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91223



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Mana Tohu Mātauranga o Aotearoa  
New Zealand Qualifications Authority

## Level 2 Economics 2025

### 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 2–12 in the correct order and that none of these pages is blank.

Do not write in the margins (//////). This area will be cut off when the booklet is marked.

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

**Achievement**

**TOTAL 11**

**QUESTION ONE: The two-country model**

(a) Explain why New Zealand exports some types of fruit and imports other types.

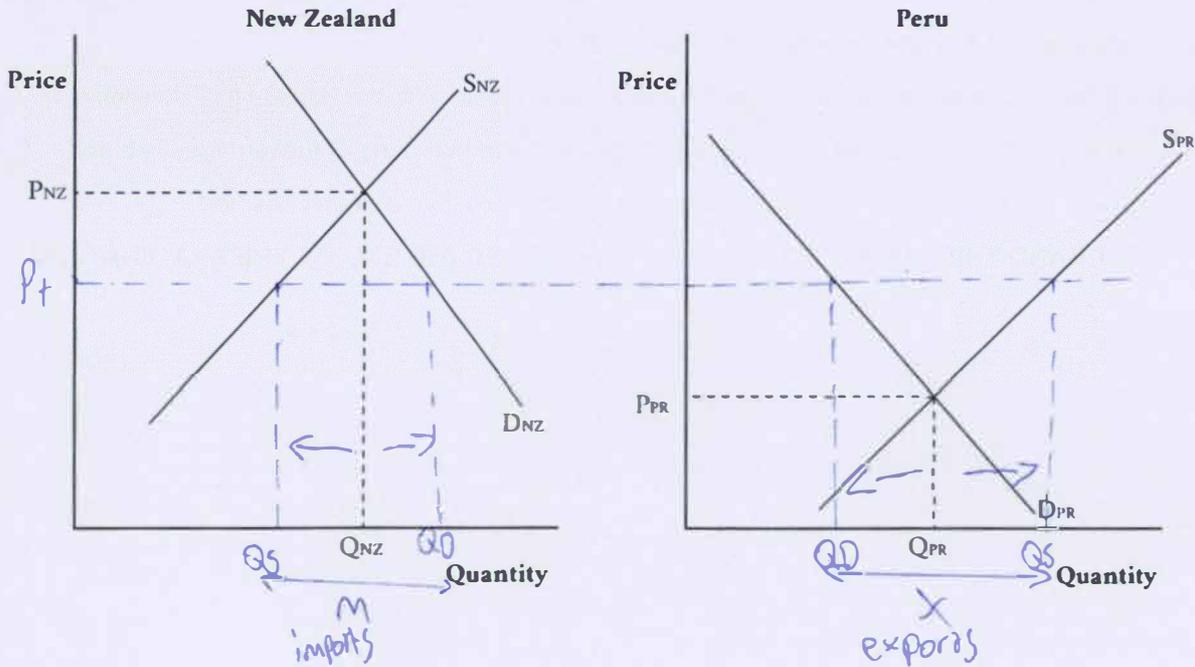
This is because New Zealand has pretty unique conditions. This means we have very suitable conditions for growing some types of fruit, however we have bad conditions for others.



(b) On Graph One, label the:

- trade price ( $P_t$ )
- amounts of exports and imports in each country (X and M).

**Graph One: The market for oranges**



- (c) Explain the impact of the trade in oranges on the quantity purchased and total spending on oranges by New Zealand consumers. Refer to Graph One in your answer.

As we can see, even though the prices of oranges in NZ is now cheaper <sup>(from  $P_{NZ} - P_1$ )</sup> ~~is~~ even more people will buy them which makes up for the lower prices. <sup>( $Q_{NZ} - Q_1$ )</sup> NZ consumers will have a increase in total spending and quantity bought of oranges.



- (d) Compare and contrast the impact of the CPTPP free trade agreement with Peru on growers of different types of fruit in New Zealand.

