VICTORIA JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATION 2025
HIGHER 2

ECONOMICS 9570/01

Paper 1 **15 September 2025**

2 hours 30 minutes

No Additional Materials are required.

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.

Answer **all** questions.

Question 1: Plastic and its waste

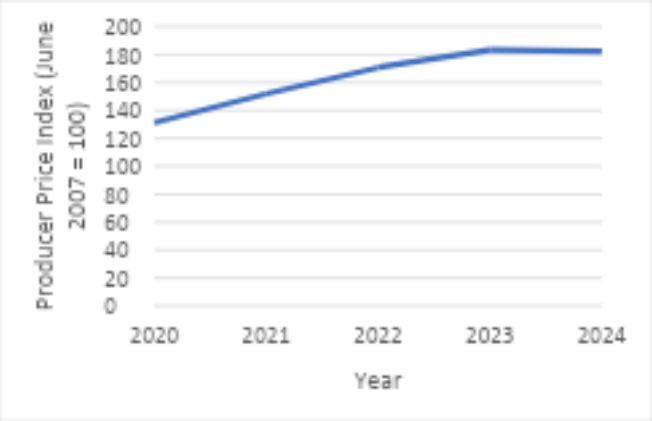
Extract 1: Plastic production and pollution are growing relentlessly

The world is producing twice as much plastic waste as two decades ago. Most plastic pollution comes from inadequate collection and disposal of larger plastic debris known as macroplastics, but leakage of microplastics that filter through the food chain or enter waterways from landfill and poor waste management are also a serious concern.

An OECD report found that the COVID-19 crisis led to a 2.2% decrease in plastics use in 2020 as economic activity slowed. As economic activity resumed in 2021, plastics consumption has also rebounded. Additionally, most plastics in use today are virgin plastics, made from crude oil or gas.

Source: Organisation for Economic Co-operation and Development, 22 February 2022

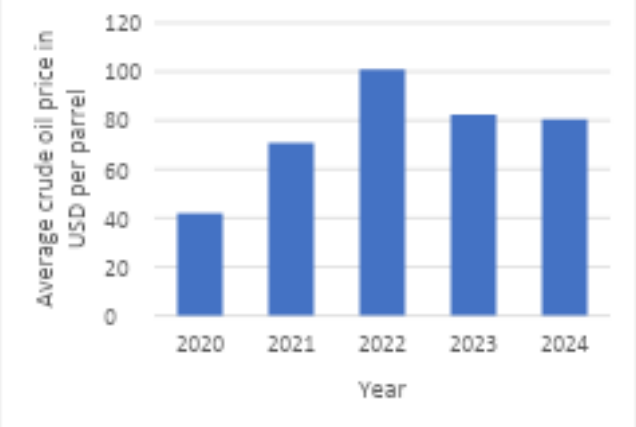
Figure 1: Producer Price Index of plastic bags*, 2020 – 2024



*The Producer Price Index of plastic bags measures the average change over time in the selling prices received by domestic producers for their plastic bags.

Source: Federal Reserve Bank of St Louis

Figure 2: Average annual Brent crude oil price, 2020 - 2024



Source: Statistica.com

Extract 2: Trade in global plastic waste

Every year, nations worldwide produce around 350 million metric tons of plastic waste. This is equivalent to over 10 million fully loaded garbage trucks. Most of this plastic waste is either incinerated or sent to landfills, thus eventually polluting our air, land, and oceans. Only a fraction of this waste is recycled, and 2% is traded internationally.

Though most plastic waste is managed and recycled within countries, trade in plastic waste moves materials to countries with an advantage in managing or recycling plastic waste. Exporting spare waste helps exporting countries manage a part of their plastic emissions more cheaply and reduces pressure on local recycling facilities and landfills.

Importing plastic waste, on the other hand, comes with certain financial benefits too. Repurposing recycled plastics into goods is a far cheaper option for industries that would otherwise rely on buying newly manufactured expensive plastics. Many countries also differ when it comes to their specific plastic recycling capabilities and needs, so while they might export some plastic waste, they also import others that are useful.

Research has found that higher plastic waste imports have positively impacted the economic growth of many low-income countries. However, when countries export unusable and non-recyclable contaminated plastics, these same low-income nations may see the end-of-life ecosystem costs outweigh any financial benefits.

Source: World Economic Forum, 15 March 2023

Extract 3: Malaysia is a global plastic waste management hub

Since China banned solid waste imports in 2018, Malaysia has emerged as a global hub for plastic waste management, with Japan being the leading nation exporting plastic waste to Malaysia.

However, Malaysia faces several major challenges for waste management. These include illicit waste management practices such as open burning and illegal dumping, a lack of enforcement and monitoring from authorities, as well as a lack of transparency and public access to investigate regulatory compliance in importing plastic waste.

Source: Aliran.com, 11 April 2024

Extract 4: Addressing the plastic waste problem in Singapore

Come Nov 3, it will be exactly four months since major supermarkets in Singapore started charging customers at least S$0.05 for each disposable carrier bag they take. The move has seen some success, with supermarket operators giving out significantly fewer disposable carrier bags - some have reported reductions of 50% to 80% compared to last year. The proceeds from charging customers for disposable carrier bags will be used for social and environmental causes. In Singapore, many disposable carrier bags come in the shape of plastic bags.

