

**Assessment Schedule – 2022****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>• <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><i>Analyse international trade <b>in depth</b></i> 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><i>Analyse international trade <b>comprehensively</b></i> 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>

**Evidence**

Q1	Sample evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>New Zealand has several conditions that allow it to produce kiwifruit at a lower cost than other countries e.g.:</p> <ul style="list-style-type: none"> <li>• resource endowment</li> <li>• expertise in the industry</li> <li>• suitable climate for growing kiwifruit</li> <li>• fertile soils, absence of pests.</li> </ul>	A single explanation as to why New Zealand has an advantage in producing kiwifruit compared with other countries.	Provides a detailed explanation that links an advantage that New Zealand has with production of kiwifruit at a lower cost.	
(b)(i)	Illustrates a higher world price for kiwifruit and correctly labels the new levels of exports as $X_1$ (see Appendix).	Illustrates the new level of exports ( $X-X_1$ ).	Graph is full and correct ( $X-X_1$ , $P_w-P_{w1}$ , $Q_{d1}$ and $Q_{s1}$ ).	
(ii)	A higher world price leads to an increase in quantity supplied by New Zealand producers and a reduction in quantity demanded by New Zealand consumers, leading to higher levels of exports.	Explains why exports of kiwifruit will increase.	Provides a detailed explanation of why exports increase, drawing evidence from the graph ( $X-X_1$ ).	
(c)	<p>As there is an increase in both the price and quantity exported of kiwifruit, export receipts will increase. Export receipts increase from <math>(P_w \times X)</math> to <math>(P_{w1} \times X_1)</math>.</p> <p>This increase in export receipts will lead to an improvement in the current account deficit and the deficit will decrease.</p>		<p>Provides a detailed explanation of why export receipts increase.</p> <p>Explains why the current account deficit will improve or deficit will increase.</p>	<p>Provides a detailed explanation of why export receipts increase, with correct reference to the graph (<math>P_w \times X</math> to <math>P_{w1} \times X_1</math>).</p> <p>The increased amount of export receipts of kiwifruit will lead to an improvement in the current account and the deficit will decrease.</p>

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

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

Q2	Sample evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)(i)	Illustrates a decrease in supply in the New Zealand market for wool. Correctly labels the new levels of exports as $X_1$ and imports as $M_1$ (refer to appendix).	Illustrates the new levels of imports and exports at the higher trade price.	Both graphs are full and correct.	
(ii)	The decreased supply will lead to a higher trade price, decreasing the quantity of exports and export receipts. Exports will decrease from $X$ to $X_1$ and export receipts will decrease from $P_t \times X$ to $P_{t1} \times X_1$ . Export receipts decrease as the increase in trade price is less than the decrease in export volume. Also, accept uncertain change in export receipts with reason given.	Explains that exports will decrease and export receipts will decrease or be uncertain.	Provides a detailed explanation of why exports decrease, drawing evidence from the graph. Uses the graph to provide a detailed explanation of why export receipts will decrease or be uncertain, with reason given.	
(b)	Importing countries – China, Australia, Japan, Germany, USA.	Correctly identifies two countries for imports.		
(c)	For example: Japan – New Zealand imports vehicles This benefits New Zealand consumers as they have access to cars that are cheaper and higher quality compared to if they were produced in New Zealand. The cheaper prices allow them to spend more on other goods and services, and increase their standard of living.  New Zealand producers who are trying to compete with Japanese producers will face lower prices from the competition and may not be profitable enough to continue production. New Zealand producers who use vehicles in their production process, e.g. couriers and taxi drivers will have lower costs of production, and will be more profitable.	Explains an impact on New Zealand consumers.  Explains an impact on New Zealand producers.	Provides a detailed explanation of why New Zealand consumers are impacted from the imports.  OR  Provides a detailed explanation of why New Zealand producers are impacted by imports.	Provides a detailed explanation as to why New Zealand consumers are impacted by the imports and New Zealand producers are impacted, with context to the country specified and an example.

