

TEMASEK JUNIOR COLLEGE
JC 2 Preliminary Examinations 2017

HIGHER 2



CHINA STUDIES IN ENGLISH

9628/1

Wednesday, 25 August 2017
1 hour 30 minutes

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your name and CG on all the work you hand in.
Write in dark blue or black pen on both sides of the paper.
Start each answer on a fresh piece of writing paper.
You may use a soft pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer all the questions

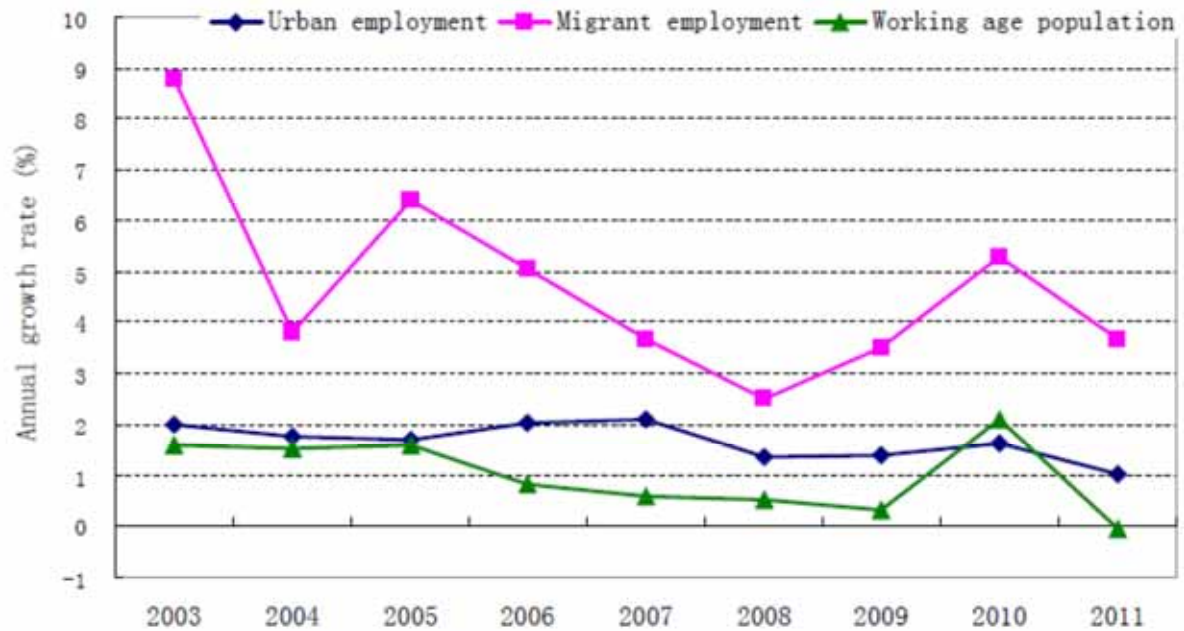
At the end of the examination, fasten the answer scripts securely together.
All questions in this paper carry equal marks.
You are reminded of the need for good English and clear handwriting in your answer.

This question paper consists of **4** printed pages, including this page

Economic Development and Challenges

Source A

Labour Supply



GDP growth and Employment



- Data from the Chinese Academy of Social Sciences, 2014

Source B

Sri Lanka has fallen knee deep in China's debt trap after it invested billions of dollars in huge infrastructure projects – on China's guidance and promises. Now, Sri Lanka has a huge debt of US\$64 billion. This can be attributed to the high interest rate on Chinese loans. For the Hambantota Port project, Sri Lanka borrowed US\$301 million from China with an interest rate of 6.3 per cent, while the interest rates on soft loans from the World Bank and the Asian Development Bank (ADB) are only 0.25–3 per cent. Instead of investing in education and health care, Sri Lanka now spends most of its revenue now to pay off the debts to China that was used to finance the now underutilised mega infrastructures.

There is cause for concern for countries like Cambodia, Malaysia and even Indonesia. "As a simple measure of magnitude, the 14 memorandums of understanding that the Prime Minister signed with China last November is equivalent to 55 percent of our 2017 federal budget," said Nurul Izzah Anwar, a member of Malaysia's opposition party.