As we can see from the resource above, NZ growers of kiwifruit, apples, avocados, and melons will become cheaper in Peru due to the removal in the tariff. This means more people will buy them in Peru as they cost less and therefore these NZ fruit growers will receive more revenue.

However, this looks very different for blueberry and grape growers in NZ. This is because now these fruit growers have more competition in the market from high quality exported grapes and blueberries from Peru. This means they will lose some consumers and therefore ~~lose~~ lose some revenue and be worse off.

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The assessment continues on the following page.**

**QUESTION TWO: The price taker model**

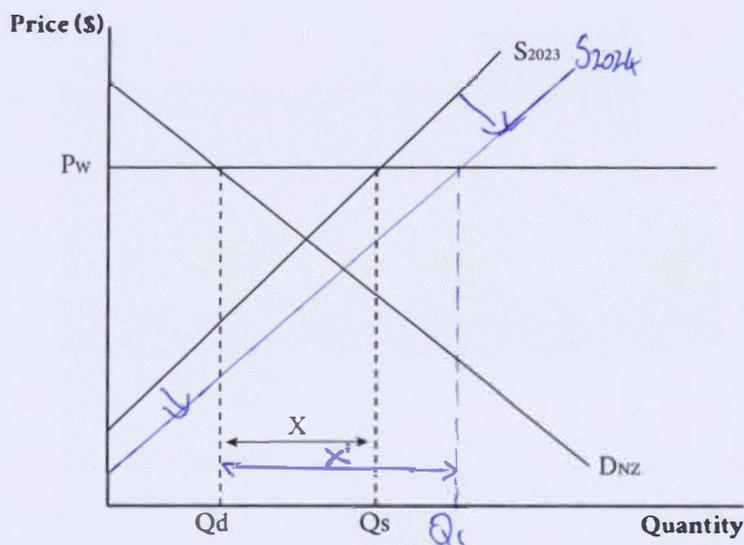
- (a) Explain why the world price in the price taker model is shown as a horizontal line.

So that it represents the fact the whole world price is that and that it doesn't change, stays a consistent price.



The 2023 exports are labelled as X on Graph Two below.

**Graph Two: The market for kiwifruit**



- (b) On Graph Two, show the effect of the improved harvest in 2024 on kiwifruit exports by labelling:
- the new supply curve  $S_{2024}$
  - the new level of kiwifruit exports as  $X_1$ .
- (c) Explain how the improved harvest impacts New Zealand consumers' spending on kiwifruit. Refer to Graph Two in your answer.

Due to the improved harvest, NZ consumers spending on kiwifruit will increase as ~~now~~ there is now a higher supply of kiwifruit. This means <sup>( $S_{2023} - S_{2024}$ )</sup> quantity should increase and prices drop a little for NZ consumers.

- (d) Explain the impact of the improved harvest on the current account balance. Refer to Graph Two in your answer.

A better improved harvest, means that countries ~~will~~ <sup>want to</sup> import more of the ~~same~~ good. The goods balance will increase as it's (goods exports - goods imports). Due to the increase from ~~X~~  $X - X'$ , the goods account will improve, therefore the current account will increase as it is goods balance + services balance + secondary balance + primary balance = current account balance.

- (e) Compare and contrast the impact of the improved harvest on kiwifruit growers and on workers who pick kiwifruit. Refer to Graph Two in your answer.

The improved harvest will impact the growers and workers who pick it more beneficially. This is because the growers will have a better harvest which they can now sell to a larger market overseas for more revenue. The workers will also benefit as they will have more work and get paid more to pick more kiwifruits. This is positively impactful for both ~~part~~ parties.

However, it also can negatively impact the workers. This is because they are also household consumers of this product. This means that as consumers, they will receive less good quality kiwifruit for consumption as the best from the harvest will be exported overseas.

