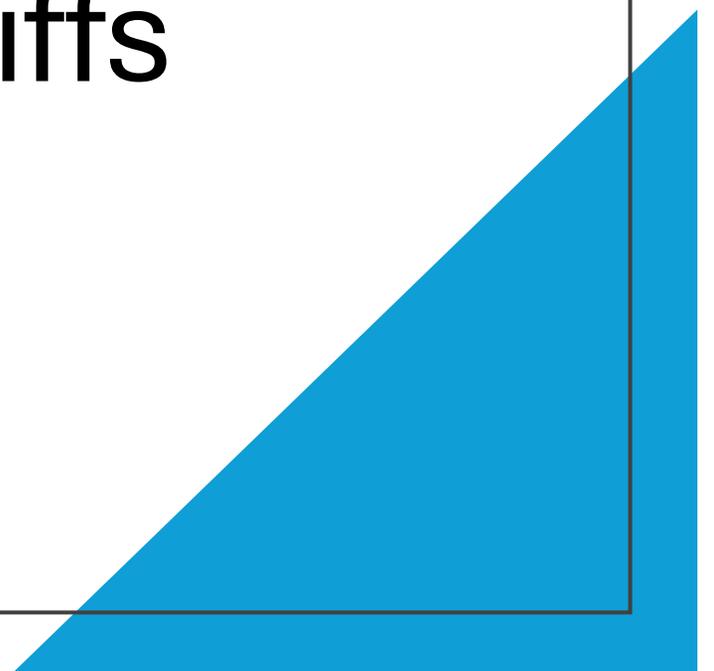


Explaining and Teaching Economics Concepts in the Classroom: Trade and Tariffs

RBA Teacher Immersion Event 2025

Mary Pettinger and Chantal Young

Reserve Bank Educators Advisory Panel



Contextualising trade within students' background knowledge

Prompts to start students thinking about their current engagement with trade:

1. When was the last time you bought something from overseas?
(This could be Temu, Shein, travel etc. You may have 'imported' something without realising it!) *This starts building a discussion around Australia's composition of trade.*
2. What country was the item from?
This links to Australia's direction of trade.
3. Why did you buy it from overseas, not locally?
This links to the benefits of trade, such as lower prices for goods.

- 
4. Do your parents or someone you know have a job that involves trade? (e.g. beef farmers, tourism). This links to *the benefits of trade*.
 5. Could there be any negative impacts of trade?
This gets students thinking about the disadvantages of free trade/arguments for protection.

With recent movements away from free trade towards protection around the world gaining a lot of media and political attention, students may have already engaged with concepts such as tariffs or trade wars.

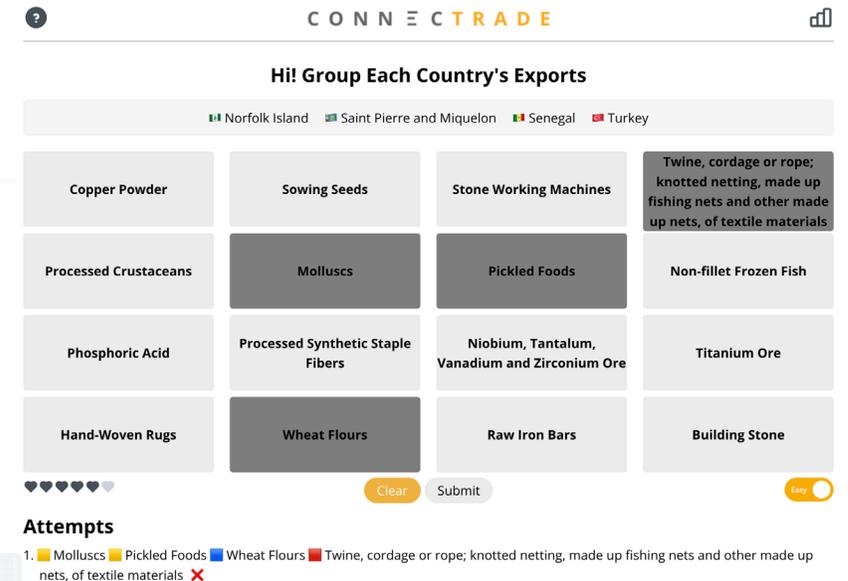
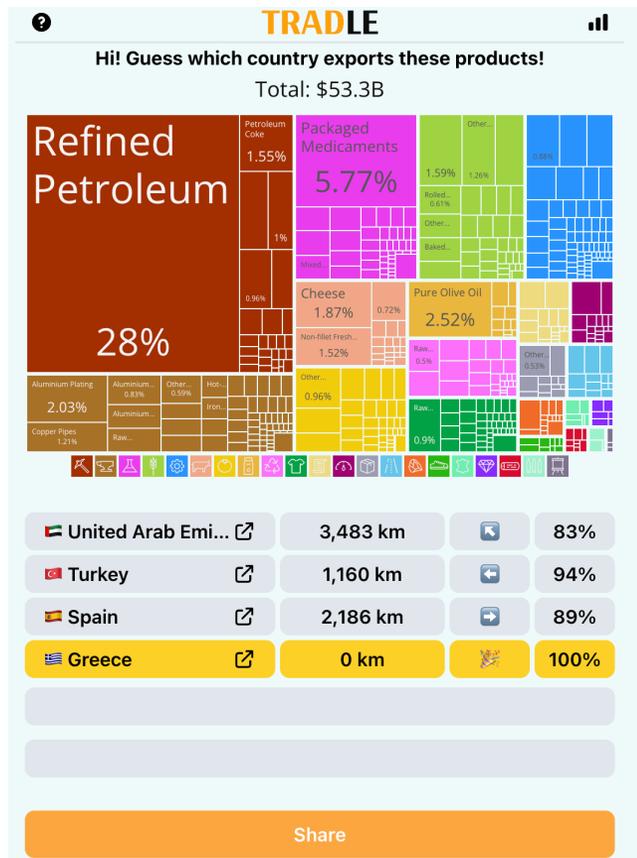
It is important to draw out students' current understanding, both to spark interest in the topic and to gain knowledge of students' current understanding.

