CATHOLIC JUNIOR COLLEGE

JC2 Preliminary Examination

Higher 2

ECONOMICS **9570/01**

Paper 1 **27 August 2025**

No Additional Materials are required. **2 hours 30 minutes**

READ THESE INSTRUCTIONS FIRST

An answer booklet will be provided with this question paper. You should follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

Answer **all** questions.

The number of marks is given in brackets [ ] at the end of each question or part question.

This document consists of **9** printed pages and **1** blank page.

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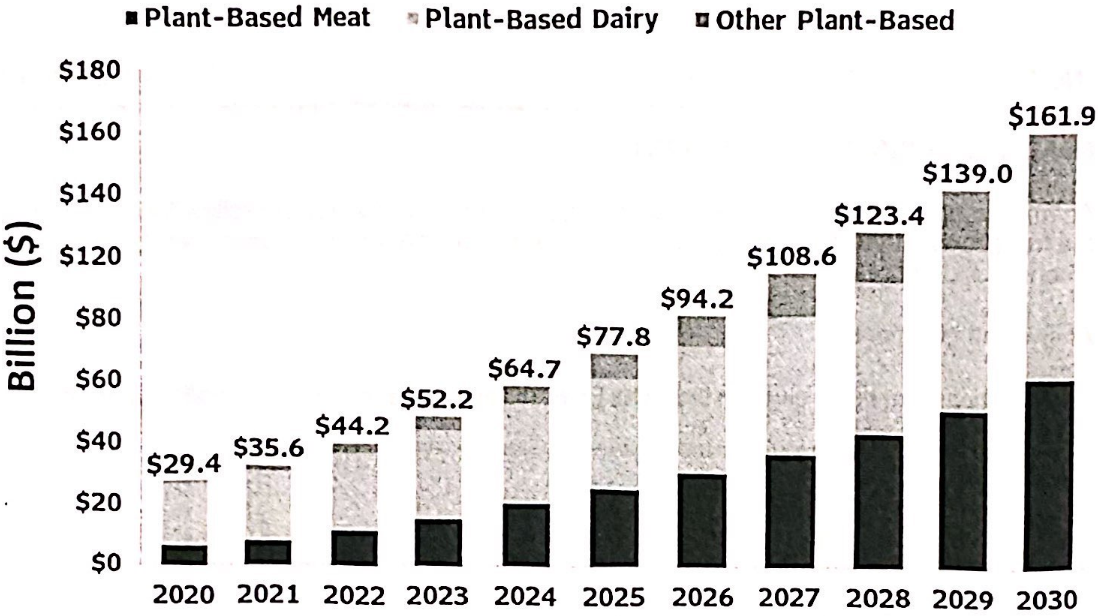
Question 1: Food Systems in Transition, From Traditional to Plant-Based Food

Extract 1: Plant-Based Food Market to Hit $162 Billion in Next Decade

The plant-based food market could account for up to 7.7% of the global protein market by 2030, reaching a value of over $162 billion, up from $29.4 billion in 2020, according to a new report by Bloomberg Intelligence. "Food-related consumer habits often come and go as fads, but plant-based alternatives are here to stay – and grow.

Figure 1: Retail Sales Revenue of Plant-Based Foods



Bloomberg Intelligence expects that population growth causing a strain on resources will contribute to plant-based food growth. The Asia-Pacific region is particularly vulnerable to limited food supply, with an expected population growth to 4.6 billion by 2030. As a result, the region is likely to dominate the plant-based protein market reaching $64.8 billion by 2030, up from $13.5 billion in 2020. Major drivers of plant-based meat growth include increased awareness of health and sustainability benefits. Plant-based meat sales revenue could exceed $74 billion to reach as much as $118 billion by 2030 in a more aggressive but still realistic scenario.