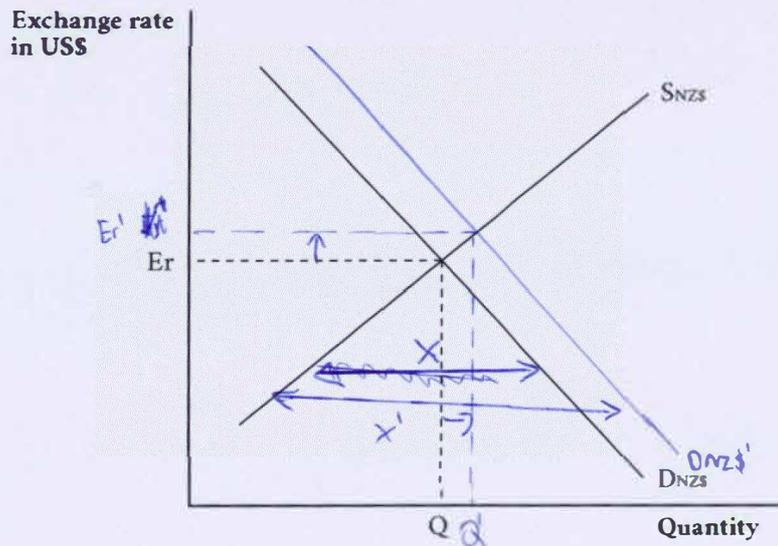
**QUESTION THREE: Trade and the exchange rate**

- (a) Apart from the USA and Australia, name one of the top five countries New Zealand:

Exports to China

Imports from ~~Korea~~ South Korea

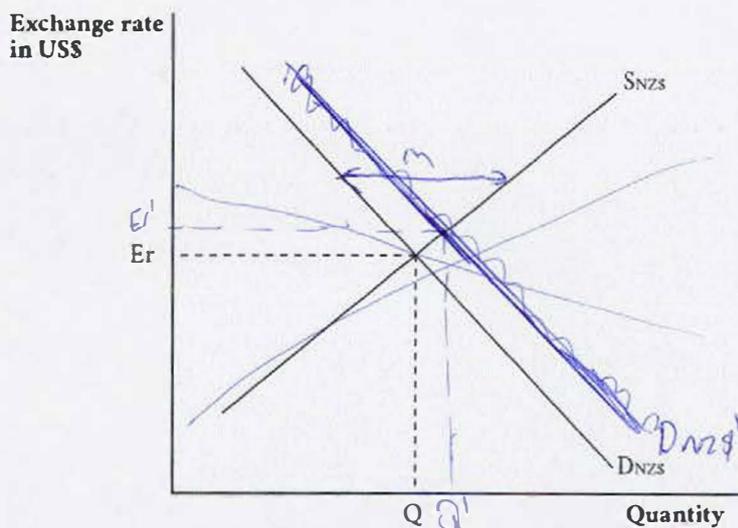
**Graph Three: The market for the NZ\$ with an increase in exports**



- (b) (i) On Graph Three, show the effect of increased exports to the USA.  
 (ii) Explain how an increase in exports affects the NZ\$ exchange rate. Refer to Graph Three in your answer.

As we can see on graph 3, our increased exports to the USA was caused by higher demand for our products. Due to this demand increase from  $DNZ\$ - DNZ\$',$  exports increased from  $x - x'$ . This caused our exchange rate to appreciate from  $Er - Er'$ .

**Graph Four: The market for the NZ\$ with an increase in imports**



- (c) (i) On Graph Four, show the effect of increased imports from the USA.
- (ii) Explain how an increase in imports affects the NZ\$ exchange rate. Refer to Graph Four in your answer.

An increase in <sup>imports</sup> ~~exports~~ means that our ~~exchange~~ exchange rate will depreciate as more of our money is overseas ~~over~~ meaning that our dollar ~~buy~~ buys less.