It is likely that you may have passionate students on both sides of the free trade/protection debate, and it's important to be conscious of this.



The Observatory of
Economic Complexity

- Tradele
- <https://oec.world/en/games/tradle>
- Connectrade
- <https://oec.world/en/games/connectrade>



Interactive Games and Simulations

- [Illustrating International Trade in the Classroom](#)
- [The Trade Game](#)
- [Marginal Revolution University – Best In- Person Economics Games for the Classroom](#)
- [IMF Trading Around the World](#)
- [Trade Game – online](#)
- Circular Flow Simulation (Worksheet 11.1)



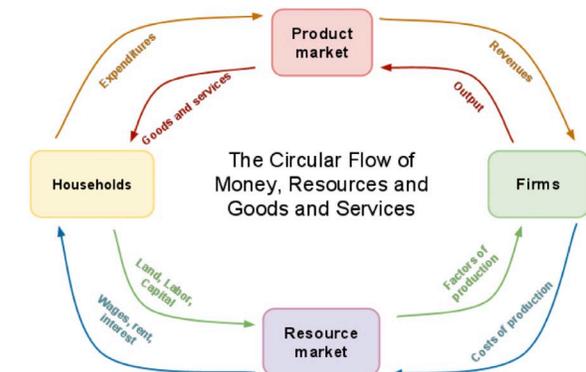
Worksheet 11.1

Circular Flow Simulation

Please note this is a class activity. Why not suggest it to your teacher?

Objective: To understand how productive resources, goods and services and money flow from households to firms and from firms to households through voluntary exchanges in a nation's product and resource markets.

Introduction: This lesson simulates the circular flow of resources, goods and services in a nation with a closed economy and no government sector. The simple circular flow model recreated through this simulation can be graphically represented as follows:



Critical Thinking Activity

- With many topical examples of trade protection globally at present, this is an excellent opportunity to engage students with arguments for and against trade protection.
- Ask students to address a question **‘Should Australia retaliate against US tariffs by imposing a 10% tariff on all imports from the US into Australia?’**
- This could be done as a paragraph writing activity or a debate.



Source: <https://www.youtube.com/watch?v=gR3BBB6Kt-U>

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Scaffold for activity

Step 1: Start with building background knowledge.

Recent video on China-US trade war and global impacts: <https://www.youtube.com/watch?v=pJqOzk7PoyY>

Step 2: Students complete guided questions:

1. Define 'tariff' and 'trade deficit.'
2. Explain the impact of a tariff on imports on an economy.
3. Create a timeline of key tariffs added by US against Australia and China, and subsequent retaliation by China.
4. Describe US's aim of implementing the tariffs on imports.
5. Explain the possible impact of US tariffs on the global economy and China's economy.
6. Explain possible impact of US tariffs Australia's economy- consider both direct impact of tariffs on exports to the US but also impact of slowing global economy on Australia's exports.
7. Propose an argument for and against retaliating with a tariff on US imports into Australia.

