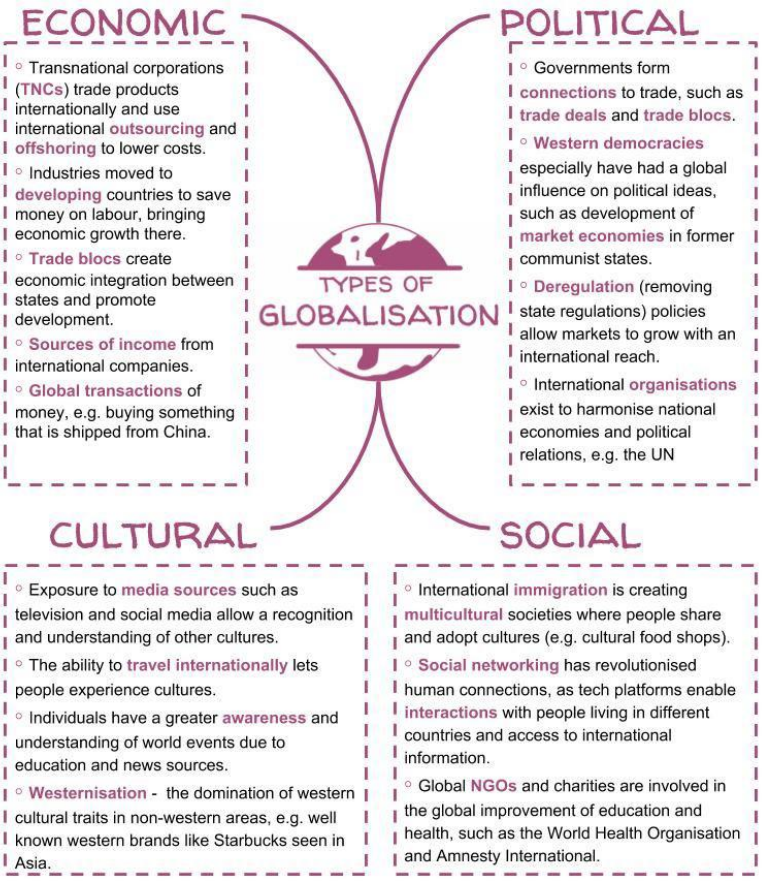
GLOBAL SYSTEMS AND GOVERNANCE KNOWLEDGE ORGANISER

3.2.1.1 GLOBALISATION

DIMENSIONS OF GLOBALISATION: FLOWS OF CAPITAL, LABOUR, PRODUCTS, SERVICES AND INFORMATION

Globalisation is the process of becoming more globally connected on a variety of scales. It is the movement of people, knowledge, ideas, goods and money across national borders , leading to - theoretically - a ' borderless world '.Economically, politically, socially and culturally, all countries are connected in the sense that we are all influenced by one another. We buy products made in other countries, we talk to people across the globe on social media , we embrace other countries' cultures such as their music or food. All of this is evidence of globalisation influencing our lives right now. Here are some more examples of globalisation on different scales:



Even our environments are globalised as pollutants from other countries can affect our climate . Also, laws and regulations are put in place by intergovernmental organisations (IGOs) that affect what we can do to our environment, such as the Montreal Protocol (1987) which – among other things - called for drastic reductions in the production of CFCs internationally . In the 21st Century, our societies are globalised societies ; (almost) everyone in the world is influenced by other countries and people. Without globalisation, there would be no interaction or influences from other countries. That means every product we buy would be made in the UK, there would be no international holidays, and probably no chocolate! We need globalisation in order to thrive as societies, as the things we share with other countries allow our societies to develop.

Watch this revision session on global systems

Dimensions of Globalisation

When countries share things with one another, it's known as a flow . This is because things are flowing (moving) from one country to another. Flows can be physical like people or products, but they can also be ideas and concepts such as money (capital), services, or information.

