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Raffles Institution
Year 6 H2 Economics 2026
Term 1 Week 5 – Class Test 1
Key Economic Indicators

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You have 45 minutes to complete the case study.

Table 1: Real GDP growth rate (%) of Vietnam, Malaysia and Singapore

	2020	2021	2022
Vietnam	2.9	2.6	8.0
Malaysia	-5.6	3.1	8.7
Singapore	-3.9	9.1	3.7

Source: McKinsey & Company, accessed 6 June 2024

Table 2: Selected economic data for Singapore and Vietnam in 2022

	Singapore	Vietnam
GDP per head at current prices		
at current exchange rate (US$)	80,000	4,500
at purchasing power parity (ppp US$)	105,000	13,000
Annual % increase in nominal wages	6.5	6.9
Annual % increase in consumer prices	6.12	3.16
Life expectancy (years)	84	76
Unemployment rate (%)	2.1	2.3
Balance of Trade (USD)	74bn	10bn

Source: World Bank

Extract 1: Prospects and challenges for Vietnam's economy in 2022

Vietnam was an economic star in 2020, as it managed to control the COVID-19 pandemic while maintaining one of the highest growth rates in the world. While GDP growth was only about 3%, about half of its normal 6 to 7% growth rate, most countries faced falling levels of output. 2021 was a tough year as shutdowns made life difficult and GDP slowed to 2.6%. Increasing supplies of vaccines eventually allowed more normal activity in the last few months of 2021. Vietnam's GDP shrank 6% in the third quarter before bouncing back in the fourth quarter.

Despite factory closures, exports rose 19% in 2021 to an astonishing US$336 billion while GDP was only US$271 billion in 2020 and grew only slightly in 2021. The high level of foreign direct investment (FDI) did not grow nor shrink much.

Vietnam's GDP per capita in purchasing power parity (PPP) terms exceeded US$11,000 per capita in 2021. This is a huge gain from 2000 but still leaves it poorer than most of the larger ASEAN economies and facing important environmental problems in the Mekong Delta and cities.

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Rising wages relative to productivity, pressures to reshore exports and falling technology ratings for its workers pose medium-term challenges for Vietnam.

Source: East Asia Forum, 11 February 2022

Questions

(a) **(i)** Define gross domestic product (GDP). [1]

(ii) With reference to Table 1, compare the changes in real GDP across the countries from 2020 to 2022. [2]

(b) Explain how "rising wages relative to productivity" could impact Vietnam's balance of trade position in the future. [2]

(c) With reference to Table 2, identify whether Singapore or Vietnam has a higher increase in real wages in 2022. Explain your answer. [2]

(d) With reference to Table 2, explain why Vietnam's GDP per capita in purchasing power parity (PPP) terms exceeded its GDP per capita in USD. [3]

(e) Discuss whether the data provided is adequate in making a comparison between the standard of living of Singapore and Vietnam in 2022. [10]

[Total: 20 marks]