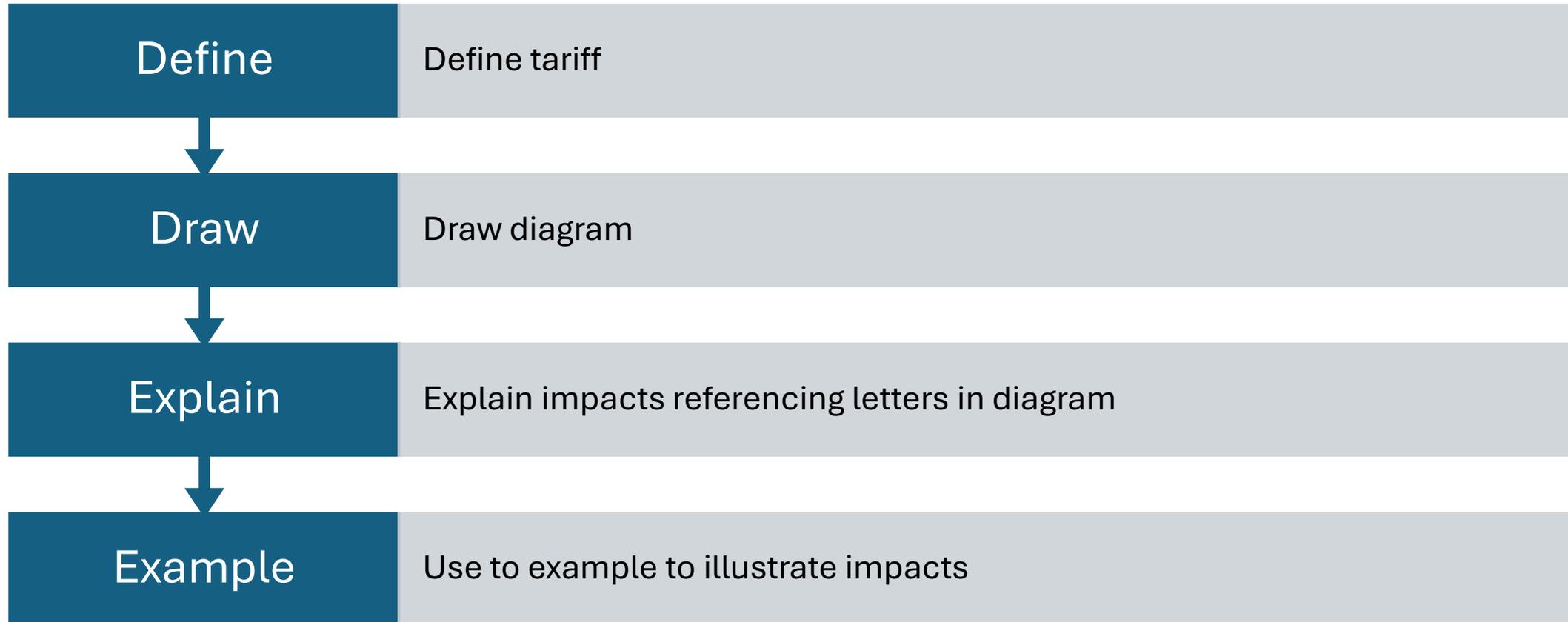
Step 3: Students engage in paragraph writing or debate to justify whether they think Australia should retaliate against US tariffs.



Link to real world examples to illustrate impacts with data:

- China tariffs on Australian wine and other goods 2021-24.
- Current US tariffs on Australian beef, steel and aluminium currently.
- Current US tariffs on Chinese and Chinese retaliation

