**Level 2: Future Proofing Influence**

**Understanding the Realities of Tariffs**

**Teacher Note:**This worksheet provides an example of **political** future proofing influence based on tariffs. The students need to read the article “Realities of Dairy Tariffs”.

**Discussion Questions**: These are designed to stimulate discussion and deepen understanding tariffs, what they are and the impacts they have on an agribusiness.

**Resource**

PDF “Realities of Dairy Tariffs”.

This worksheet can be used for prior learning for the doing the level 3 worksheet on “**Understanding the realities of Tariffs”.**

**Discussion Questions**

1. What is a tariff and why do countries use tariffs?
2. How do high tariffs affect New Zealand’s ability to sell dairy products in places like the European Union or Japan?
3. What does Vangelis Vitalis mean when he says that uncertainty is like a tariff of 12–20% for New Zealand?
4. How do free trade agreements (FTAs) help reduce the impact of tariffs for New Zealand?
5. What is a subsidy, and how does it give farmers in some countries an advantage?
6. According to the article, how could a 50% cut in EU subsidies for cheese producers affect international prices?
7. Why is it a problem for New Zealand farmers when other countries heavily subsidise their own farmers?
8. Why does Vitalis say “the jungle has grown back” when talking about global trade?
9. How have wars (like in Ukraine and the Middle East) made trade harder for countries like New Zealand?
10. What are some environmental concerns other countries have about New Zealand’s farming practices?
11. Why are overseas markets asking more questions about things like methane emissions and nitrogen rules?
12. How important is it for New Zealand to show it is sustainable and environmentally responsible in order to keep selling products overseas?
13. Why do you think some countries are afraid to let New Zealand sell dairy products in their markets (like India)?
14. How could New Zealand stay competitive if more countries start increasing tariffs and subsidies again?
15. What can New Zealand do to prove that its farming is sustainable and fair?

**Debate question.**

1. In your opinion, should trade agreements include rules about the environment? Why or why not?

**Extension Questions**

1. Describe the impact of tariffs on New Zealand.
2. Describe the impact of tariffs on the New Zealand dairy industry.
3. Explain how political influences may impact the New Zealand Food and Fibre sector?
4. What role do Free Trade Agreements play in protecting New Zealand’s export future?
5. How do environmental questions in trade negotiations shape the future of New Zealand’s food exports?
6. What risks does the rise in protectionism pose to small, export-reliant economies like New Zealand?

**Discussion Question Answers**

1. What is a tariff, and why do countries use them?

A tariff is a tax added to goods when they are imported or exported. Countries use them to protect their local industries by making imported goods more expensive, or to raise money

or the government.

1. How do high tariffs affect New Zealand’s ability to sell dairy products in places like the European Union or Japan?  
   High tariffs make New Zealand’s dairy products much more expensive in those countries, which means people are less likely to buy them. For example, without a trade deal, the tariff into Japan could be over 180% – making New Zealand dairy far too costly.
2. What does Vangelis Vitalis mean when he says that uncertainty is like a tariff of 12–20% for

New Zealand?  
He means that shipping delays, wars, or political instability make it harder and more expensive for New Zealand to trade. Even though these are not official taxes, they add extra costs, just like a tariff would.

1. How do free trade agreements (FTAs) help reduce the impact of tariffs for New Zealand?

FTAs are deals between countries that lower or remove tariffs, making it cheaper and easier to sell products. This helps New Zealand farmers compete fairly in overseas markets.

1. What is a subsidy, and how does it give farmers in some countries an advantage?

A subsidy is money a government gives to its farmers to help them produce and sell products at lower prices. This gives them an advantage because they can sell their goods more cheaply than farmers in countries like New Zealand, who do not get much government help.

1. According to the article, how could a 50% cut in EU subsidies for cheese producers affect international prices?  
   If the EU cut its subsidies by half, international cheese prices could rise by 8%. That is because without government support, their farmers would need to charge more, which increases global prices.
2. Why is it a problem for New Zealand farmers when other countries heavily subsidise their own farmers?  
   It is unfair competition. New Zealand farmers must cover all their own costs, while farmers in other countries get help from their governments. This makes it harder for New Zealand to compete on price in overseas markets.
3. Why does Vitalis say “the jungle has grown back” when talking about global trade?

He means that the rules of global trade are being ignored, and countries are doing what suits them best. This creates a dangerous, unpredictable environment, just like a jungle.

1. How have wars (like in Ukraine and the Middle East) made trade harder for countries like New Zealand?  
   Wars disrupt shipping routes and make the cost of transporting goods more expensive and less reliable. For a country like New Zealand that relies on sea shipping, this creates big problems.
2. What are some environmental concerns other countries have about New Zealand’s farming practices?  
   They are worried about long-distance shipping emissions, methane from cows, and nitrogen use on farms. Some say it is unfair for New Zealand to export goods if their farmers have stricter environmental rules.
3. Why are overseas markets asking more questions about things like methane emissions and nitrogen rules?  
   Because climate change and environmental issues are important to their governments and customers. They want to make sure products they buy are produced responsibly.
4. How important is it for New Zealand to show it is sustainable and environmentally responsible in order to keep selling products overseas?  
   It is very important. If New Zealand cannot prove it is farming in a clean, sustainable way, it could lose access to important markets or face more trade barriers in the future.
5. Why do you think some countries are afraid to let New Zealand sell dairy products in their markets (like India)?  
   Because New Zealand dairy is high-quality and affordable and could outcompete local farmers. Countries like India worry their farmers would lose their jobs if New Zealand products were allowed in.
6. How could New Zealand stay competitive if more countries start increasing tariffs and subsidies again?  
   By signing more free trade deals, focusing on premium products, and proving its products are better for the environment. New Zealand cannot match other countries on subsidies, but it can win on quality and sustainability.
7. What can New Zealand do to prove that its farming is sustainable and fair?  
   Use independent audits, environmental certifications, and share real data on things like emissions and water use. New Zealand can also tell its story better through marketing and education overseas.