Over the decades, many jurisdictions have adopted various policies to reduce the consumption of plastic bags either through bans, fees on customers or taxes on stores that sell them. In this part of the region, Bangladesh in 2002 imposed a total ban on thin plastic bags. Taiwan too introduced a policy to ban large-scale retailers from giving out free plastic bags.

While charging for plastic bags is an effective short-term strategy to reduce consumption, questions arise over its long-term effectiveness as people become accustomed to it. Charging for plastic bags may also inadvertently lead to an increase in the use of alternative single-use bags. Shoppers might opt for these alternatives and buy bundles of single-use bags for garbage disposal, believing they are better value for their money.

Environmentalists say that given Singaporeans' busy lifestyle and preference for convenience, getting people to consciously adopt green habits remains a work in progress.

Despite its small size, experts say that Singapore can make meaningful contributions to global environmental sustainability by leveraging its strengths in innovation and technology-driven solutions. However, challenges exist, such as limited public awareness about the consequences of plastic use. Industries reliant on plastic packaging also struggle to find sustainable alternatives without compromising product safety and quality. Moreover, as the hawker culture is unique to Singapore and some other Southeast Asian countries, it would be challenging to look to different places like Europe and implement their policies here. Such policies include a ban on the most common single-use plastic items, such as cutlery, stirrers and straws. “If we banned plastics in Singapore, we would have a riot,” Mr Yasser Amin, who heads a non-profit organisation addressing waste management, said.

Singapore’s plastic waste landscape is far from ideal - in 2022, only 6% of all plastic waste generated was recycled. This means that most plastics are incinerated, an activity that generates carbon dioxide emissions.

Sources: Channel NewsAsia, 3 November 2023,
Channel NewsAsia, 29 April 2024

(a) Using a production possibility curve, explain how improper disposal of plastic affects a country's productive capacity. [2]

(b) With reference to Extract 1, Figure 1 and Figure 2:

(i) Using a diagram, account for the change in price of plastic bags from 2020 to 2022. [4]

(ii) Explain the change in price of plastic bags from 2022 to 2023 despite the change in price of crude oil in Figure 2. [3]

(c) With reference to Extract 2, explain how the export of waste management services might be explained by the concept of comparative advantage. [3]

(d) Discuss whether Malaysia should remain as a global hub for plastic waste management. [8]

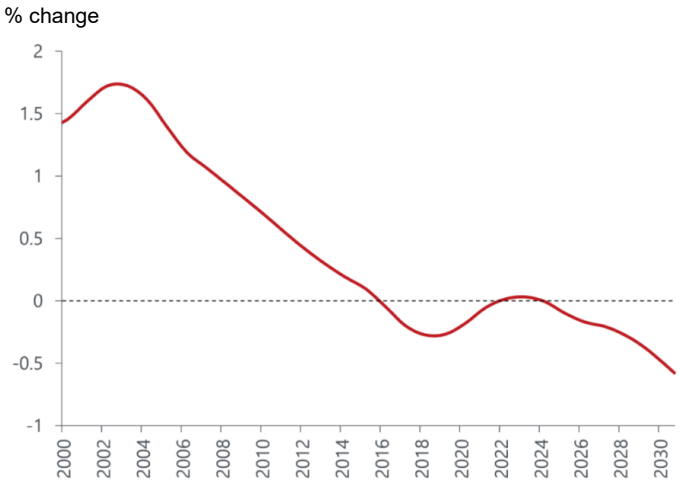
(e) "Over the decades, many jurisdictions have adopted various policies to reduce the consumption of plastic bags either through bans, fees on customers or taxes on stores that sell them" (Extract 4).

Discuss the extent to which mandating fees on customers for each plastic bag and banning retailers from giving out single use plastic bags might enable Singapore to address the plastic waste problem. [10]

[Total: 30]

Question 2: China's economic woes

Figure 3: China's working age population (15 - 64 years old)*



*Data for 2024 onwards is forecasted.

Source: oxfordeconomics.com

Extract 5: China's prices skid as demand falters

China's consumer inflation hit an 18-month low as demand stayed persistently weak, shoring up the case for policymakers to take more steps to support the uneven economic recovery.

In contrast to surging prices globally, China's retail inflation has remained anemic as the consumer sectors struggle to recover from their pandemic hit. Analysts now think consumer inflation could fall short of Beijing's official targets this year. The consumer price index (CPI) rose only 0.7% year-on-year in March 2023, the slowest pace since September 2021 and weaker than the 1.0% gain in February, the National Bureau of Statistics (NBS) said on Tuesday.

"China's March inflation report suggests that the Chinese economy is running a disinflation process, which points to bigger room for monetary policy easing to boost demand," said Zhou Hao, an economist at Guotai Junan International.

China's yuan hit a more-than-one-week low against the dollar following the data, as investors stepped up bets domestic interest rates could be cut.

