**Year 12 Assessment 3 (Pattern of Trade and Balance of Payments) MARKING KEY**

Section 1: MCQ

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| 1. B | 2. B | 3. A | 4. B | 5. C | 6. B |

Section 2: Short answer/Data interpretation

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|  | Description | Marks allocated |
| 7a. | $373104m(need to have $m) | 1 |
| b. | $51 259m(need to have $m) | 1 |

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|  | Description | Marks allocated |
| 8 | Any 2 factors briefly outlined, e.g.* Depreciation of AUD
* Increased commodity prices
* Increased global growth
* Decreased Australian economic growth
 | 1-2 |

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|  | Description | Marks allocated |
| 9 | Outline Australia’s trade direction: Top trading partners are China and East Asian countriesExplanation: Any valid explanation, e.g.:* Geographical location
* Comparative advantage (for manufactured goods and commodities)

Relevance to trade intensity: Any valid discussion linked to trade direction, e.g.:* Australia has a relatively low trade intensity
* Growth in East Asian countries is likely to increase trade intensity
 | 111-2 |

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|  | Description | Marks allocated |
| 10 | Identification of structural reason: S-I gapUse of data (primary income deficit)Explanation of relationship between S-I gap and CADShould include:* S-I gap creates reliance on foreign investment
* This requires income repayments which are recorded on primary income account as debits
* Creates persistent CAD
 | 111-2 |

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|  | Description | Marks allocated |
| 11 | Answer must refer to Australia, e.g. S-I gap due to relatively small savings pool.Must discuss one argument for and one argument against having a CAD.Must have an evaluation/judgement.Answer can include:* Expenditure-Production gap
* Poor export performance
* Debt trap
* Unsustainable
* Inflow of foreign investment
* Foreign investment is used to expand economy
* Sustainable
* Largely private debt

Any other reasonable argument.Mark dependant on depth of evaluation. | 1-6 |