The different flows in globalisation are: **capital, labour, products, services and information .**

These flows are the dimensions of globalisation - they are the reason globalisation exists.

Capital	Capital flows are the movement of **money** for the purpose of **investment**, **trade** or **business production.**
Labour	Flows of labour are the movement of **people** who move to **work** in another country.
Products	Flows of **physical goods** from one country to another.
Services	Services are '**footloose**' industries, meaning they can locate anywhere without constraints from resources or other obstacles. Services flow as they can be produced in a **different country** to where they are **received** (e.g. international call centres).
Information	Any type of information can **flow** from one place to another via the internet, SMS, phone calls etc. For example, international news.

FLOWS OF CAPITAL

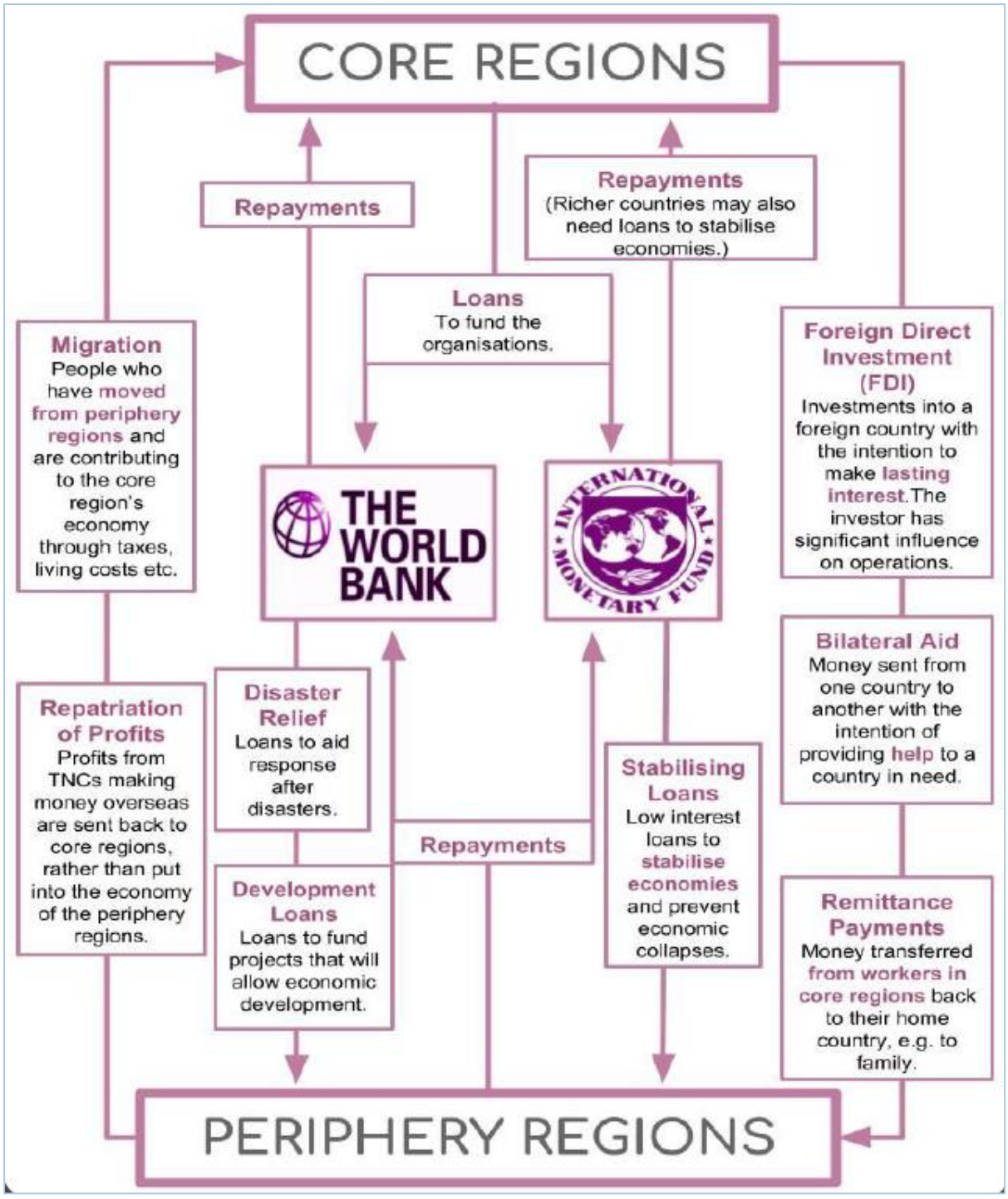
There are millions of capital flows happening all over the world. Some of the world's major flows occur between 4 main groups:

