

**Assessment Schedule – 2015****Economics: Analyse international trade using economic concepts and models (91223)****Assessment Criteria**

<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
<p><i>Analyse international trade</i> involves:</p> <ul style="list-style-type: none"> <li>• identifying, describing, or defining international trade concepts</li> <li>• providing an explanation of causes of changes in international trade using economic models</li> <li>• providing an explanation of the impacts of changes in international trade on various groups in New Zealand society.</li> </ul>	<p><i>Analyse international trade in depth</i> involves:</p> <ul style="list-style-type: none"> <li>• providing a detailed explanation of causes of changes in international trade using economic models</li> <li>• providing a detailed explanation of the impacts of changes in international trade on various groups in New Zealand society.</li> </ul>	<p><i>Analyse international trade comprehensively</i> involves:</p> <ul style="list-style-type: none"> <li>• analysing causes of changes in international trade by comparing and/or contrasting their impact on international trade</li> <li>• analysing the impacts of changes in international trade by comparing and/or contrasting the impact on various groups in New Zealand society</li> <li>• integrating changes shown on economic models into detailed explanations.</li> </ul>

*Explanation* involves giving a reason for the answer.

*Detailed explanation* involves giving an explanation with breadth (more than one reason for the answer) and/or depth (e.g. using flow-on effects to link the main cause to the main result).

**Evidence**

Question ONE	Evidence						
Achievement	(a)	<ul style="list-style-type: none"> <li>Correctly identifies two of: meat and edible offal, logs and wood, crude oil, and machinery.</li> </ul>					
	(b)	<ul style="list-style-type: none"> <li>Lower world price is shown on Graph One (see <b>Appendix One</b>).</li> <li>Explanation of how the dairy industry/farmer is worse off. (e.g. A fall in world demand will result in a lower price and less income for dairy farmers.)</li> <li>Explanation of the impact on the Current Account. (e.g. A fall in world price will result in a lower exports/Balance on Goods and, therefore, the Current Account deficit will increase or the Current Account will be worse off.)</li> </ul>					
Achievement with Merit	(b)	<ul style="list-style-type: none"> <li>Detailed explanation of how the dairy industry/farmer is worse off, including reference to Graph One. (e.g. A fall in world demand for dairy products will result in the world price of dairy products falling (<math>P_w</math> to <math>P_{w1}</math>). The lower price will result in dairy farmers reducing their quantity supplied (<math>Q_s</math> to <math>Q_{s1}</math>); and when this is combined with lower prices, it will result in lower income from dairy production. Dairy farmers will be worse off.</li> <li>Detailed explanation of the impact of lower dairy export income on the Current Account, including a reference to the resource material. (e.g. With 95% of production exported, any reduction in price and income will result in a drop in export income. The drop in export incomes will cause the Balance on Goods to decrease. The BOP Current Account includes the Balance on Goods; so, therefore, the Current Account will become a larger deficit amount.)</li> </ul>					
Achievement with Excellence	(b)	<ul style="list-style-type: none"> <li>A detailed explanation of how the dairy industry/farmer is worse off from a lower world demand for dairy products, integrating Graph One <i>AND</i> a detailed explanation of how the impact on the dairy industry affects the Current Account, integrating the resource material. e.g. A drop in world demand for dairy products will result in the world price of dairy products falling (<math>P_w</math> to <math>P_{w1}</math>). The lower price will result in dairy farmers reducing their quantity supplied (<math>Q_s</math> to <math>Q_{s1}</math>); and when this is combined with lower prices, it will result in lower income from dairy production. Dairy farmers will be worse off. Subdued demand from China results in falling demand, falling price, and falling income for the dairy industry. With 95% of production exported, any reduction in price and income will result in a drop in export income. The drop in export incomes/receipts will cause the Balance on Goods to decrease. The BOP Current Account includes the Balance on Goods; so, therefore, the Current Account will become a larger deficit amount.)</li> </ul>					
<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
Very little Achievement evidence, partial explanations.	Some Achievement evidence.	Most Achievement evidence. At least one explanation.	Nearly all Achievement evidence.	Some Merit evidence. Detailed explanation of ONE only but with minor errors.	Most Merit evidence. Detailed explanation of ONE only.	Some Excellence evidence.	Most Excellence evidence.