- (d) Compare and contrast the impact of a depreciation of the NZ\$ on New Zealand tourists visiting the USA and on New Zealand businesses importing consumer products from the USA.

As we can see, ~~to~~ if tourists from NZ visit the USA and the NZ dollar is depreciating, this means that their NZ dollars buy less overseas. This means that ~~as~~ the tourist end up losing money. This means that ~~they are~~ this is not good for them. However, for New Zealand businesses importing

Answer space continues over ►

Consumer products from the USA, it will not only be more expensive for the businesses if there is a depreciation in the NZ dollar, however, it will have a flow on effect for NZ consumers as they will be spending more on these products.

There is something different for NZ businesses compared to the tourists. The NZ businesses can sell those consumer products for more expensive than what it cost to make their money back, while the tourists will lose their money completely.

Overall, the tourists are impacted worse compared to the NZ ~~businesses~~ businesses importing consumer products when there is a depreciation in the NZ dollar.



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

QUESTION  
NUMBER

91223

**Acknowledgements**

Material from the following sources has been adapted for use in this assessment:

**Question One (b)**

Freshfruit portal.com. (2024). *Peru finalizes agreement to export citrus to New Zealand*. <https://www.freshfruitportal.com/news/2024/09/17/peru-finalizes-agreement-to-export-citrus-to-new-zealand/>

**Question One (d)**

Ministry of Foreign Affairs and Trade. (2025). *Goods market access*. <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/cptpp/understanding-cptpp/goods-market-access>

**Question Two (b)**

Whitaker, S. (2024). *Kiwifruit harvest: Record 2024 harvest follows meagre 2023*. Te Puke Times. <https://www.nzherald.co.nz/bay-of-plenty-times/te-puke-times/kiwifruit-harvest-record-2024-harvest-follows-meagre-2023/FYX3NQEEPREDTE4REMJKT6SRCI/>

**Question Three (a)**

Ministry of Foreign Affairs and Trade. (2024). *NZ exports to the US: strong growth continues*. <https://www.mfat.govt.nz/assets/Trade-General/Trade-Market-reports/NZ-exports-to-the-US-strong-growth-continues-June-2024.pdf>

**Question Three (b) and (c)**

StatsNZ. (2025). *Overseas merchandise trade: December 2024*. <https://www.stats.govt.nz/information-releases/overseas-merchandise-trade-december-2024/>

**Question Three (d)**

Trading Economics. (2025). *New Zealand Dollar*. <https://tradingeconomics.com/new-zealand/currency>

## Achievement

**Subject:** Economics

**Standard:** 91223

**Total score:** 11

Q	Grade score	Marker commentary
One	A4	<p>The candidate:</p> <ul style="list-style-type: none"> <li>• in part (a), provided a single explanation of why New Zealand exports and imports fruit</li> <li>• in part (b), identified the correct trade price and <math>X=M</math></li> <li>• in part (c), explained that New Zealand consumers will buy more, referring to some graph labels</li> <li>• in part (d), explained benefits and costs to New Zealand producers.</li> </ul>
Two	A3	<p>The candidate:</p> <ul style="list-style-type: none"> <li>• in part (a), did not identify that New Zealand producers are too small to impact world price</li> <li>• in part (b), drew the new supply curve and level of exports on the graph</li> <li>• in part (c), did not explain that spending is unchanged</li> <li>• in part (d), explained that the current account will improve</li> <li>• in part (e), explained an effect on kiwifruit growers and workers, but did not refer to the graph.</li> </ul>
Three	A4	<p>The candidate:</p> <ul style="list-style-type: none"> <li>• in part (a), identified one exporter and one importer</li> <li>• in part (b), showed an increase in demand and explained why the demand for NZ\$ increases</li> <li>• in part (c), did not show an increase in supply, but explained why the supply for NZ\$ increases</li> <li>• in part (d), identified that New Zealand tourists visiting the USA and New Zealand businesses importing from the USA will both be negatively affected.</li> </ul>