

**Assessment Schedule – 2020****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>Analyse international trade involves:</p> <ul style="list-style-type: none"> <li>• <b>explaining</b> causes of changes in international trade using economic models</li> <li>• <b>explaining</b> the impacts of changes in international trade on various groups in New Zealand society</li> <li>• <b>identifying, defining, or describing</b> international trade concepts.</li> </ul>	<p>Analyse international trade <b>in depth</b> involves:</p> <ul style="list-style-type: none"> <li>• <b>explaining, in detail</b>, causes of changes in international trade using economic models</li> <li>• <b>explaining, in detail</b>, the impacts of changes in international trade on various groups in New Zealand society.</li> </ul>	<p>Analyse international trade <b>comprehensively</b> involves:</p> <ul style="list-style-type: none"> <li>• <b>comparing</b> and / or <b>contrasting</b> the causes of changes in international trade and <b>assessing</b> their impact on international trade</li> <li>• <b>comparing</b> and / or <b>contrasting</b> the impacts of changes in international trade and <b>assessing</b> the impact on various groups in New Zealand society</li> <li>• <b>integrating</b> changes shown on economic models into detailed explanations.</li> </ul>

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

Q1	Achievement	Achievement with Merit	Achievement with Excellence
(a)(i)	<p>Illustrates and labels:</p> <ul style="list-style-type: none"> <li>- an increase in Japanese demand (<math>QD_J</math> shifts right)</li> <li>- level of imports / exports increasing</li> <li>- an increase in the world price.</li> </ul> <p><i>(see Appendix, Graph One)</i></p>	<p>Illustrates and labels:</p> <ul style="list-style-type: none"> <li>- an increase in Japanese demand (<math>QD_J</math> shifts right)</li> <li>- level of imports / exports increasing</li> <li>- an increase in the world price</li> <li>- <math>M_2</math> and <math>X_2</math>.</li> </ul> <p><i>(see Appendix, Graph One)</i></p>	
(a)(ii)	<p><b>Explains</b> that increased Japanese demand will increase, which is satisfied by greater exports from NZ.</p>	<p><b>Fully explains</b> that increased Japanese demand will increase, which shifts the <math>D_J</math> to the right to <math>D_{2J}</math>. This results in an increased shortage in Japan. The shortage in Japan is satisfied by imports from New Zealand OR NZ exports seaweed to Japan to satisfy this, OR NZ has surplus seaweed to export. Increased demand and increased world price from <math>P_T</math> to <math>P_{T2}</math> would increase exports and export receipts from <math>X</math> to <math>X_2</math>.</p>	
(b)	<p><b>Explains</b> a benefit to NZ seaweed harvesters or NZ seaweed exporters, AND</p> <p><b>Explains</b> a disadvantage to NZ sushi producers or NZ sushi consumers.</p>	<p><b>Fully explains:</b></p> <ul style="list-style-type: none"> <li>• a benefit to NZ seaweed harvesters OR NZ seaweed exporters, e.g. increased employment opportunities for harvesters, increased export revenue for exporters, AND</li> <li>• a disadvantage to NZ sushi producers OR NZ sushi consumers, e.g. increased costs of production, increased price for consumers.</li> </ul>	<p><b>Fully explains:</b></p> <ul style="list-style-type: none"> <li>• NZ seaweed harvesters will be better off as demand and the price has increased; harvesters will have increased work / income collecting the seaweed to satisfy the rising demand.</li> <li>• NZ seaweed exporters will be better off from the increase in world price and export volume will benefit seaweed exporters as exports increase from <math>X</math> to <math>X_2</math>, so export receipts increase.</li> <li>• NZ sushi producers will be worse off as they have to pay more for their key ingredient, increasing their cost of production, which lowers their profitability.</li> <li>• NZ consumers will be worse off as they may have to pay more for their sushi as sushi producers increase their prices to cover the increased cost of the key ingredient.</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.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence.	Most Excellence evidence.