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	Sample evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	Free trade occurs when there are no artificial barriers to trade between two or more countries e.g. tariffs, quotas.	Free trade is defined. Barriers or example included.		
(b)	New Zealand producers will gain the benefits of tariff-free access to the UK market, increasing sales. Because the UK producers are not competing in the same markets, they will not face significant competition from UK producers in the New Zealand market. For example, a New Zealand honey producer will now be able to compete better in the UK market without having a UK honey producer taking away market share in the New Zealand domestic market.	Explains why New Zealand producers will have increased sales in the UK market, while avoiding lower sales in the New Zealand market.	A detailed explanation of how New Zealand producers will have increased sales in the UK market, while avoiding lower sales in the New Zealand market, using an appropriate example. Relationship mentioned, i.e. competition or complementary.	
(c)	An increase in demand for the NZ\$ – see Appendix.	An increase in demand of the NZ\$ shown on Graph Three.		
(d)	The increase in exports will increase the demand for the NZ\$ from $D$ to $D_1$ as more overseas currency (pounds) are changed for NZ\$. The exchange rate will appreciate from $E_r$ to $E_{r1}$ .	Explains why the demand for the NZ\$ increases.	A detailed explanation of why the demand for the NZ\$ increases. (More changed and appreciation.) Refers to graph.	
(e)	The appreciation of the NZ\$ will negatively affect a New Zealand tourist operator as visitors from the UK will find New Zealand relatively more expensive to other countries and tourist numbers will drop, decreasing the revenue of the tourist operator. The appreciation of the NZ\$ will positively affect the business as purchasing the vehicle will now be relatively cheaper as the NZ\$ has more buying power. This will lower the costs of production and increase profit margins. Overall, the business is likely to be negatively affected as the vehicle purchase is a one-off and, while they may save hundreds or even thousands of dollars, a higher exchange rate over a long period of time may put off many guests, and cost them a much higher amount of revenue.	Explains negative effects of appreciation on the business. Explains positive effects of appreciation on the business.	Explains in detail negative effects of appreciation on the business, in context. Explains in detail positive effects of appreciation on the business, in context.	Comprehensively explains why the appreciation of the NZ\$ will overall be a long-term negative impact by contrasting the short-term benefit of a cheaper vehicle purchase with the longer-term decrease in demand for its services. Refers to graph.

<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.	Most Merit evidence.	All Merit evidence.	Some Excellence evidence.	Most Excellence evidence.