1. **Core regions** - wealthier, developed countries that have power

2. **Periphery regions** - less wealthy, developing/ less developed countries that have less power)

3. **The International Monetary Fund (IMF)** - an international corporation that aims to (in their words) 'foster global monetary cooperation, secure financial stability , facilitate international trade, promote high employment and sustainable economic growth , and reduce poverty around the world.'

4. **The World Bank** - a group of global institution that give out loans for development or relief.



Other examples:

Capital flows also occur within core regions. Huge capital flows pass through the major stock markets in megacities. Also, in the EU, cross border trade in finance has increased due to absence of barriers .

FDI:

REPATRIATION OF PROFITS

REMITTANCE PAYMENTS (Remittance dilemma in Somalia)

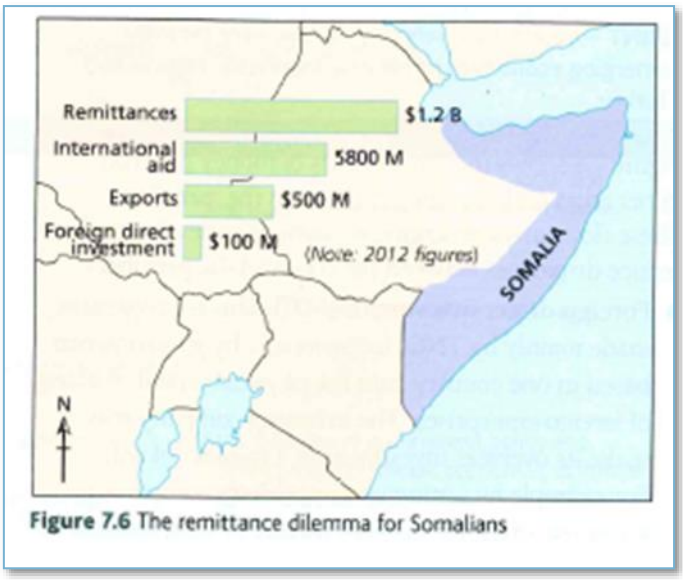


Figure 7.6 The remittance dilemma for Somalians

FLOWS OF LABOUR

Labour flows are essentially migration . There are different types of migration, and it is important to recognise what type of migration has moved for the purpose of contributing to the country's workforce .

Economic migrants - People who have moved voluntarily for reasons of work and improved quality of life.

Refugees - People who have been forced to leave their homes and travel to another country due to fleeing conflict, political or religious persecution . They have been granted permanent or temporary residency by the host country or the UN refugee agency (UNHCR).

Asylum seekers - People who have left their country and are seeking asylum in another. They are waiting to be granted residency and to become a refugee.

Major Labour Flows

International labour flows are flows from one country to another country . Today, 3-4% of the world's population are international migrants . The majority of international migration is migration to a high income country. 14.1% of high income country populations are made up of international migrants, whereas only 1.6% of low income country populations are made up of international migrants.