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

Q2	Achievement	Achievement with Merit	Achievement with Excellence
(a)(i)	Correctly illustrates and labels decreases in: <ul style="list-style-type: none"> <li>- demand (<math>D_{NZ2}</math>),</li> <li>- <math>Q_{D2}</math></li> <li>- level of imports (<math>M_2</math>)</li> </ul> <i>(see Appendix, Graph Two)</i>	Correctly illustrates and labels decreases in: <ul style="list-style-type: none"> <li>- demand (<math>D_{NZ2}</math>),</li> <li>- <math>Q_{D2}</math></li> <li>- level of imports (<math>M_2</math>)</li> </ul> <i>(see Appendix, Graph Two)</i>	
(a)(ii)	<b>Explains</b> that an increase in EV ownership results in less demand for petrol in NZ. Import quantity reduces to from $M$ to $M_2$ .	<b>Fully explains</b> that with an increase in EV ownership in NZ, demand for petrol will decrease. $D_{NZ}$ shifts to the left to $D_{NZ2}$ . This results in a smaller shortage of petrol in New Zealand, $Q_D$ reduced to $Q_{D2}$ , so less needs to be imported ( $M$ decreased to $M_2$ ), reducing import payments	
(b)(i)	Correctly illustrates and labels: <ul style="list-style-type: none"> <li>- an increase in World Price <math>P_{W2}</math>,</li> <li>- <math>Q_{D2}</math> decreasing,</li> <li>- <math>Q_{S2}</math> increasing and level of imports decreasing (<math>M_2</math>)</li> </ul> <i>(see Appendix, Graph Three)</i>	Correctly illustrates and labels: <ul style="list-style-type: none"> <li>- an increase in World Price <math>P_{W2}</math>,</li> <li>- <math>Q_{D2}</math> decreasing,</li> <li>- <math>Q_{S2}</math> increasing and level of imports decreasing (<math>M_2</math>)</li> </ul> <i>(see Appendix, Graph Three) AND ONE of:</i>	
(b)(ii)	<b>Explains</b> that an increase in petrol price results in less quantity demanded and / or more quantity supplied locally in NZ. Import quantity reduces to from $M$ to $M_2$ .	<ul style="list-style-type: none"> <li>• <b>Fully explains</b> due to the increasing world price of petrol <math>P_W</math> will move upwards to <math>P_{W2}</math>. This results in <math>Q_D</math> reducing to <math>Q_{D2}</math> and <math>Q_S</math> increasing to <math>Q_{S2}</math> in NZ. This creates a smaller shortage of petrol in New Zealand, so less needs to be imported (<math>M</math> decreases to <math>M_2</math>) at the higher price, resulting in a decrease in import payments.</li> </ul> <b>Also accept:</b> <b>Fully explains</b> the effect on import payments cannot be determined without knowing the proportionate changes in the $M$ to $M_2$ and $P_W$ to $P_{W2}$ .	
(c)			<b>Fully explains</b> that increased ownership of EVs will cause a greater impact on petrol imports, because: <ul style="list-style-type: none"> <li>• Increased environmental awareness / consumer knowledge of EVs / increased promotion of EVs will result in a larger decrease in the <math>Q_D</math> of petrol</li> </ul>

Q2	Achievement	Achievement with Merit	Achievement with Excellence
			<p>(Graph 2) than an increase in the <math>P_w</math> of petrol (Graph 3), as more and more consumers will switch from petrol cars to EVs. As more EVs are being driven, NZ will need to import less petrol (M to M<sub>2</sub>). The impact of the EV use results in a smaller quantity of petrol imports at the existing world price. Import quantity of petrol has fallen as well as import payments, OR</p> <p><b>Fully explains</b> increased world price for petrol will cause a greater impact in petrol imports because:</p> <ul style="list-style-type: none"> <li>• The increasing world price for petrol will result in a decrease in <math>Q_D</math> and an increase in <math>Q_S</math> in the NZ petrol market (Graph Three).</li> <li>• The impact of higher petrol prices results in less imports at the higher price. Import quantity has fallen from M to M<sub>2</sub>, but the impact on import payments is less certain as the price has risen, so import payments could rise or fall depending on the magnitudes of the changes in quantity and price.</li> </ul>

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence.	Most Excellence evidence.

