ANDERSON SERANGOON JUNIOR COLLEGE
JC1 PROMOTIONAL EXAMINATION
Higher 1

ECONOMICS **8843/01**

Paper 1 **1 October 2025**

Additional Materials: Answer Booklet **1 hour 45 mins**

READ THESE INSTRUCTIONS FIRST

Write down your name and class on all the work you hand in.
Write in dark blue or black pen.
You may use an HB pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.

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 any additional answer booklets, 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 **4** printed pages.

Answer **all** questions.

Question 1: Market for Poultry

Extract 1: Drivers of growth in the global poultry industry

The global poultry industry is poised for significant growth in 2025, driven by increasing consumer demand. The market is projected to expand from $384.95 billion in 2024 to $410.98 billion in 2025, reflecting a compound annual growth rate of 6.8%. This growth is largely attributed to rising meat consumption, economic development in emerging markets, and increased awareness of poultry's health benefits.

Asia is expected to be at the forefront of this growth, with the region's demand for poultry products steadily increasing due to factors such as population growth, rising disposable incomes, changing dietary preferences, and urbanisation. Countries like China, India, and Indonesia are major contributors to this surge, driven by their large populations and increasing per capita consumption of poultry meat.

Technological advancements in poultry farming and processing techniques are improving productivity and efficiency in the industry. Automated feeding systems, climate-controlled housing, and precision nutrition are some of the innovations enhancing the poultry value chain and the global poultry industry is expected to continue its upward trajectory in 2025.

Source: AviNews, 7 April 2025

Table 1: Price elasticity of beef and chicken in Malaysia

Price Elasticity of demand	
Beef	Chicken
-2.38	-1.27

Source: Munich Personal RePEc Archive, accessed 4 May 2025

Extract 2: Price ceilings and subsidies

Subsidies and price ceilings for essential items have been part of Malaysian economy for a long time. Since February 2022, the government has already allocated a large sum of RM3.8 billion spent on chicken subsidies. However, some of these funds have been wasted because of poor distribution. On top of that, the subsidies are not targeted, so even foreigners and wealthy households enjoy the same benefits as lower-income families.

Carmelo Ferlito, CEO of the Center for Market Education, noted that Malaysia's poultry industry was self-sufficient and able to meet local demand before the government introduced the price ceiling. He argued that price ceilings and subsidies distort producer behaviour and create inefficiencies.

According to him, subsidies were originally introduced to reduce the limitations of the price ceiling, but this only led to further waste. He criticised the government for wrongly believing it could decide the "ideal" price of chicken, saying that every attempt had failed. Ferlito concluded that if there were no price ceilings, subsidies would not be necessary.

Experts therefore suggest that freeing up the market and removing subsidies will benefit the poultry sector. It would stop inefficient subsidy use, encourage producers to innovate, and attract more investment. In fact, after the subsidy on chicken was lifted, the government saved RM100 million in just one month. These savings could instead be reinvested in the poultry industry.

Source: Free Malaysia Today, 4 December 2023

Extract 3: Environmental and health impacts of intensive poultry farming

Intensive poultry farming leads to emissions that contaminate the air, water and soil. Waste materials, such as poultry litter and manure, are often produced in quantities that exceed the amounts needed for fertilisation of local agricultural land.

Dust is likewise produced in poultry houses and contains feather and skin fragments, faeces, feed particles, microorganisms and various chemicals. Inhalation of poultry house dust can lead to inflammation and respiratory diseases.

Source: Science Direct, 1 February 2023

Extract 4: Alternative source of protein

With its pro-innovation approach, Singapore is fast emerging as a major global hub for animal meat alternatives. Health has been identified as the key factor for the ongoing consumer transition to meat and dairy substitutes in Singapore. The country's meat substitutes market is expected to increase from US$3.1 million in 2020 to US$4.5 million in 2025, says GlobalData, a leading data and analytics company.

During COVID-19, global trade disruptions and border closures cut off the supply of many food products to Singapore. Subsequently, the government initiated a '30 by 30' plan to reduce the country's reliance on food imports, by producing up to 30% of the national nutritional requirements locally by the year 2030.

As part of this effort, the government granted approval for commercial sales of 'lab grown' meat, attracting the interest of international heavyweights in the alternative meat sector. For example, Shandi Global, a manufacturer of plant-based chicken protein, aims to create flavourful and tender products that mimic authentic meat.

Source: Asia Pacific Food Industry, accessed 10 May 2025

Questions

(a) With reference to Extract 1 and the aid of a production possibility curve diagram, explain how 'technological advancements in poultry farming' impacts Malaysia's economy. [3]

(b) With reference to Extract 1 and the aid of a diagram, explain how rising incomes and technological improvements in poultry farming are likely to affect the global poultry market in 2025. [6]

(c) With reference to Table 1:

(i) Interpret the price elasticity of demand for chicken. [2]

(ii) Explain and comment on the significance of price elasticity of demand in accounting for 'a large sum of RM3.8 billion spent on chicken subsidies'. [6]

(d) With reference to Extract 2, discuss the factors that the Malaysian government would consider when deciding whether or not to remove price ceiling in the poultry market. [8]

(e) **(i)** With reference to Extract 3 and using a diagram, explain how negative externalities arising from the production of farmed poultry meat may lead to market failure. [5]

(ii) Discuss whether introduction of 'lab grown meat' is the best way to address the above market failure. [10]

[Total: 40]