N0 = No response; no relevant evidence.

Question TWO	Evidence	
Achievement	(a)	<ul style="list-style-type: none"> <li>• Correctly shows a decrease in the demand for the New Zealand dollar. (See <b>Appendix Two</b>.)</li> <li>• States New Zealand dollar depreciates/price falls.</li> <li>• Explanation that lower demand for New Zealand dairy exports will result in lower demand for \$NZ.</li> </ul>
	(b)	<ul style="list-style-type: none"> <li>• Correctly shows a decrease in the supply of the New Zealand dollar. (See <b>Appendix Three</b>.)</li> <li>• Explanation of the impact of a decreasing world price of oil. (e.g. Lower world price of oil will result in fewer \$NZ being required to purchase imported oil and, therefore, fewer \$NZ being supplied. As a result, the foreign exchange rate for the \$NZ rises.)</li> <li>• Correctly shows a decrease in the demand of the New Zealand dollar. (See <b>Appendix Three</b>.)</li> <li>• Explanation of the impact of a decreasing world price of oil. (e.g. Lower world price of oil will result in fewer \$NZ being demanded to purchase exported New Zealand oil. As a result, the foreign exchange rate for the \$NZ falls.)</li> </ul>
Achievement with Merit	(a)	<ul style="list-style-type: none"> <li>• Detailed explanation of the impact of decreasing demand for New Zealand dairy exports, including reference to Graph Two. (e.g. Lower demand for New Zealand dairy exports will result in lower prices and lower export revenue. New Zealand dairy exporters will have less foreign currency to convert into New Zealand dollars and, therefore, will demand fewer \$NZ. The demand for the \$NZ decreases (<math>D_{\\$NZ}</math> to <math>D_{\\$NZ1}</math>); and as a result, the foreign exchange rate for the \$NZ falls (<math>P</math> to <math>P_1</math>). The \$NZ depreciates.)</li> </ul>
	(b)	<ul style="list-style-type: none"> <li>• Detailed explanation of a decrease in supply of the New Zealand dollar, including reference to Graph Three. (e.g. Lower world price of oil will result in fewer \$NZ being required to purchase oil and, therefore, fewer \$NZ being supplied (<math>S_{\\$NZ}</math> to <math>S_{\\$NZ2}</math>) to the foreign exchange market to purchase foreign currency. As a result, the foreign exchange rate for the \$NZ rises (<math>P</math> to <math>P_2</math>). The \$NZ appreciates.)</li> </ul> <p><i>AND/OR</i></p> <p>Detailed explanation of a decrease in demand of the New Zealand dollar including reference to Graph Three. (e.g., Because New Zealand exports oil, there will be less foreign currency earned from exports and, therefore, the demand for \$NZ will fall as well (<math>D_{\\$NZ}</math> to <math>D_{\\$NZ2}</math>). As a result, the foreign exchange rate for the \$NZ may change (<math>P</math> to <math>P_2</math>). The \$NZ depreciates.)</p>
Achievement with Excellence	(a) and (b)	<ul style="list-style-type: none"> <li>• A detailed explanation of why the impacts of falling demand for dairy exports and falling oil prices are different, integrating Graph Two and Graph Three into the explanation. (e.g. The drop in demand for New Zealand dairy exports results in falling demand for the \$NZ (<math>D_{\\$NZ}</math> to <math>D_{\\$NZ1}</math>) and, therefore, a depreciation of the \$NZ (<math>P</math> to <math>P_1</math>). On the other hand, a falling oil price results in less \$NZ being needed to purchase oil imports. This results in falling supply of \$NZ (<math>S_{\\$NZ}</math> to <math>S_{\\$NZ2}</math>), which results in an appreciation. In addition, a falling price of oil will result in less foreign currency being earned from New Zealand crude oil exports. This results in falling demand for \$NZ (<math>D_{\\$NZ}</math> to <math>D_{\\$NZ2}</math>), which results in a depreciation of the \$NZ. The depreciation mitigates some of the impact of the appreciation and, therefore, the overall impact of the drop in oil prices is smaller than the impact of the fall in dairy demand.)</li> </ul> <p><b>Note:</b> It is intended that candidates are able to gain Achievement with Excellence by comparing and contrasting single curve shifts. However, a candidate who uses accurate combination shifts should not be disadvantaged.</p>

