of scale and high levels of safety and milk quality.

Source (adapted): <https://news.cgtn.com/news/2019-11-08/Feeding-1-4-Billion-Inside-China-s-largest-dairy-farm-LrIKqxumOI/index.html>

Graph One: Two-country model for dairy products

- (b) (i) On Graph One, show the impact of an increasing number of dairy farms in China on the dairy product market.
- (ii) Referring to Graph One and the resource material, explain the impact of an increasing number of dairy farms in China on New Zealand's dairy farm revenues and profits from dairy products.

- (c) In the context of the global dairy market, explain the possible trading relationship between New Zealand and China in the future, if China successfully continues expanding its own dairy-product production. Refer to the two-country model.
