Assessment Schedule – 2018

Economics: Analyse international trade using economic concepts and models (91223)

Assessment Criteria

Achievement	Achievement with Merit	Achievement with Excellence
Analyse international trade involves: • defining, identifying, or describing international trade concepts • providing an explanation of causes of changes in international trade, using economic models • providing an explanation of the impacts of changes in international trade on various groups in New Zealand society. *Explanation* involves giving a reason for the answer.	*Analyse international trade in depth* involves: • providing a detailed explanation of causes of changes in international trade, using economic models • providing a detailed explanation of the impacts of changes in international trade on various groups in New Zealand society. *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).	*Analyse international trade comprehensively* involves: • analysing causes of changes in international trade by comparing and / or contrasting their impact on international trade • analysing the impacts of changes in international trade by comparing and / or contrasting the impact on various groups in New Zealand society • integrating changes shown on economic models into detailed explanations.

Cut Scores

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

Evidence

Question	Achievement	Achievement with Merit	Achievement with Excellence
ONE			
(a)(i) (ii) (iii)	• Identifies TWO exports from: dairy, meat, wood, fruit / nuts, beverages, machinery, fish. • Identifies TWO imports from: vehicles, machinery, mineral fuel, electronic equipment, plastics, medical or technical equipment. • Explains that New Zealand has the expertise, ideal climate or conditions, economies of scale, technology, etc to produce a product at a relatively cheaper price than the world price / more efficiently / that produces a surplus to export.		
(b) (i) (ii)	• Illustrates and labels on Graph One the trade price (**$P2_T$**), level of New Zealand exports (**X2**), and level of Chinese imports (**M2**). X2 = M2 in terms of length. *(see Appendix.)* • Explains that the increased tree planting increases **S_{NZ}**, causing a decrease in **P_T**. X and M will increase (will still equal each other). • Explains that New Zealand timber producers will sell more at a lower price (in domestic and Chinese markets) – exports will increase (note an increase in revenue is NOT certain) leading to more output, more workers in this industry, OR hiring more workers to plant the trees.	• Fully explains that New Zealand timber producers will sell more at a lower price (in domestic and Chinese markets) – exports will increase (note an increase in revenue is NOT certain) leading to more output, more workers in this industry, OR hiring more workers to plant the trees. The answer must be based on accurate reference to an appropriate part of Graph One.	• Graph One is fully and correctly illustrated, labelled, and referenced in the answer *AND* • Fully explains that New Zealand timber producers will sell more at a lower price (in domestic and Chinese markets) – exports will increase (note an increase in revenue is NOT certain) leading to more output, more workers in this industry, OR hiring more workers to plant the trees *AND*

	• Explains that New Zealand consumers, such as the building industry, will have higher domestic production, at a lower price.	• Fully explains that New Zealand consumers, such as the building industry, will have higher domestic production, at a lower price, and costs of production will decrease. The answer must be based on accurate reference to an appropriate part of Graph One.	• Fully explains that New Zealand consumers, such as the building industry, will have higher domestic production, at a lower price, and costs of production will decrease.

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, with a partial explanation.	Some Achievement evidence.	Most Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence (one part may be weaker).	Most Excellence evidence.
N0 = No response; no relevant evidence.							

Question	Achievement	Achievement with Merit	Achievement with Excellence
TWO			
(a)(i) (ii)	• Defines a country as a price taker if their supply (in this example) is so small and insignificant to world supply, that any change in New Zealand's supply will have no impact on the world price (market) *OR* • Explains that New Zealand olive oil production is so small (a single order from China could take a full year's production), it has no impact on the world market.		
(b)	• Illustrates and labels on Graph Two an increase in world price, and a corresponding increase in exports in the olive oil industry *(see Appendix)*. • Explains a decrease in world olive oil production will cause world price (and therefore price in New Zealand) to increase, consumers / restaurants (using olive oil) will see price / costs of production increase, reducing their profits OR having to shift to an alternative product to maintain profit margins. According to Graph Two the quantity demanded in New Zealand will fall. • Explains decrease in world olive oil production will cause world price to increase and quantity supplied (or exported) will increase, total revenue (or profits) increases for New Zealand olive oil producers.	• Illustrates and labels on Graph Two an increase in world price and a corresponding increase in exports in the olive oil industry, referenced in the detailed explanation. • Fully explains a decrease in world olive oil production will cause world price (and therefore price in New Zealand) to increase, consumers / restaurants (using olive oil) will see price / costs of production increase, reducing their profits OR having to shift to an alternative product to maintain profit margins as the quantity demanded falls, and in order to maintain output need to shift to an alternative raw material / ingredient. • Fully explains decrease in world olive oil production will cause world price to increase and quantity supplied (or exported) will increase, total revenue (or profits) increases for New Zealand olive oil producers. Since the olive oil industry is so small, there is an incentive to expand production to gain benefits from the world price.	• Illustrates and labels on Graph Two an increase in world price and a corresponding increase in exports in the olive oil industry, fully referenced in the detailed explanation *(correct terminology used)*. *AND* • Fully explains a decrease in world olive oil production will cause world price (and therefore price in New Zealand) to increase, and since New Zealand consumers are price takers consumers / restaurants (using olive oil) will see price / costs of production increase, reducing their profits OR having to shift to an alternative product to maintain profit margins as the quantity demanded falls, and in order to maintain output need to shift to an alternative raw material / ingredient. *AND* • Fully explains decrease in world olive oil production will cause world price to increase, and since New Zealand consumers are price takers, quantity supplied (or exported) will increase, total revenue (or profits) increases for New Zealand olive oil producers. Since the olive oil industry is so small, there is an incentive to expand production to gain benefits from the