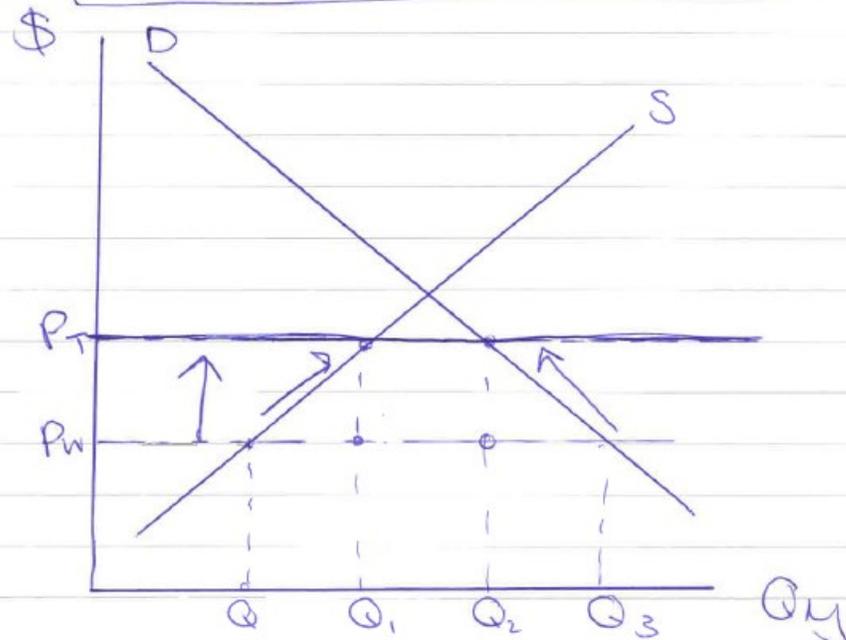
Incorporating into essay paragraphs



Student Sample from essay on impacts of global protectionist policies on Australia's economy

With rising global tensions, countries are increasingly protection to improve self-sufficiency, however this has led to the arising of various trade wars. In 2020, Australia placed tariffs of 21.2% on Australia's wine and 50.5% of Barley, with tariffs on coal and Cobalt.

Figure 2: Impact employment of tariff.



* which is filled with imports
 Start here. The employment of tariffs is displayed in figure 2. This increases price from P_w to P_T , causing an expansion in supply from Q to Q_1 and contraction in demand Q_3 to Q_2 . This then decreases the shortage of supply from $Q - Q_3$ to $Q_1 - Q_2$, thus decreasing the imports quantity to $Q_1 - Q_2$. By employing this protection, China impacted \$20B worth of Australian exports, hindering trade flows as China is our top export market accounting for 1/3 of trade. While these tariffs have since been removed, with trade re bounding, according to Stimulus 1 President Trump has introduced more tariffs of 25% on all Australian steel and aluminium ^{import into US} ~~exports~~, expected to have a bigger impact on Australia overall, by hindering Australia's exports and trade flows. Trump has also placed tariffs of 10-15% on all Chinese imports into the US, which may contribute to an even greater slow down in China. As China is currently struggling to reach 5% growth target, if the Chinese economy slows down, this is detrimental to demand for Australian exports. Stimulus 1. Thus, it is clear global trade wars with employment of protectionist policies have a great

Office Use Only - Do NOT write anything, or make any marks below this line.

* AS China accounts for 1/3 of Australia's export revenue and market, this will have a negative impact on Australia's trade flow, reflecting a need to diversify the concentrated direction of trade.

Critically Analysing Media



- Identifying the Trade Topic
 - Type of trade and barriers
- Economic Concepts & Theories
 - Comparative advantage, role of trade, trade barriers
- Data & Evidence
 - Statistics, trends and graphs
- Policy & Institutional Context
 - Trade Agreements and Government Policy
- Impacts & Consequences
 - Effects of trade, stakeholders, unintended and intended consequences
- Source & Perspective
 - credible and unbiased viewpoints, stakeholders
- Critical Thinking
 - assumptions, alternatives and outcomes

Videos/Film

- Clickview
 - Make it interactive for students.
- Using AI to assist in making questions
 - Brisk – [free version](#)
 - Creates multiple choice questions in order of the video
 - Inquiry questions based on the webpage



Background Context

This worksheet is based on a Four Corners documentary exploring Donald Trump's trade policies in a hypothetical 2025 scenario.

Inquiry Investigation Worksheet

Part A: Initial Observations

1. List three key economic stakeholders mentioned in the document who are directly impacted by tariffs:

-
-
-

2. What is a tariff? Write a concise definition in your own words:

Part B: Economic Impact Analysis

Choose THREE different perspectives from the document and complete the following table:

Perspective	Potential Positive Impact	Potential Negative Impact
Farmer (John Ashe)		
Small Business Owner (Molson Hart)		
Truck Driver (Mark Nieves)		

Part C: Critical Thinking Questions

1. How might tariffs create unintended consequences for an economy?

Trade Policy and Economic Impact Quiz – using Brisk

Multiple Choice Quiz - Year 11 Economics and Social Studies

1. What is the primary motivation behind Donald Trump's tariff policy in this scenario?
 - A) Reducing global poverty
 - B) Protecting American manufacturing and workers
 - C) Increasing international diplomatic cooperation
 - D) Expanding free trade agreements
2. According to the text, how might Trump's tariff approach potentially impact global stability?
 - A) Guaranteed economic prosperity
 - B) Potential escalation from trade war to actual military conflict
 - C) Immediate resolution of international trade disputes
 - D) Strengthening of existing international trade organisations
3. Which economic concept is most critically challenged by Trump's tariff strategy?
 - A) Supply and demand equilibrium
 - B) Comparative advantage in international trade
 - C) Perfect market competition
 - D) Monopolistic market structures
4. How do economists like Warwick McKibbin suggest Trump's tariffs will likely affect manufacturing employment?
 - A) Significant job creation
 - B) No substantial change
 - C) Potential 5-10% job losses in manufacturing
 - D) Complete industrial revival

Example

www.rba.gov.au/publications/smp/2025/may/overview.html

Statement on Monetary Policy – May 2025 Overview

Prior teaching that occurred prior to this activity.