<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
Very little Achievement evidence, partial explanations.	Some Achievement evidence.	Most Achievement evidence. At least one explanation.	Nearly all Achievement evidence.	Some Merit evidence. Detailed explanation of ONE only but with minor errors.	Most Merit evidence. Detailed explanation of ONE only.	Some Excellence evidence.	Most Excellence evidence.

**N0** = No response; no relevant evidence.

Question THREE	Evidence	
Achievement	(a)	<ul style="list-style-type: none"> <li>• Correctly shows a new trade price between <math>P_{NZ}</math> and <math>P_A</math>. (See <b>Appendix Four</b>.)</li> <li>• Explanation of why a trade in tomatoes exists (e.g. Australian tomato growers will export to take advantage of the higher price of tomatoes in New Zealand, and New Zealand tomato consumers will seek to import cheaper (Australian) tomatoes.)</li> </ul>
	(b)	<ul style="list-style-type: none"> <li>• Explanation of how New Zealand tomato growers are worse off (e.g. When trade in tomatoes occurs between New Zealand and Australia, the price of tomatoes drops in New Zealand. As a result of the lower price, New Zealand tomato growers receive less income, and are worse off.)</li> <li>• Explanation of how New Zealand tomato consumers are better off (e.g. When trade in tomatoes occurs between New Zealand and Australia the price of tomatoes drops in New Zealand. As a result of the lower price, New Zealand tomato consumer can purchase cheaper tomatoes, and are better off.)</li> <li>• Explanation of how New Zealand fruit and vegetable retailers are better off.</li> </ul>
Achievement with Merit	(a)	<ul style="list-style-type: none"> <li>• Detailed explanation of why a trade in tomatoes exists (e.g. Australian tomato growers will take advantage of the higher price of tomatoes in New Zealand and sell their tomatoes in New Zealand. The higher price (<math>P_T</math>) will encourage them to increase their quantity supplied (<math>Q_A</math> to <math>Q_{S_A}</math>). New Zealand tomato consumers will seek to purchase cheaper (Australian) tomatoes; and as a result, the price of tomatoes in New Zealand will drop. New Zealand tomato growers will decrease their quantity supplied (<math>Q_{NZ}</math> to <math>Q_{S_{NZ}}</math>). The excess supply in Australia (<math>Q_{D_A}</math> to <math>Q_{S_A}</math>) will be exported to New Zealand, and the excess demand in New Zealand (<math>Q_{S_{NZ}}</math> to <math>Q_{D_{NZ}}</math>) will be made up by imports from Australia.)</li> </ul> <p>Note: Candidates may insert X and M labels and refer to them instead of to <math>Q_{D_A}</math> to <math>Q_{S_A}</math> and <math>Q_{S_{NZ}}</math> to <math>Q_{D_{NZ}}</math>.</p>
	(b)	<ul style="list-style-type: none"> <li>• A detailed explanation of how New Zealand tomato growers are worse off OR New Zealand tomato consumers are better off OR New Zealand fruit and vegetable retailers are better off, including reference to Graph Four. (e.g. When trade in tomatoes occurs between New Zealand and Australia, the price of tomatoes falls in New Zealand from <math>P_{NZ}</math> to <math>P_T</math>. As a result of the lower price, New Zealand tomato growers lower their quantity supplied (<math>Q_{NZ}</math> to <math>Q_{S_{NZ}}</math>). The fall in price and fall in quantity supplied will result in falling income for New Zealand tomato growers. They will be worse off.)</li> </ul>
Achievement with Excellence	(b)	<ul style="list-style-type: none"> <li>• A detailed explanation of how New Zealand tomato growers are worse off AND New Zealand tomato consumers are better off AND New Zealand fruit and vegetable retailers are better off, integrating Graph Four.</li> </ul> <p>(e.g. When trade in tomatoes occurs between New Zealand and Australia, the price of tomatoes falls in New Zealand from <math>P_{NZ}</math> to <math>P_T</math>. As a result of the lower price, New Zealand tomato growers lower their quantity supplied (<math>Q_{NZ}</math> to <math>Q_{S_{NZ}}</math>). The fall in price and fall in quantity supplied will result in falling income for New Zealand tomato growers. They will be worse off.</p> <p>New Zealand tomato consumers, on the other hand, will be able to purchase tomatoes at the lower price (<math>P_T</math>) and, as a result, will increase their quantity demanded (<math>Q_{NZ}</math> to <math>Q_{D_{NZ}}</math>). Their spending on tomatoes may or may not rise, but they will have increased selection and increased access to tomatoes. New Zealand tomato consumers will be better off.</p> <p>New Zealand fruit and vegetable retailers, on the other hand, will be able to purchase tomatoes at the lower price (<math>P_T</math>) and, as a result, will decrease their cost of production and sell more tomatoes (<math>Q_{NZ}</math> to <math>Q_{D_{NZ}}</math>). Since more people are paying less for tomatoes they may purchase other products and this may increase their profits. New Zealand fruit and vegetable retailers will be better off.)</p>