Malaysian PM Najib Razak says he makes no apologies for wanting to build world-class infrastructure for Malaysia. He stressed that such projects open up huge swathes of the country. He said the infrastructure would bring more trade and opportunity to the people, thousands of new jobs, improved living standards and prosperity. He said the win-win cooperation could be seen in ASEAN's infrastructure projects resulting from the Belt and Road Initiative, for example, the China-Laos railway; the Jakarta-Bandung high-speed railway; the Nakhon Ratchasima-Bangkok high-speed railway; and, in Malaysia, the East Coast Rail Link.

- *A report from a Malaysian newspaper, 2017*

Source C

Despite a sluggish global economy, China's economy is far bigger in size than in the past, and it now generates more output than it did with double-digit growth in the past. China will vigorously foster an external environment of opening-up for common development. China's development is an opportunity for the world; China has not only benefited from economic globalization but also contributed to it. Rapid growth in China has been a sustained, powerful engine for global economic stability and expansion. More than 40 countries and international organizations have signed cooperation agreements with China, and our circle of friends along the "Belt and Road" is growing bigger. Chinese companies have made over \$50 billion of investment and launched a number of major projects in the countries along the routes, spurring the economic development of these countries and creating many local jobs. We must remain committed to developing global free trade and investment, and say no to protectionism. Pursuing protectionism is like locking oneself in a dark room. While wind and rain may be kept outside, that dark room will also block light and air. No one will emerge as a winner in a trade war.

- *President Xi Jinping's speech at the World Economic Forum, 2017*

Source D

2016 was an unusual year in our country's development. China was confronted with an external environment in which the world saw the lowest economic and trade growth in seven years, growing volatility in global financial markets, and sudden and frequent regional and global challenges. Domestically, China faced multiple difficulties: major structural problems, prominent risks and dangers, and mounting downward pressure on the economy. World economic growth remains sluggish, and both the deglobalization trend and protectionism are growing. There are many uncertainties about the direction of the major economies' policies and their spillover effects, and the factors that could cause instability and uncertainty are visibly increasing. China is at a crucial and challenging stage in its own development endeavors, and there are many salient challenges and problems in the economy.

Given all these factors, it was not easy for us to maintain stable economic performance. And yet we succeeded, and even managed to make progress on many fronts. The difficulties we face are not to be underestimated, but we must remain confident that they will be overcome. China has a solid material foundation, abundant human resources, a huge market, and a complete system of industries. We will keep to the path of peaceful development; firmly uphold the authority of the multilateral architecture and see that it works effectively; oppose protectionism in its different forms; become more involved in global governance; and steer economic globalization to see it become more inclusive, mutually beneficial, and equitable.

- *Premier Li Keqiang's Work Report of the Government, 2017*

Source E

Credit rating agency Moody's downgraded China, warning that the country's financial health is suffering from rising debt and slowing economic growth. It's the first time the agency has cut China's rating in nearly three decades. Fears about debt levels in the world's second-largest economy have been flagged before. The International Monetary Fund pushed Beijing to "urgently address" the issue last year.

As growth in the West collapsed following the global financial crisis of 2008, China's local governments and state-owned companies borrowed heavily to build cities and roads, invest in businesses and bolster financial markets. That spending spree has resulted in a domestic debt hangover, particularly among some of the country's bloated and inefficient state-owned companies. Corporate debt in China soared to around 170% of GDP in 2016, roughly double the average of other economies, according to the Bank of International Settlements.

Authorities have introduced a series of measures in recent years to tackle local government debt and bad bank loans. They have also tried to reduce the economy's dependence on credit as a way to fuel growth. But efforts by regulators in recent weeks to clamp down on risky debt in the country's financial system have unsettled investors. Some economists support that stance, arguing that by moving too quickly, Chinese authorities could trigger a financial crisis.

- *A report by CNN, 2017*

Section A: Answer all questions

1. With reference to Source A, identify and explain the labour challenges facing China's economy. [6]
2. Using Sources B and C, and your own knowledge, assess the impact of China's economic development on the global economy [9]
3. Using the sources and your knowledge, evaluate the seriousness of the economic challenges facing China's continued economic development and make recommendations on how the government can further enhance economic growth. [15]