

**Assessment Schedule – 2009****Economics: Describe international trade and its causes and effects using economic models (90795)****Evidence Statement**

<b>Q</b>	<b>Evidence</b>	<b>Code</b>	<b>Achievement</b>	<b>Merit</b>	<b>Excellence</b>
<b>ONE</b> (a)	Any TWO of: <ul style="list-style-type: none"> <li>• Meat</li> <li>• Logs, wood and wood articles, timber (not processed)</li> <li>• Machinery</li> <li>• Fruit</li> <li>• Mineral Fuels (oil, crude)</li> <li>• Aluminium</li> </ul>	<b>A</b>	ONE correct (not services).		
(b)	<ul style="list-style-type: none"> <li>• Correct identification of price and quantity before trade (use correct labels)</li> <li>• Correct identification of price after trade and the quantity of exports and imports (use labels)</li> </ul> (See <b>Appendix One.</b> )	<b>A or M</b>	FIRST point correct.	BOTH points correct.	
(c)	<ul style="list-style-type: none"> <li>• <b>The price of cheese</b> is greater in Australia than in New Zealand, so there is potential for New Zealand to export to Australia.</li> <li>• Australian consumers will buy more cheese at prices lower than the pre-trade Australian price. New Zealand producers will supply cheese to Australia for a higher price than they receive in New Zealand. (At the world price...)</li> </ul>	<b>A or M</b>	FIRST point correct. Refers to cheese.	TWO points correct, including FIRST point. Countries mentioned, well reasoned.	

Q	Evidence	Code	Achievement	Merit	Excellence
(d)	<ul style="list-style-type: none"> <li>• When economic growth of world economies declines, there is <b>less demand for New Zealand exports overseas</b>. This leads to a decrease in production by New Zealand's export sector (reasoned comment).</li> <li>• The income of farmers will fall, so they may decrease <b>investment</b> in capital equipment. Farmers may choose not to use so much fertiliser – so the income of the fertiliser supplier will drop.</li> </ul> <p>Any of:</p> <ul style="list-style-type: none"> <li>• Decrease in production, decrease in investment or decrease in resources</li> <li>• Farmers will not <b>consume</b> so many household products</li> <li>• For consumption, any of decrease in consumption or decrease in employment (reasoned comment)</li> <li>• Profits (not revenue as revenue is not taxed) of these businesses will decrease, so they will not pay as much tax to the <b>government</b>. So the government revenue will drop.</li> <li>• For Government, any of decrease in tax revenue or increase in transfer payments.</li> <li>• The overall outcome will be less production and less economic growth.</li> </ul>	<b>A or M or E</b>	<p>ONE significant point (reasoned comment) from producer, consumer or Government.</p>	<p>TWO significant points correct from two of the sectors. The industry must be mentioned at least once.</p>	<p>THREE significant points correct from each of the three sectors AND makes a statement about New Zealand's economic growth (decline in AD or AS insufficient).</p>

Q	Evidence	Code	Achievement	Merit	Excellence
<b>TWO</b> (a)	Any THREE (countries) of: <ul style="list-style-type: none"> <li>• Australia</li> <li>• China</li> <li>• Japan</li> <li>• USA</li> <li>• UK (England)</li> </ul>	<b>A</b>	THREE points correct.		
(b)	(i) Export quantity before world price increase correctly identified and labelled. (ii) Labels on axis (iii) Increase in world price and new export quantity correctly identified and labelled (X1). (See <b>Appendix Two.</b> )	<b>A or M</b>	FIRST point correct.	BOTH points correct.	
(c)	The world price has increased, so exports of kiwifruit increase. The New Zealand price will increase to equal the overseas price. <ul style="list-style-type: none"> <li>• The increase in price will result in a decrease in the quantity demanded <b>for kiwifruit</b> in New Zealand and an increase in the quantity supplied. The excess supply will be exported to take advantage of the higher price.</li> </ul>	<b>A or M</b>	FIRST point correct. Must refer to kiwifruit.	TWO points correct, including FIRST point. Refers to new Zealand as a price taker. Must refer to quantities, not demand and supply.	
(d)	<ul style="list-style-type: none"> <li>• When the New Zealand dollar depreciates, kiwifruit producers' export receipts will be worth relatively more than before the depreciation.</li> <li>• This will increase the revenue of the growers / exporters.</li> <li>• The depreciating New Zealand dollar will also cause an increase in the costs of imported resources – such as machinery and equipment – so import payments will increase.</li> <li>• Overall, the kiwifruit exporters should be better off after the depreciation because most of the inputs are not imported.</li> </ul>	<b>A or M or E</b>	Must refer to Kiwifruit. Must have statement on both X and M. Or a good disadvantage or advantage.	TWO points correct, including FIRST point. Reference to depreciation of the currency AND a good explanation of export receipts and import payments (reason behind ie costs of production) AND links to an effect on kiwifruit producers.	ALL points correct and advantages or disadvantages explained. Must state or imply depreciation