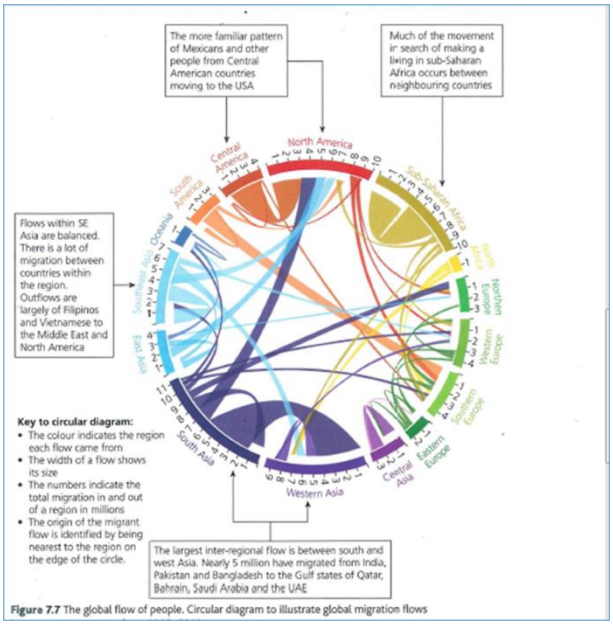


Figure 7.7 The global flow of people. Circular diagram to illustrate global migration flows

Within continents, the three major labour flows are between:

Asia - 63 million people moved to a different area of Asia while living in Asia in 2017, making it the largest labour flow in the world. The largest flows are between South Asia to West Asia; 5 million migrated from India , Pakistan and Bangladesh to Qatar , Saudi Arabia , the UAE and Bahrain . This movement is usually for better job prospects as Western Asia is generally wealthier.

Europe - 41 million moved to other areas within Europe in 2017. Germany holds the largest amount of European migrants . The majority of German immigrants have moved from Eastern European countries such as Poland (1.9 million living in Germany), Romania (590,000 migrants), and the Czech Republic (540,000 migrants). The UK has the second highest amount of European migrants within the EU, with 700,000 from Poland and 500,000 from Ireland .

This interactive map is an excellent resource for looking at flows of labour within Europe. (http://www.pewglobal.org/interactives/origins-destinations-of-european-union-migrants-within-the-eu/)

Africa - 19 million people move within African countries. Movement in Africa, especially Sub-saharan Africa is between neighbouring countries , as moving is costly and the majority of these countries are low income countries. The countries with the largest migrant populations are South Africa (around 4000), Côte d'Ivoire (around 2200), and Nigeria (1200). South Africa and Nigeria are also the wealthiest African countries (GDP), which may be why they have the highest labour flows.

Between continents , the largest labour flows are:

Latin America and Caribbean (LAC) to North America - 26 million people emigrated from Latin America and the Caribbean to North America in 2017, making it the 3rd largest global labour flow , and the largest flow from one continent to another. Nearly 22 million migrants are from Latin America , whereas around 4 million are from the Caribbean . Latin America migrant populations are highest in California (5.4 million) , Texas (3 million) and Florida (nearly 3 million) . The majority of Latin America emigration is from Mexico (11.5 million people) . Caribbean migrant populations are the highest in Florida (1.6 million) and New York (1 million) . The majority of Caribbean migrants of North America are from Cuba (nearly 1.2 million)

Asia to Europe - 20 million migrants move to areas of Europe from Asia. Around 12% of all migrating Asians (including those migrating to different areas of Asia) live in Europe. Germany, England, France and Spain are the European countries with the highest number of Asian migrants. Germany is the highest, with over 1 million people from Kazakhstan living in Germany, and over 250,000 from both Iran and Iraq. England's largest Asian population is from India (840,000 people), and also has high populations of Pakistanis and Bangladeshis. France and Spain have large amounts of Eastern and South Eastern Asians, such as those from Vietnam, China, and the Philippines.

Asia to North America - 17 million Asian migrants moved to North America in 2017. The majority of Asian migrants are from Eastern Asia (4 million) , South Eastern Asia (4 million) and South Central Asia (3.5 million) . These migrants live mainly in California (nearly 4 million) and New York (1.2 million) . Migrants from China make up the majority of Asian migrants in the USA specifically (2.5 million), followed by India (2.2 million) and the Philippines (1.9 million).