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

Q3	Achievement	Achievement with Merit	Achievement with Excellence
(a)(i)  (a)(ii)	<p>Illustrates and labels an increase in demand for the \$NZ (<i>see Appendix, Graph Four</i>) <math>D_{\\$NZ}</math> shifted to the right.</p> <p><b>Explains</b> that more demand for NZ meat results in more demand for the \$NZ, causing an appreciation.</p>	<p><b>Fully explains</b> that New Zealand exporters or overseas importers of NZ exports will have more foreign currency to convert into New Zealand dollars and, therefore, will demand more \$NZ. The demand for the \$NZ increases (<math>D_{\\$NZ}</math> to <math>D_{\\$NZ2}</math>); and as a result, the foreign exchange rate for the \$NZ rises (<math>E_R</math> to <math>E_{R2}</math>). The \$NZ appreciates).</p>	
(b)	<p><b>Explains</b> that not all exporters will benefit from the higher value \$NZ because it makes NZ goods relatively more expensive to overseas buyers.</p> <p><b>Explains</b> that importers will benefit from the higher value \$NZ because imported goods will be relatively cheaper.</p>	<p><b>Explains in detail</b> the impact of increasing demand for New Zealand meat exports, e.g. more demand for NZ exports will result in increased export receipts.</p> <p>The appreciation of the \$NZ could result in a fall in the demand for other NZ exporters, as the higher price / value of the \$NZ makes NZ exports relatively more expensive.</p> <p>Therefore, some of the increase in export receipts could be mitigated by lower demand for other NZ exports from other international markets, <b>OR</b></p> <p><b>Explains in detail</b> the appreciation of the \$NZ will mean NZ importers are better off as less \$NZ will need to be exchanged to buy overseas goods, making them relatively cheaper.</p> <p><b>Explains in detail</b> the appreciation of the \$NZ will mean import payments are better off as imports would increase due to them being relatively cheaper.</p>	<p><b>Fully explains</b> the impact of increasing demand for New Zealand meat exports, e.g. more demand for NZ exports will result in increased export receipts.</p> <p>The appreciation of the \$NZ could result in a fall in the demand for other NZ exporters, as the higher price / value of the \$NZ makes NZ exports relatively more expensive</p> <p>Therefore, some of the increase in export receipts could be mitigated by lower demand for other NZ exports from other international markets, <b>AND</b></p> <p><b>Fully explains</b> the appreciation of the \$NZ will mean NZ importers are better off as less \$NZ will need to be exchanged to buy overseas goods, making them relatively cheaper. Supply of \$NZ would decrease if the same volume of goods were imported, resulting in a further appreciation, <b>AND</b></p> <p><b>Fully explains</b> the appreciation of the \$NZ will result in an increase in export receipts, combined with a possible decrease in import payments, leading to an improvement in NZ's current account balance.</p>

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence.	Most Excellence evidence.