- Business Cycle
- Economic Indicators
 - Leading
 - Coincidental
 - Lagging
- Circular Flow Model



Students asked to complete the following

1. Highlight the following:
 - indicators including macroeconomic objectives
 - links to the business cycle
 - links to circular flow model
 - economic policies
2. State which stage of the business cycle Australia is currently in
3. Using data support your claim

To assist your learning annotate the statement and create a glossary of economic terms

This statement could also have been used to look at trade and the possible impact on the Australian Economy.

In Australia, inflationary pressures have continued to ease, and both headline and underlying inflation are within the 2–3 per cent range. The unemployment rate has remained steady and employment growth has remained firm, but the pick-up in household consumption seems to be a bit softer than previously expected. The global economic outlook has worsened following the introduction of higher tariffs by the United States and a significant increase in uncertainty related to trade policies. This is expected to weigh on Australia's domestic activity and inflation in the forecast period, slowing the pick-up in GDP growth a little while inflation returns sustainably to around the midpoint of the target.

The Monetary Policy Board judged that the risks to inflation had become more balanced but that the outlook is uncertain and depends heavily on unpredictable developments in global trade policy. Against this backdrop, the Board decided to lower the cash rate target by 25 basis points to 3.85 per cent.

This article could be used as a teaching tool outside the textbook. It considers a number of perspectives

www.forbes.com/advisor/au/investing/what-are-tariffs/

What Are Trade Tariffs And How Do They Work?

Prashant Mehra :: 08/07/2025



On April 2, 2025, US President Donald Trump unveiled sweeping new **taxes**—dubbed “Liberation Day” **tariffs**—targeting **imports** from nearly every country around the world. The move sent shockwaves through the **global trade system** and triggered a sharp downturn in international financial markets.



Classroom activities to get students thinking

- +
 - Concept Mapping (Mind Maps)
 - Debates
 - Using Real World Case Studies
 - Data Interpretation Tasks
 - Role Play/Simulations (Interactive Games)
 - Economic Modelling
 - Multi-Perspective Analysis
 - Inquiry-Based Learning
 - Critical reading of the media

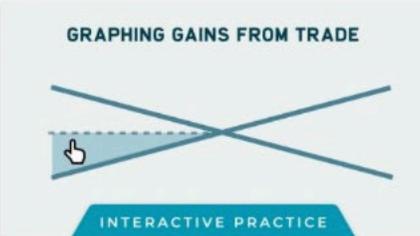


Interactive Activities- Offline

Interactive Activities-Online



GRAPHING GAINS FROM TRADE

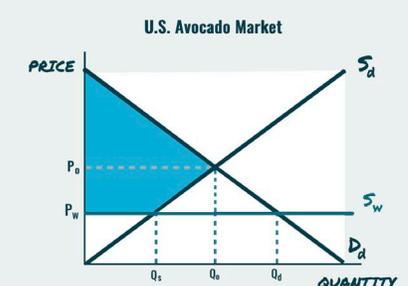


Graphing Gains From Trade Interactive Practice

Interactive Practice

INTERACTIVE PRACTICE

U.S. Avocado Market

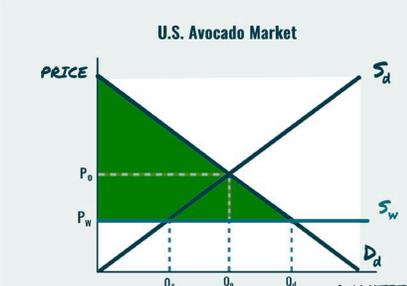


WITH INTERNATIONAL TRADE

The U.S. is now able to import avocados from other countries at a lower price than the U.S. market price. The world supply curve is labeled " S_w " and the domestic supply curve is labeled " S_d " on the graph.