			world price.

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, with a partial explanation.	Some Achievement evidence.	Most Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence (one part may be weaker).	Most Excellence evidence.
N0 = No response; no relevant evidence.							

Question	Achievement	Achievement with Merit	Achievement with Excellence
THREE			
(a)(i) (ii)	• Defines free trade – movement of goods and services (and their payment) between countries without government intervention (tariffs, quotas, non-economics barriers such as red tape), determined solely by market conditions. • Identifies a free trade agreement New Zealand is a member of, such as: - CER (Australia 1983) - New Zealand-China Free Trade Agreement (2008) - Trans-Pacific Strategic Economic Partnership (2005) - CPTPP Comprehensive Progressive Trans-Pacific Partnership (2018). Note: Name of FTA or country is acceptable. Years not required.		
(b)	• Explains that a depreciation of $NZ currency means overseas countries will purchase more of our exports, and export receipts will increase. • Explains that a depreciation of $NZ decreases New Zealand purchases of foreign made goods so import payments will decrease.	• Fully explains that a depreciation of $NZ currency increases the purchasing power of foreign buyers using their own currency – so they will purchase more of our exports, and export receipts will increase; or makes New Zealand goods appear to be relatively cheaper compared to other goods. *AND* • Fully explains that a depreciation of $NZ decreases the purchasing power of New Zealand buyers of foreign made goods using their own currency – so they will purchase less, and import payments will decrease.	• Fully explains that a depreciation of $NZ currency increases the purchasing power of foreign buyers using their own currency – so they will purchase more of our exports, and export receipts will increase; or makes New Zealand goods appear to be relatively cheaper compared to other goods. *AND* • Fully explains that a depreciation of $NZ decreases the purchasing power of New Zealand buyers of foreign made goods using their own currency – so they will purchase less, and import payments will decrease. Overall, our Balance of Goods should improve. *AND*

	• Explains that a free trade agreement will increase the potential market for our exports OR it will reduce the costs of New Zealand exports by reducing or eliminating government interventions such as tariffs, quotas, or non-economic barriers. New Zealand exports should increase, and export receipts increase. • Explains that a free trade agreement will increase the potential market for New Zealand firms and / or consumers to buy raw materials or consumer goods, imports will increase, and import payments will increase.	• Fully explains that a free trade agreement will increase the potential market for our exports OR it will reduce the costs of New Zealand exports by reducing or eliminating government interventions such as tariffs, quotas, or non-economic barriers. New Zealand exports should increase, and export receipts increase. *AND* • Fully explains that a free trade agreement will increase the potential market for New Zealand firms and / or consumers to buy raw materials or consumer goods, imports will increase, and import payments will increase. • Fully explains that exchange rates are constantly changing and the depreciation (difference in relative currency values) is temporary, and for free trade agreements the change will be permanent therefore the effect on the Balance of Goods will be more sustained in the long run from a Free Trade Agreement.	• Fully that explains a free trade agreement will increase the potential market for our exports OR it will reduce the costs of New Zealand exports by reducing or eliminating government interventions such as tariffs, quotas, or non-economic barriers. New Zealand exports should increase, and export receipts increase. *AND* • Fully explains that a free trade agreement will increase the potential market for New Zealand firms and / or consumers to buy raw materials or consumer goods, imports will increase, and import payments will increase. Overall the potential increase in market size (New Zealand is small relative to the world market) suggests the gains in export receipts should be larger than the increase in import payments – so Balance of Goods should improve. *AND* • Fully explains that exchange rates are constantly changing and the depreciation (difference in relative currency values) is temporary, and for free trade agreements the change will be permanent therefore the effect on the Balance of Goods will be more sustained in the long run from a Free Trade Agreement.

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, with a partial explanation.	Some Achievement evidence.	Most Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence (one part may be weaker).	Most Excellence evidence.
N0 = No response; no relevant evidence.							

Appendix: Graphs

Question One (b) Two-country model for timber	*Question Two (b)* Market for New Zealand olive oil