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

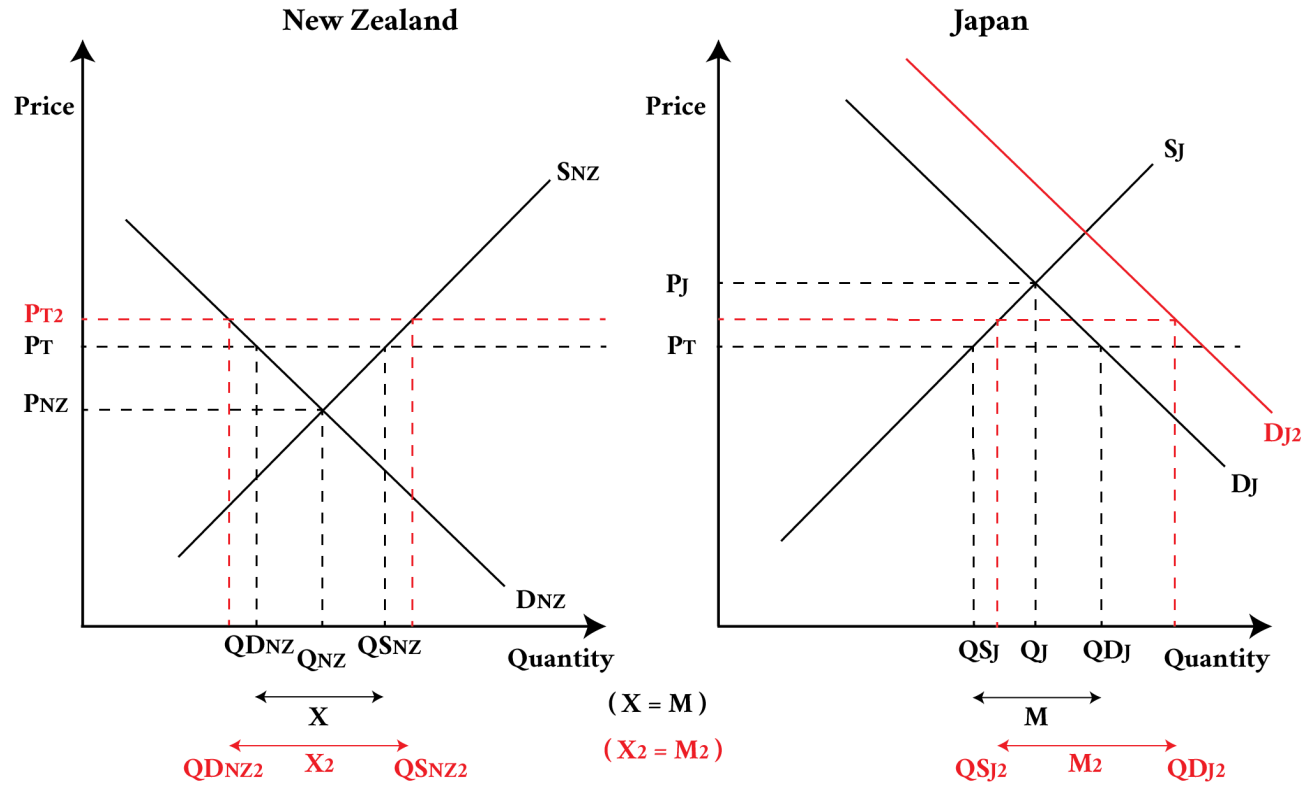
**Cut Scores**

<b>Not Achieved</b>	<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
0 – 6	7 – 12	13 – 19	20 – 24

Appendix

Question One (a)

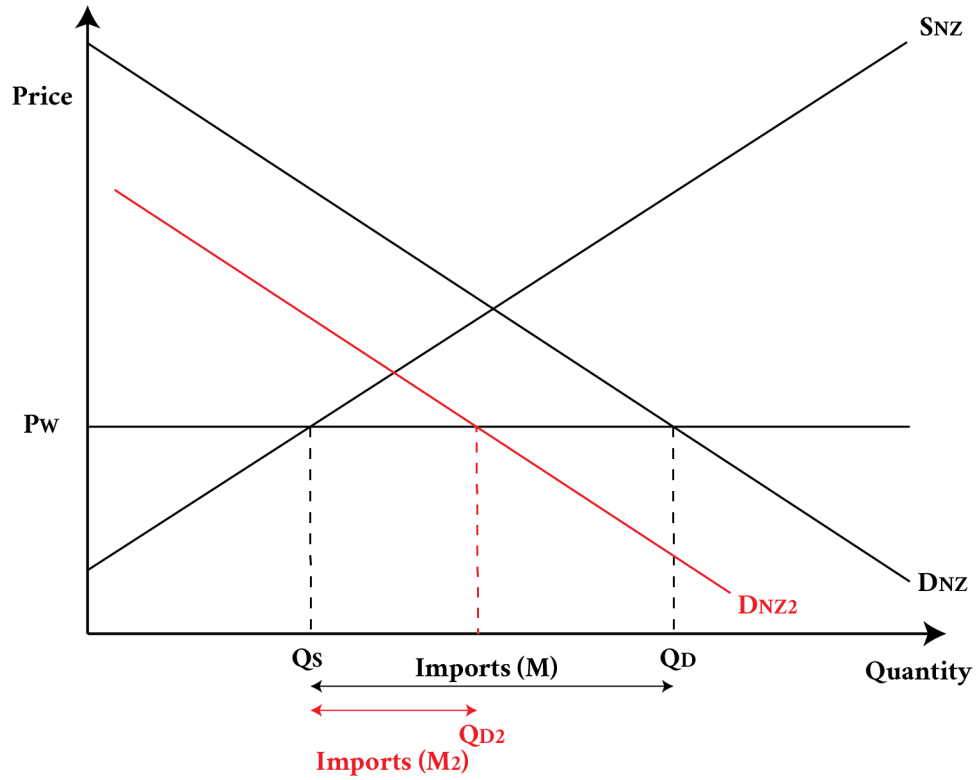
Graph One: Two-country model for edible seaweed ( $P_T =$  trade price)