Source: Reuters, 11 April 2023

Extract 6: China's economic woes are multiplying - and Xi Jinping has no easy fix

It was meant to be the year China's economy, unshackled from the world's strictest Covid-19 controls, roared back to help power global growth. Instead, halfway through 2023, it is facing a confluence of problems: Sluggish consumer spending, flagging exports, record youth unemployment and towering local government debt.

What is worse, President Xi Jinping's government does not have great options to fix things. Beijing's typical playbook of using large-scale stimulus to boost demand has led to surging debt levels among local governments.

Confidence trap

At the start of 2023, optimism was high that China would see a rapid recovery in consumer spending, fuelled by revenge shopping, eating out and travel. But anxiety about what weaker growth means for unemployment and incomes, combined with the negative wealth effect from a slumping property sector, has prompted people to save rather than spend. Another worrying sign is youth unemployment. At 20.8%, the jobless rate for those aged 16 to 24 is the highest and is four times the national urban rate. This is due to a combination of structural trends and cyclical factors.

China has more people graduating from universities now than ever before. However, there is a mismatch between the skills that job seekers have and what businesses require. Beijing's regulatory crackdown in the education, technology and property sectors has also led to large-scale job losses in recent years, making those areas less viable options for young, ambitious job seekers.

Cyclical factors – linked to the slowdown in the economy were also at play. Young people tend to dominate jobs in services sectors, such as restaurants and retail, which took a major hit during the pandemic when China used stringent controls such as citywide lockdowns and quarantines to curb Covid-19 infections. Economic growth slowed to 3% in 2022, the second-weakest pace in more than four decades.

Exports weaken

It is not only domestic demand that has disappointed. Foreign trade had been a consistent support during the pandemic as Chinese factories rushed to fill US and European orders, but it has dwindled in recent months. Since peaking at a record US$340 billion (S$461 billion) in December 2021, exports in May were down almost US$60 billion and are set to continue dropping as rising interest rates weigh on growth in the US and Europe.

These economic weaknesses have forced Beijing to shift gears. The central bank cut interest rates in June and the government said it is discussing new support measures for the economy. Possible options include more infrastructure investment and incentives for manufacturers.

Still, such stimulus will probably be "targeted and moderate" given the shrinking population and elevated debt levels, said Goldman Sachs analysts.

Source: The Straits Times, 30 June 2023

Extract 7: China's worsening economic slowdown is rippling across the globe

China's economy was meant to drive a third of global economic growth in 2023, so its dramatic slowdown in recent months is sounding alarm bells globally.

Policymakers are bracing themselves for a hit to their economies as China's imports of everything from construction materials to electronics slide. US President Joe Biden called the economic problems a "ticking time bomb".

Asian economies are taking the biggest hit to their trade so far, along with countries in Africa. Japan reported its first drop in exports in more than two years after China cut back on purchases of cars and chips. Central bankers from South Korea and Thailand last week cited China's weak recovery for downgrades to their growth forecasts.

It is not all doom and gloom, though. China's slowdown will drag down global oil prices, and deflation in the country in the second half of 2023 means the prices of goods being shipped around the world are falling. That is a benefit to countries such as the United States and Britain that are still battling high inflation.

But as the world's second-largest economy, China's prolonged slowdown will hurt, rather than help, the rest of the world. An International Monetary Fund analysis shows how much is at stake: When China's growth rate rises by 1 percentage point, global expansion is boosted by about 0.3 percentage point.

Source: The Straits Times, 28 August 2023

Extract 8: China pledges support to spur economy

China's economy has been stuck in an uneven and sputtering post-COVID recovery, with persistent deflationary pressures and geopolitical challenges, keeping alive calls for more policy support.

China will maintain fiscal expansion this year to spur an economic recovery, Vice Finance Minister Wang Dongwei said. Fiscal policy will focus on expanding domestic demand and the authorities will "maintain a necessary intensity in fiscal spending" by funding infrastructure work to help lift the economy as consumers are wary of spending and businesses lack confidence to expand.

The government will also use fiscal subsidies and tax incentives to support tech innovation and advanced manufacturing, he said.

Policymakers have left room to scale up or adjust the measures if needed. For instance, if consumer confidence needs a further boost, China could look at injecting funds directly into households or increasing transfer payments to low-income families.

Sources: Reuters, 1 February 2024
Financial Times, 27 November 2024

(a) Explain how the information in Figure 3 highlights a concern over China's longer-term growth prospects. [2]

(b) Using demand and supply analysis, explain why China's yuan 'hit a more-than-one-week low against the dollar' (Extract 5). [2]

(c) Explain why the 0.7% rise in the CPI in March 2023 (Extract 5) may prompt Chinese policymakers to intervene. [2]

(d) Using a diagram, explain how "anxiety about what weaker growth means for unemployment and incomes" (Extract 6) might affect profits of firms in China. [4]

(e) Explain how "Beijing's regulatory crackdown" in selected sectors (Extract 6) led to youth unemployment in China. [2]

(f) Discuss whether "China's prolonged slowdown will hurt, rather than help, the rest of the world" as mentioned in Extract 7. [8]

(g) Discuss whether fiscal policy is the most effective way for China to tackle its macroeconomic issues faced. [10]

[Total: 30]