<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
Very little Achievement evidence, partial explanations.	Some Achievement evidence.	Most Achievement evidence. At least one explanation.	Nearly all Achievement evidence.	Some Merit evidence. Detailed explanation of ONE.	Most Merit evidence. Detailed explanation in (a) and ONE group in (b).	Some Excellence evidence.	Most Excellence evidence.

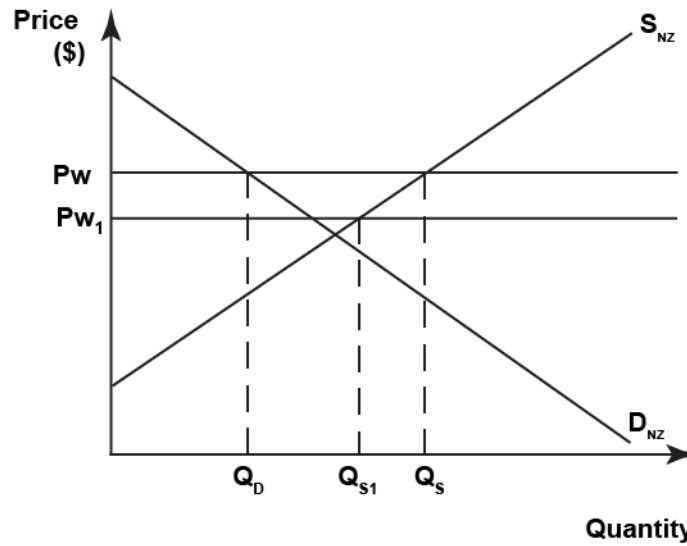
N0 = No response; no relevant evidence.