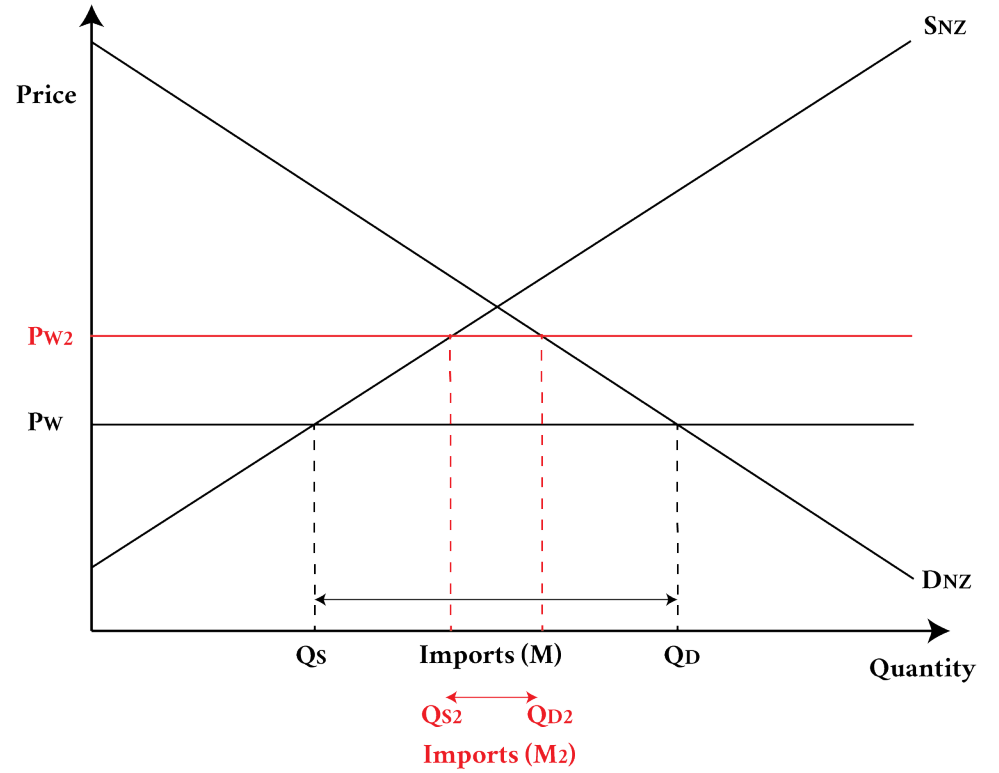


Question Two (a) and (b)

Graph Two: New Zealand petrol market



Graph Three: New Zealand petrol market



NB: The candidate's new labels should indicate the order of impacts.

Question Three (a)

Graph Four: New Zealand exchange rate