Select the **DOMESTIC CONSUMER SURPLUS** area on the graph

REMEMBER: YOU CAN MAKE MULTIPLE SELECTIONS



Q. The U.S. is now able to import avocados from other countries at a lower price than the U.S. market price. Select the **DOMESTIC CONSUMER SURPLUS** area on the graph.

NOT QUITE ✕

Not quite. You identified part, but not all of consumer surplus.

Consumer surplus expands to the large triangle shown. This expansion is a result of the new, lower price of avocados.

SUBMIT **NEXT**



International Trade Unit Plan

Lesson Plans Unit Plans

UNIT PLAN

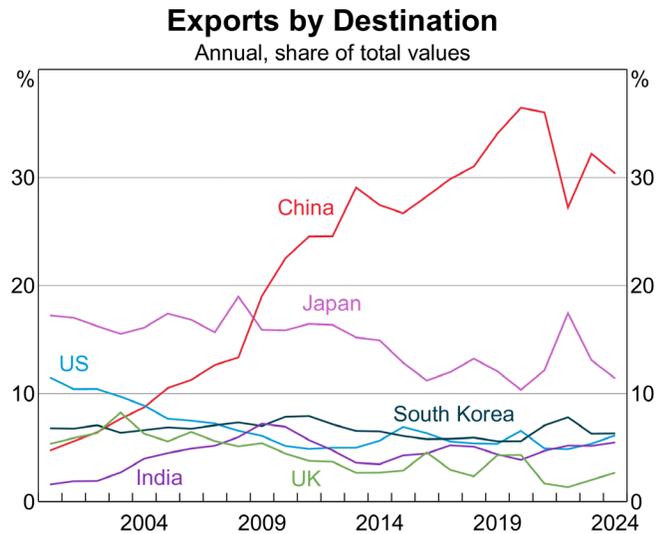
WINNERS AND LOSERS OF INTERNATIONAL TRADE



Winners and Losers of International Trade Interactive Practice

Interactive Practice

INTERACTIVE PRACTICE



Sources: ABS; RBA.

<https://www.rba.gov.au/chart-pack/balance-payments.html>

- Explainer - [The Balance of Payments](#)
- Explainer - [Trade in Australia's Balance of Payments](#)
- Explainer - [Australia and the Global Economy- The Terms of Trade Boom](#)
- [Chart Pack – Balance of Payments and External Position](#)
- Statement of Monetary Policy – [May 2025 – In Depth – Global Economy and Financial Markets](#)



Data Interpretation



Tariff Simulator PRO

For additional help and information about the methodology visit [this article](#).

SIMULATE SCENARIO

U.S. LIBERATION DAY (2025-04)

2027 trade predictions based US Liberation Day tariffs announcement. [See Tariffs](#)

COUNTRY

CHINA

You can use this scenario for FREE. Subscribe to PRO and add up to 10 custom tariffs rules to simulate your own scenario. [Sign Up now here](#).

Generate Report

The Expected Impact of Tariffs in China

Scenario: U.S. Liberation Day (2025-04)

How will recent tariff announcements impact the trade flows of China? In this report, we explore the export and import performance of China by using a model designed to anticipate changes in trade flows for the U.S. Liberation Day (2025-04) scenario. The forecast builds on an extended gravity model designed to anticipate how trade may be reconfigured in response to the announced tariffs.

For U.S. Liberation Day (2025-04) scenario we expect the total exports and imports of China to be:

Forecasted Exports 2027
\$2.42T
-0.8%

Forecasted Imports 2027
\$2.15T
+29.2%

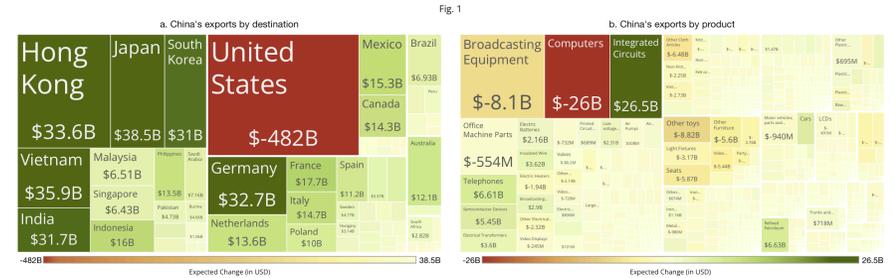
Compared to the most recent data, this represents a -0.8% decrease in exports compared to the last 3 years average (which amounted to \$2.44T) and a +29.2% increase in imports in average (last 3 years) (which amounted to \$1.66T).

<https://oec.world/en/tariff-simulator-report>

Exports performance

Figure 1 shows China's expected change in exports by destination and product. You can click on the charts to see how the exports to that destination change in this scenario.