Source: Bloomberg, 2021

Extract 2: From Plant to Plate: The Growing Appetite for Alternative Proteins in Singapore

At some supermarkets, plant-based "meat" products are getting more shelf space or even an entire section of a fridge, unlike what it was a decade ago. In 2020, Singapore became the first country to approve the commercial sale of laboratory-grown protein, also known as cultured or cultivated "meat" Since then, more startups have joined frontrunners in launching or developing their own animal-free alternatives or fermentation-enabled proteins. Ms. Shanice Lim, a dietitian at Ng Teng Fong General Hospital, said that the increased demand for meatless products can be attributed to taste, preferences and dietary restrictions due to ethical or religious reasons.

As a food trend, the new generation of plant-based products look likely to stay as part of plans by organisations around the world to build a stabler food system and meet goals to tackle climate change. Associate Professor Du Juan at the Singapore Institute of Technology said that research funding is available to support the food industry in collaborating to generate novel foods, including plant-based food products. Active government funding, for instance, has accompanied Singapore's aim to produce 30 per cent of its nutritional needs domestically by 2030, thereby advancing the alternative protein sector.

Source: channelnewsasia.com, 21 Sep 2024

Extract 3: 'Gigantic' Power of Meat Industry Blocking Green Alternatives

Cutting meat consumption in rich nations is vital to tackling the climate crisis. Livestock production causes 15% of all global greenhouse emissions. Cutting meat and dairy consumption also slashes pollution, land and water use, and the destruction of forests, with scientists saying it is the single biggest way for people to reduce their impact on the planet. However, researchers found that "powerful vested interests exerted their political influence to maintain the system unchanged and to obstruct competition created by technological innovations".

Alex Holst, at the Good Food Institute Europe, said: "While European investment in sustainable proteins has increased in recent years, this study shows the sector is still only picking the crumbs off the EU's table. The sector needs public investment to scale production and reduce prices or Europe risks missing out on the enormous benefits."

Experts said there were glimmers of hope for a shift to more sustainable diets, with EU proposals to accelerate the shift due to be adopted this year. Also the Nordic country guidelines have just been rewritten and for the first time clearly promote a mostly plant-based diet.

"It's not a level playing field at all at the moment," said Professor Lambin from Standford University. "The new sector needs to be given its chance to expand and gain efficiency. After that, consumers will judge whether they like it or not, and scientists will judge whether it is better for the environment and for health. But if it cannot even develop to a scale where we can make this assessment, it will be a lost opportunity to transition to a sustainable food system."

Source: The Guardian, 2023

Extract 4: Market Dynamics in the US Meatpacking Industry

Meatpacking is one of the most consolidated industries in our food system. Of the more than 70 meat brands marketing to consumers and retailers under the guise of individual names and logos, just four corporations—Tyson, JBS, Cargill, and National Beef—are behind these brands.

These four meatpacking giants control a staggering 80-85% of the beef industry. They routinely make headlines for their abusive behaviours, from getting sued by other corporate goliaths like McDonald's for price-fixing to lawsuits over the use of child labour in their meatpacking plants. But these companies' sheer dominance over this industry, deceptively hidden behind their acquired brands, means that it's challenging to opt out of buying their products at the grocery store. Today, the "Big Four" remain entrenched and have consolidated further, with only their names changing through acquisitions.

Source: Farm Action, 2025

(a) Using the information provided in Extract 1 and a diagram, explain how a shift in market conditions contributed to the trend in plant-based food sales revenue shown in Figure 1. [4]

(b) Extract 2 mentions 'more startups have joined frontrunners in launching or developing their own animal-free alternatives.'