**Cut Scores**

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 6	7 – 12	13 – 18	19 – 24

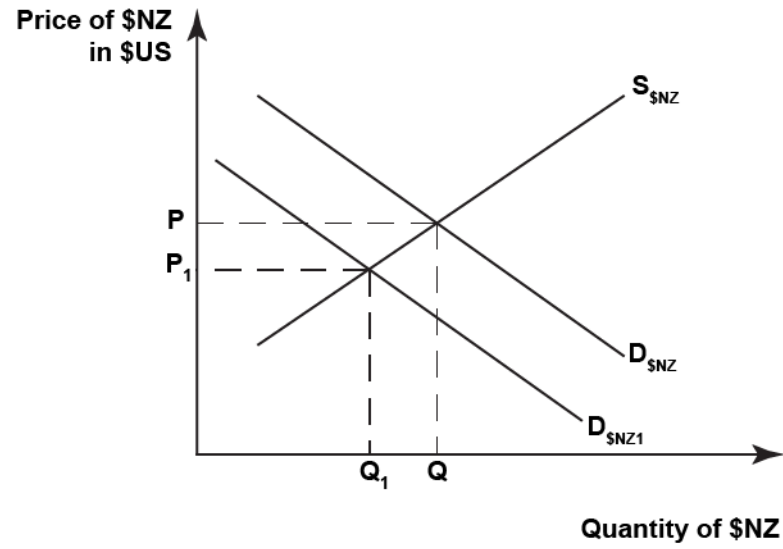
**Appendix One – Question One (b)**

**Graph One: Market for New Zealand dairy products**



Appendix Two – Question Two (a)

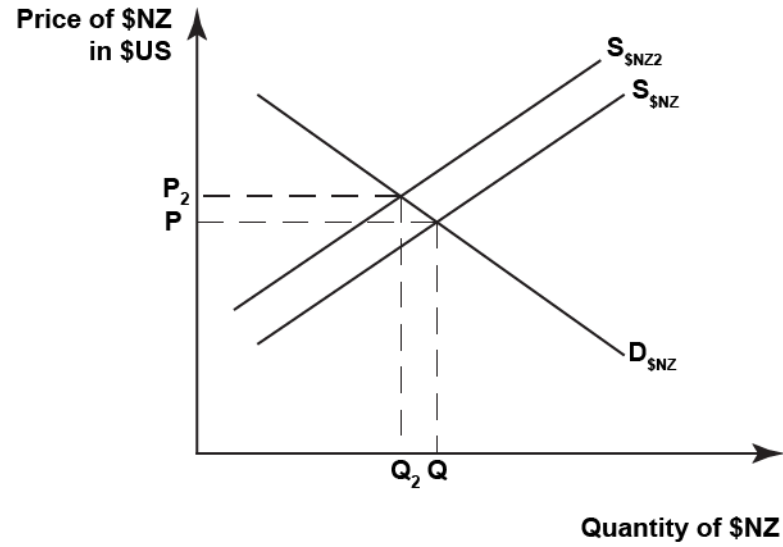
Graph Two: Market for the New Zealand dollar





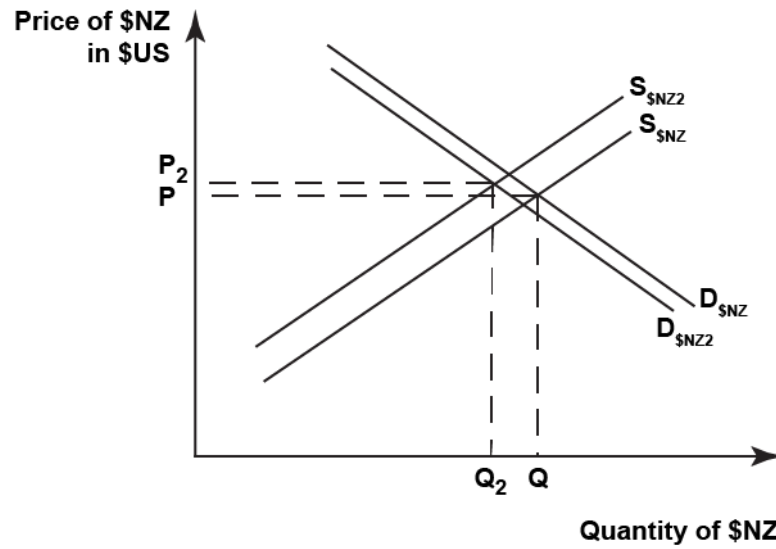
Appendix Three – Question Two (b)

Graph Three: Market for the New Zealand dollar



OR

Graph Three: Market for the New Zealand dollar



Appendix Four – Question Three (a)

Graph Four: Two-country model