In this scenario China increases its exports to Japan, Vietnam, and Hong Kong to increase by \$38.5B, \$35.9B, and \$33.6B and decrease them to United States to decrease by \$-482B.



But what sectors are the most affected?

In the case of China, we observe some winners and losers.

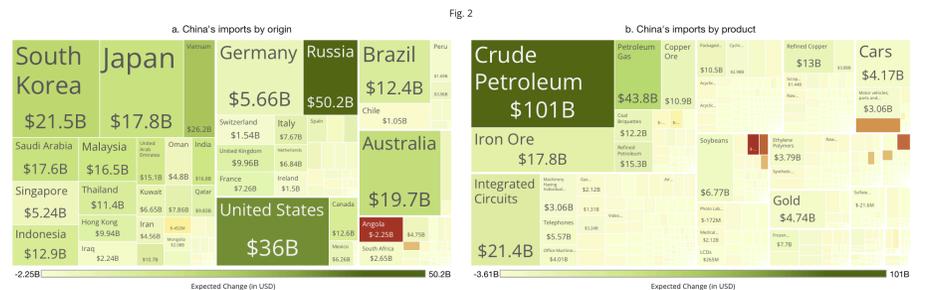
The model predicts the exports of Integrated Circuits, Refined Petroleum, and Telephones to increase by \$26.5B, \$6.63B, and \$6.61B. These increases are primarily driven by exports of Integrated Circuits to Hong Kong, Refined Petroleum to Philippines, and Telephones to Vietnam.

But we also expect some exports to decline, such as Broadcasting Equipment, Other toys, and Computers. These declines are explained primarily by China exporting less of Broadcasting Equipment to United States, Other toys to United States, and Computers to United States.

Imports performance

Figure 2 shows China's expected change in imports by origin and product. You can click on the charts to see how imports from that origin change in this scenario.

In this simulation China imports more from Russia, United States, and Vietnam and less from Angola, Guinea, and Turkmenistan.



But what sectors change the most?

The model predicts the imports of Crude Petroleum, Petroleum Gas, and Integrated Circuits to increase by \$101B, \$43.8B, and \$21.4B. These increases are primarily driven by imports of Crude Petroleum from Russia, Petroleum Gas from Russia, and Integrated Circuits from South Korea.

But we also expect some imports to decline, such as Corn, Wheat, and Raw Cotton. These declines are explained primarily by China importing less of Corn from United States, Wheat from Canada, and Raw Cotton from United States.



Australian Government

Department of Foreign Affairs and Trade

Australia's trade in goods and services 2024

Fact sheets for countries, economies and regions

Trade and investment

About free trade agreements (FTAs)

- The benefits of FTAs
- How to get free trade agreement tariff cuts
- Look up FTA tariffs and services market access - DFAT FTA Portal
- Discussion paper on potential modernisation - DFAT FTA Portal

About foreign investment

- The benefits of foreign investment
- Investor-state dispute settlement (ISDS)
- Australia's bilateral investment treaties
- Australia's foreign investment policy

For Australian business

- Addressing non-tariff trade barriers
- Expo 2025 Osaka, Kansai

Stakeholder engagement

- International Trade Network
- First Nations trade
- Ministerial Council on Trade and Investment
- Trade 2040 Taskforce

Australia's free trade agreements (FTAs)

- FTAs in force
 - ASEAN-Australia-New Zealand (AANZFTA)
 - Chile (ACLFTA)
 - China (ChAFTA)
 - CPTPP
 - Hong Kong (A-HKFTA & IA)
 - India (AI-ECTA)
 - Indonesia (IA-CEPA)
 - Japan (JAEPA)
 - Korea (KAFTA)
 - Malaysia (MAFTA)
 - New Zealand (ANZCERTA)
 - PACER Plus
 - Peru (PAFTA)
 - RCEP
 - Singapore (SAFTA)
 - Thailand (TAFTA)
 - United Kingdom (A-UKFTA)
 - USA (AUSFTA)
- FTAs not yet in force
 - Trans-Pacific Partnership (TPP)
 - Australia-UAE Comprehensive Economic Partnership Agreement
- FTAs under negotiation
 - European Union (A-EUFTA)
 - India (AI-CECA)
- FTAs under consideration
 - Australia-Gulf Cooperation Council (GCC)