**Debate question**

1. In your opinion, should trade agreements include rules about the environment? Why or why

not?

*(Sample answer – students can provide their own opinion)*

Yes

* Protecting the planet is a global issue. Pollution, climate change, and environmental damage do not stop at borders. Countries need to work together to make sure trade does not harm the environment.
* It makes trade fairer. If one country has strong environmental rules and another does not, the second country can produce goods more cheaply but with more harm to nature. That is not fair competition.
* Consumers care about sustainability. Many people around the world want to buy products that are made responsibly. Including environmental rules in trade helps meet this demand.
* It encourages better farming and production. If trade deals reward countries that look after their land, water, and animals, more countries will try to improve their practices.

Why not:

* Different countries have different priorities. Some countries are still developing and need time to grow their economies. Adding strict environmental rules might slow them down or make trade harder for them.
* It can make agreements harder to sign. If countries cannot agree on what the environmental rules should be, the whole trade deal could fall apart. That means no one benefits.
* Each country already has its own laws. Some say it is unfair for other countries to decide what is “green enough.” Trade should be about business, not telling others how to run their farms or industries.
* Environmental rules can be used unfairly. Sometimes countries use environmental concerns as an excuse to block trade from others and protect their own farmers or businesses.

**Extension Question Answers**

1. Describe the impact of tariffs on New Zealand.

Tariffs negatively affect New Zealand because it is a small, export-driven economy heavily reliant on global trade, especially in agriculture and food. With 70% of New Zealand's trade covered by Free Trade Agreements (FTAs), any erosion of these agreements or increases in global tariffs can significantly reduce income for exporters and the wider economy.

High tariffs in foreign markets:

* Make New Zealand products more expensive overseas.
* Reduce the competitiveness of New Zealand exporters.
* Limit market access and reduce export volumes.
* Undermine the benefits of free and open trade.

1. Describe the impact of tariffs on the New Zealand dairy industry.

The dairy industry is particularly vulnerable because it faces some of the highest

international tariffs:

* Average global dairy tariffs exceed 47%.
* Without FTAs, tariffs in major markets like the EU and Japan can be over 100–180%.
* This severely limits competitiveness and profitability.

Tariffs make New Zealand dairy products too expensive for many consumers in protected markets, restrict growth opportunities, and reduce the return New Zealand farmers get for their high-quality products.

1. Explain how political influence may impact the New Zealand Food and Fibre sector?

Political shifts both globally and domestically have a growing impact on the food and fibre sector:

* Geopolitical Tensions:
  + Wars in Ukraine and the Middle East disrupt supply chains and shipping routes, acting like an invisible tariff (adding 12–20% cost).
  + Trade partners may back away from agreements or impose protectionist policies, affecting New Zealand’s market access.
* Trade Policy Uncertainty:
  + Powerful nations stepping "outside the rules" create unpredictable trade environments.
  + FTAs can become harder to negotiate or maintain due to changing political priorities.
* Environmental Regulations:
  + Increasing global scrutiny over environmental and animal welfare standards could restrict access to markets if New Zealand does not align.
  + Political decisions about sustainability expectations will increasingly influence trade access and consumer trust.
* Domestic Policy:
  + New Zealand’s own environmental or biosecurity regulations could affect what farmers can produce, and at what cost.
  + Funding for innovation, trade negotiations, or emissions reductions are all shaped by political will.

1. What role do Free Trade Agreements play in protecting New Zealand’s export future?

Free Trade Agreements

* Lower or remove tariffs, making New Zealand goods more affordable and competitive overseas.
* Provide legal and policy certainty, giving exporters stable market access.
* Level the playing field, especially in high-tariff sectors like dairy, where competitors may already have access.
* Help prevent discrimination against New Zealand products in favour of countries with stronger political influence or subsidies.
* Are critical for small, trade-dependent countries like New Zealand that cannot rely on domestic consumption to support growth.

1. How do environmental questions in trade negotiations shape the future of New Zealand’s food exports?

They:

* Influence market access; without strong environmental credentials, New Zealand products may face barriers.
* Affect consumer perception in premium markets like the EU and UK.
* May dictate production standards New Zealand must meet to remain eligible for preferential access.
* Lead to increased costs of compliance but also opportunities to differentiate New Zealand products as ethical and sustainable.

1. What risks does the rise in protectionism pose to small, export-reliant economies like New

Zealand?

* Loss of market access, reducing revenue and jobs.
* Higher costs to export, due to tariffs and regulatory barriers.
* Greater vulnerability to trade shocks, such as supply chain disruptions or sudden tariff hikes.
* Potential exclusion from major markets if others negotiate better deals first.
* Reduced bargaining power, as large economies act unilaterally and ignore rules.