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NEW ZEALAND QUALIFICATIONS AUTHORITY
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Level 2 Economics, 2019

91223 Analyse international trade using economic concepts and models

2.00 p.m. Friday 22 November 2019
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 2–11 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.

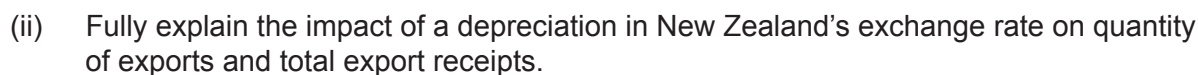
TOTAL

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The New Zealand currency depreciated from \$US0.71 to \$US0.66 between 2017 and 2019. Major reasons for changes in the value of the New Zealand currency, relative to other currencies, can be from changes to:

- (a) (i) On Graph One, below, fully label a depreciation of New Zealand's currency.

- ### Graph Two: Price-taker model aluminium



Economics 91223, 2019

QUESTION TWO: INTERNAL TAXES AND PRICE-TAKER TRADE MODELASSESSOR'S
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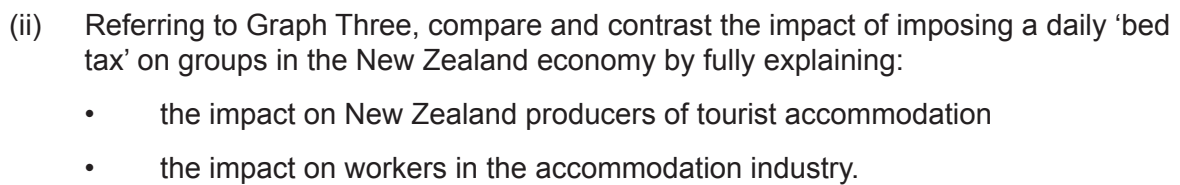
Both central and local government have considered putting a sales tax in the form of a daily 'bed tax' on all foreign tourists visiting New Zealand. It has been suggested all foreign tourists pay an additional tax for each night they stay in New Zealand. The tax will be collected from any business that provides accommodation, including hotels, motels and Airbnb.

Accommodation providers do not support the suggestions because they say their industry is a global price taker. That means they will not be able to pass on the tax, and the costs of collecting it, to the tourists.

- (a) Define 'price taker'. Fully explain why New Zealand could be viewed as a price taker in the global accommodation market for tourists.

Question Two continues on page 6 ►

- ### Graph Three: New Zealand accommodation market for tourists



The Ministry of Primary Industries wants to invest in developing 'super-premium hops' and an industry for craft beer in an attempt to repeat New Zealand's export success with the wine and kiwifruit industries. The programme is forecasting revenues from craft beer to grow to \$98.5m a year by 2027, a rise of \$82m compared with present revenues.

Note: Hops are an essential input in beer making because of the unique flavour they add. The world market for craft beer is expected to grow significantly by 2027.

- the impact on future export receipts and the current account from craft beer
- the impact on the producers and workers in the New Zealand craft beer industry
- the impact on future government revenue.

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

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