Trade and investment data, information and publications

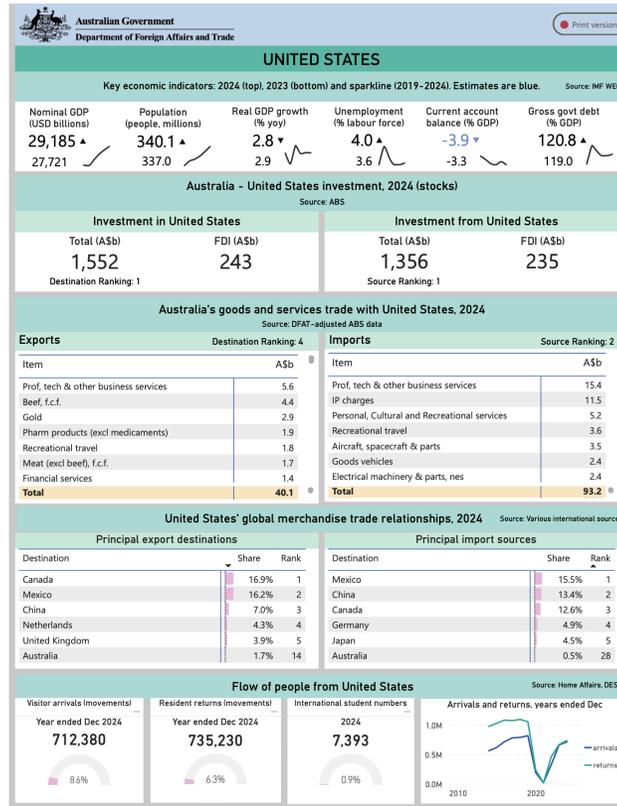
- Fact sheets for countries and regions
- Australia's trade balance
- Trade statistics
- Foreign investment statistics
- Trade and investment publications
- Australia's Trade through Time

WTO, G20, OECD, APEC and IPEF and ITAG

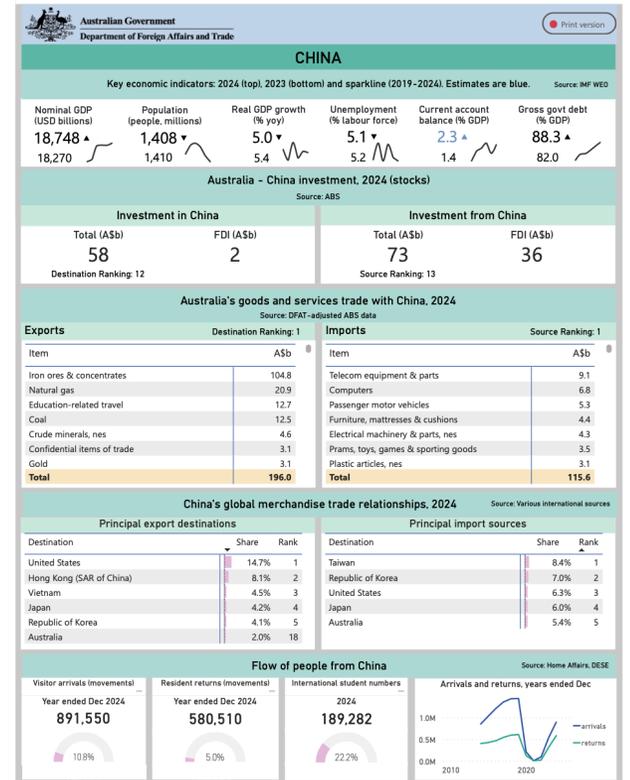
- The WTO
- G20
- OECD
- APEC
- IPEF
- ITAG

Services and digital trade

- Service trade policy
- Australia-Singapore Digital Economy Agreement
- Digital trade & the digital economy



Compiled by the Trade Data Section, DFAT, using the latest data from the ABS, the IMF and various international sources. IMF data may include forecasts or projections for recent years. Merchandise trade data may exclude confidential items of trade. Totals may not add due to rounding. Investment data is stocks as at end December. All data may be subject to future revisions. GDP - Gross Domestic Product. na - Data is not available. np - Data is not published. f.c.f. - Fresh, chilled or frozen. nes - Not elsewhere specified.



Compiled by the Trade Data Section, DFAT, using the latest data from the ABS, the IMF and various international sources. IMF data may include forecasts or projections for recent years. Merchandise trade data may exclude confidential items of trade. Totals may not add due to rounding. Investment data is stocks as at end December. All data may be subject to future revisions. GDP - Gross Domestic Product. na - Data is not available. np - Data is not published. f.c.f. - Fresh, chilled or frozen. nes - Not elsewhere specified.

Any Further Questions?



Always happy to help!



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Contact: mpettinger@stpeters.sa.edu.au

Resources
from today's
session