Explain how the cross elasticity of demand can be used to predict changes in the producer surplus of traditional meat producers due to more startups. [4]

(c) Using the concept of opportunity cost, explain how active government funding in novel food research can impact the Singapore economy. [2]

(d) (i) Using the information provided, identify and explain the market structure of meatpacking industry in the USA. [2]

(ii) Discuss the factors the government needs to consider when regulating prices in the meatpacking industry to manage the ills of market dominance. [8]

(e) Evaluate the extent to which the benefits of using subsidies and public education to correct market failure in the plant-based meat market outweigh the risks of government failure. [10]

[Total: 30]

Question 2: Navigating Economic Resilience and Inclusive Growth in ASEAN

Table 1: Real Interest Rates of Selected ASEAN Countries in 2023

Country	Nominal Interest Rate (%)	Real Interest Rate (%)
Singapore	3.7	-1.1
Vietnam	5.0	1.8
Malaysia	3.0	0.5
Indonesia	6.3	2.6

Source: Various

Extract 5: Shifting Capital Flows in ASEAN Amid Global Uncertainty

In 2023, global inflationary pressures moderated, prompting most Southeast Asian central banks to adopt a cautious and differentiated monetary policy stance.

The divergence in interest rates serves as an important signal to international investors. Countries like Vietnam and Indonesia, with relatively high interest rates, experienced strong short-term capital inflows, commonly known as hot money into their equity and bond markets. These inflows helped strengthen exchange rates and boost domestic asset prices and the economy, but they also raised concerns about macroeconomic vulnerability, as such flows can reverse sharply in response to global financial shocks, potentially triggering currency depreciation and financial instability.

Singapore, in contrast, operates a unique exchange rate-based monetary policy framework managed by the Monetary Authority of Singapore (MAS). Rather than using interest rates, the MAS adjusts the nominal effective exchange rate (S$NEER) to maintain price stability. In 2023, MAS maintained a slight appreciation bias in its exchange rate policy to anchor inflation expectations, while refraining from further tightening amid signs of growth moderation. Despite a relatively low interest rate, capital outflows were modest, and exchange rate stability was preserved due to Singapore's deep capital markets, strong policy credibility, and substantial foreign reserves.

Source: Reuters, 3 May 2023

Extract 6: Broadening Economic Participation in ASEAN

Inclusive growth expands economic opportunities across various segments of society, encouraging broader participation in the labour market and enhancing overall productivity. By investing in education, digital skills, and infrastructure, economies can develop a more skilled and diverse workforce, which in turn fuels innovation and strengthens domestic demand. This virtuous cycle of rising consumption and improved human capital supports stronger, more sustainable economic growth over the long term.

To achieve inclusive economic growth while managing inflation, ASEAN countries have adopted varied policy measures tailored to their domestic contexts. In Malaysia, the government focuses on adjusting minimum wages to improve income distribution and reduce poverty. By regularly reviewing and increasing minimum wage levels with regional differentiation, Malaysia aims to raise living standards for lower-income workers and stimulate domestic demand. Alongside this, investments in skills training help mitigate any potential negative effects on employment, supporting a more inclusive labour market.

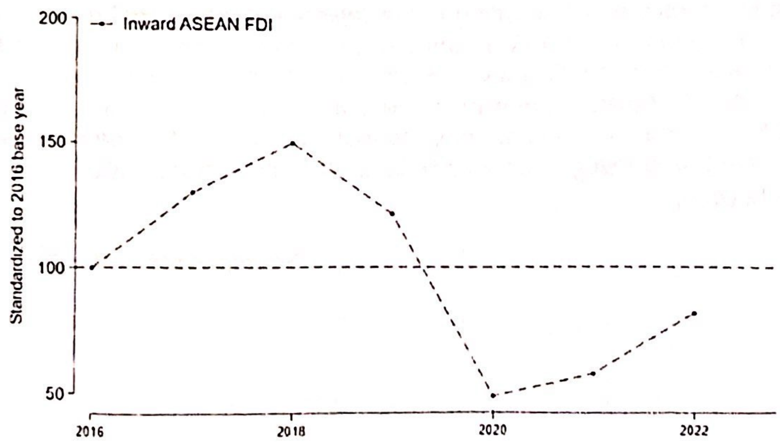
Source: The ASEAN Magazine, 27 March 2024