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

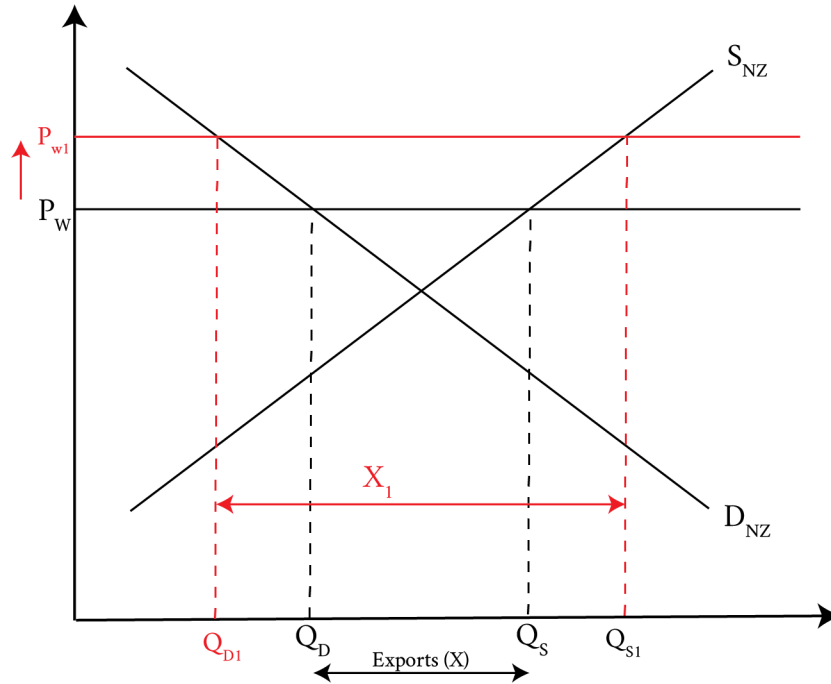
**Cut Scores**

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 7	8 – 13	14 – 18	19 – 24

**Appendix**

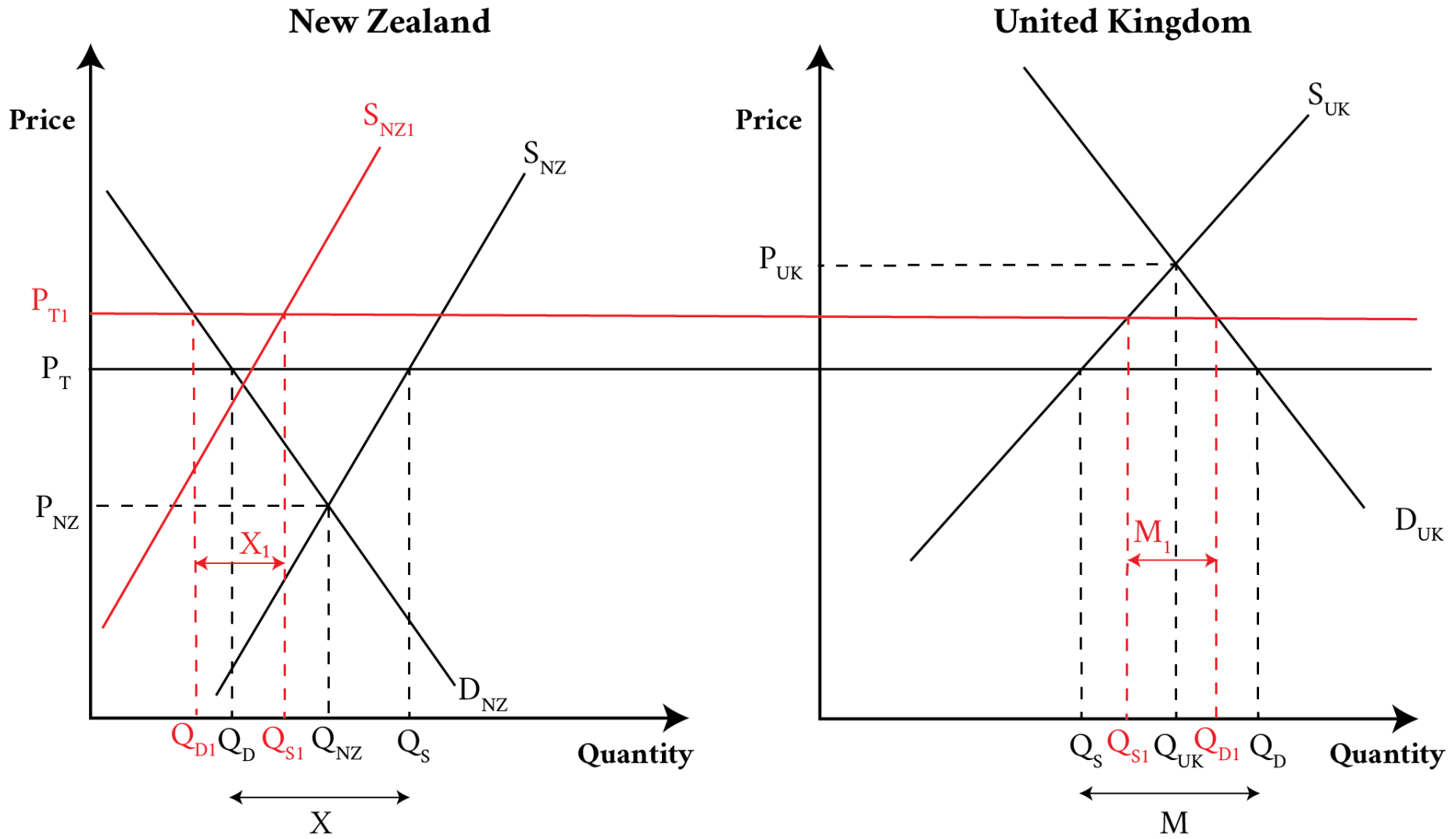
**Question 1(b)(i)**

**Graph One: The market for kiwifruit**



Question 2(a)(i)

### Graph Two: Two-country model for wool



Question 3(c)

**Graph Three: The New Zealand exchange rate**