Q	Evidence	Code	Achievement	Merit	Excellence
<b>THREE</b> (a)	Current account (or Balance on Services or Balance on Goods)	<b>A</b>	Correct.		
(b)	<ul style="list-style-type: none"> <li>• When the New Zealand dollar is low against the US dollar, the cost of education in New Zealand for a foreign student is relatively low. More competitive, relatively cheaper.</li> <li>• So New Zealand became an attractive place for fee-paying students from other countries. Relatively cheaper to be educated in New Zealand than other countries (comparison).</li> </ul> Must mention education.	<b>A or M</b>	FIRST point correct.	BOTH points correct.	
(c)	(i) The graph indicates the depreciation of the New Zealand dollar compared to the US dollar in 2009. When the New Zealand dollar is low in value, it is <b>relatively cheaper (in foreign currency terms)</b> for foreign travellers to visit New Zealand OR because their foreign currency will <b>purchase relatively more New Zealand dollars</b> , so more should come.  (ii) However, the worldwide recession may cause tourist numbers to decline because <b>incomes overseas may decrease, confidence may fall (must refer to tourists)</b> and even when it is cheaper to visit New Zealand, overseas consumers may not have the level of income required to take advantage of it.	<b>A or M</b>	FIRST point correct.	(ii) correct. Must connect to tourism.	

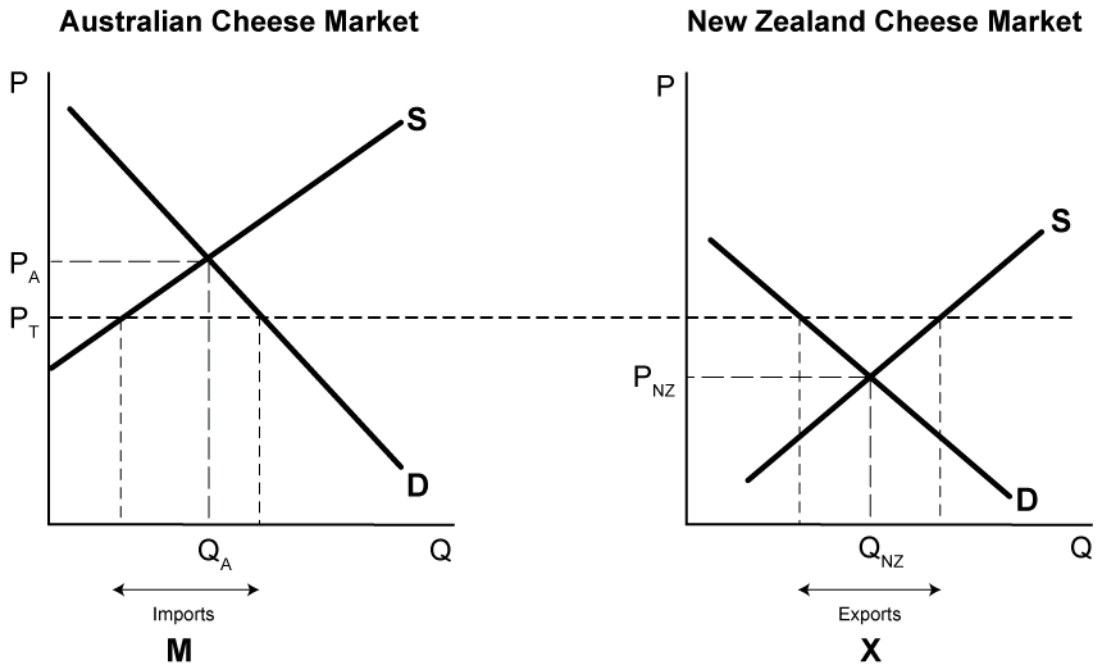
Q	Evidence	Code	Achievement	Merit	Excellence
(d)	<ul style="list-style-type: none"> <li>As the number of fee-paying students from other countries increases, more teachers are employed to assist with language instruction. Increase in capacity for schools, increase in investment in schools.</li> <li>There is growth in the accommodation industry, and the demand for ethnic food increases.</li> <li>The skill level of New Zealand increases as some of the students choose to stay in New Zealand for work after their education.</li> <li>Overall, fee-paying students from other countries contribute to the aggregate demand in New Zealand through export receipts. So the economy grows.</li> </ul>	A or M or E	ONE significant point explained in context correct for either education or economic growth.	TWO significant points correct. Must link to economic growth.	THREE significant points correct. Must link to economic growth.

### Judgement Statement

Achievement	Achievement with Merit	Achievement with Excellence
6 A	4 M 6 A	1 E 4 M 6 A

Appendix One – for Question One (b)

The Two-country Model



Appendix Two – for Question Two (b)

New Zealand Market for Kiwifruit