Extract 7: Building Economic Resilience and Sustainable Economic Growth

Within ASEAN, high debt-to-GDP ratios vary across countries but generally constrain fiscal space to respond to crises and invest in growth. For example, Indonesia and Malaysia face moderate debt levels but must balance infrastructure spending with debt sustainability. Excessive borrowing risks higher interest costs and reduced investor confidence, creating economic uncertainty. Aging populations are more pronounced in Singapore and Malaysia, where shrinking workforces and rising elderly dependency increase pressures on healthcare, pensions, and social services. This demographic trend threatens long-term growth by reducing labour supply and increasing public spending burdens. In ASEAN, while high debt ratios pose immediate fiscal risks, ageing populations present deeper structural challenges that could dampen productivity and economic dynamism over time. Policymakers must navigate both to maintain sustainable growth.

Source: ASEAN+3 Fiscal Policy Report 2024

Figure 2: Trend of Inward ASEAN Foreign Direct Investment



Source: Global Trade Alert (GTA) Database, Orbis Crossborder Investment Database

Extract 8: ASEAN's Response to Global Headwinds

In 2023, the number of trade-restricting policy measures increased globally compared to trade-liberalizing measures. In the face of rising geopolitical tensions, disrupting global value chains, and increasing protectionist tendencies globally, Southeast Asian countries are concerned about rising protectionism and deglobalisation. Though they have been reiterating their support for free trade, their actions have been inconsistent.

Indonesia extended its export ban from unprocessed nickel to bauxite in June 2023. In October, Malaysia announced it would prohibit the export of raw rare earth materials. By imposing such bans, these countries hope to attract more foreign investment, develop domestic industries, and move up the global value chains. However, the effectiveness of these policies remains to be seen. These ASEAN member states have pursued export-oriented economic strategies, with exports driving almost all their economic growth over the past decades. Yet, the contradiction between protectionism and enthusiasm for open trade reveals that ASEAN countries increasingly face the conundrum of how to foster new domestic development amid the challenges posed by free, open, and increasingly digitalised trade.

However, small open economies like Singapore have reiterated their commitment to open and outward-oriented economic policies. The nation remains focused on attracting investment, maintaining trade connectivity, and supporting innovation despite mounting global headwinds. Even as the economic landscape becomes more challenging, Singapore will spare no effort to remain a competitive global business hub. While economic growth is expected to slow due to elevated business costs and wage pressures, the Government will continue to raise productivity and provide targeted support for firms, especially in key sectors like professional and financial services. Singapore is also diversifying its economic ties and reinforcing its position in global trade through regional and digital partnerships, including the Regional Comprehensive Economic Partnership (RCEP), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and Digital Economy Agreements (DEAs), to ensure long-term competitiveness.

ASEAN member states are still adapting to the rapidly evolving global market. With geopolitical tensions between China and the West unlikely to ease anytime soon, the ASEAN market will become increasingly critical for China's economic growth. As Southeast Asian countries continue searching for the right balance between protectionism and liberalisation, the three key trends shaping ASEAN's trade — growing dependence on China, the proliferation of free trade agreements (FTAs), and rising economic nationalism and protectionism — are likely to persist into 2024 and beyond.

Source: Eastasiaforum, 24 February 2024

(a) Using Table 1, explain which country exhibits the best performance in terms of price stability. [2]

(b) Explain one factor that will determine how strengthened exchange rates from short term capital inflows affect the aggregate demand of countries like Vietnam and Indonesia. [2]

(c) With reference to Extract 6, explain one intended and one unintended consequence of the Malaysian government's policy to adjust minimum wage. [4]

(d) Using information from Extract 8, explain how Singapore's efforts to remain a competitive business hub is likely to affect its balance of trade. [4]

(e) Evaluate whether a high debt-to-GDP ratio or an ageing population poses a bigger threat to the attainment of sustainable economic growth among ASEAN countries. [8]

(f) Discuss whether protectionist policies are the best approach for ASEAN countries to maintain economic stability amidst rising global economic volatility. [10]

[Total:30]

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