There are different types of labour that contribute to a country's workforce. Workers can be highly skilled or unskilled . Both of these workers usually migrate to higher income countries searching for better job prospects. Highly skilled workers are usually highly trained in jobs that require a great deal of skill , such as in medicine, science, or ICT. Highly skilled workers may move to high income countries as wages are higher for the same job than in lower income countries. Many countries rely on the flow of highly skilled workers as they utilise their skills. The NHS is a prime example of a highly skilled service that is reliant on labour flows - only 63.4% of all doctors in the UK are trained here; many medical professionals come from abroad such as from India, Pakistan and the Philippines. This graphic breaks down the different ethnicities of medical professionals working for the NHS. https://static.guim.co.uk/ni/1390829680973/NHS_staff_graphic.pdf

Unskilled workers take positions that do not necessarily require qualifications or intensive training , therefore usually the work has lower economic value than that of highly skilled labour. Unskilled workers also move to developed countries for better wages and usually because of high unemployment rates in their countries. This can lead to overpopulation and exploitation , because many workers are still left in underpaid and often illegal work. This means many migrants continue to be low paid and low skilled.

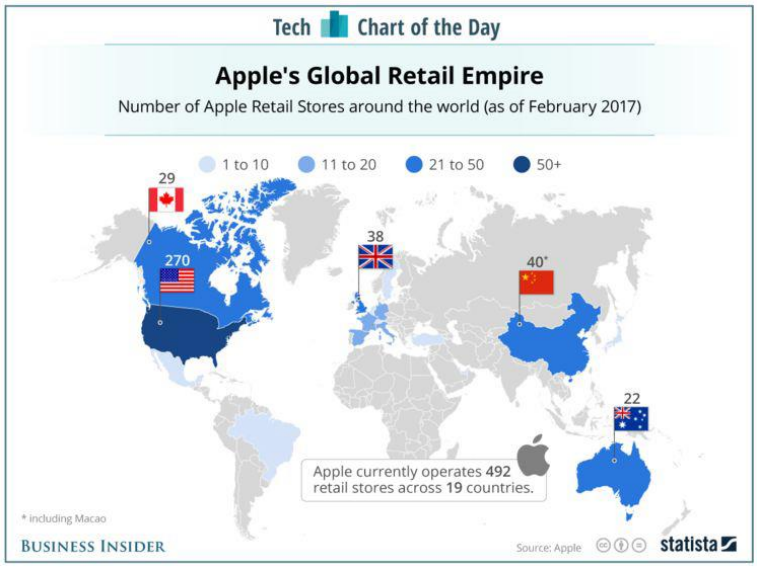
FLOWS OF PRODUCTS

Product flows are the movement of produced goods from area of production to area of consumption . Increased globalisation has caused product flows to become international , meaning products are produced by a country and then transported to another country.

In 2015, value of world trade of food and manufactured commodities was $25 trillion, demonstrating the extent of these flows. In the past, produced goods were manufactured in high income countries due to them having access to resources such as factories and the ability to buy materials. As well as this, products were usually sold within the country they were produced in.

In recent decades, there has been a shift in product flows from internal (within the country) to international. International trade has now created major product flows, especially flows between low income and high income countries. Due to technological advancements such as better transportation and communication , products can now be produced in low income countries. This is beneficial to manufacturers as there are lower labour costs , meaning a large amount of companies have relocated internationally to produce their goods

(known as offshoring). The products are produced for lower costs , then transported to high income countries to be sold at a much higher price, increasing profits. This, however, has caused a decrease in the manufacturing industry in high income countries. Employment in the manufacturing business in the UK has decreased by over 3.4 million jobs since 1985. The reason as to why global product flows have shifted to low income countries (transportation, communication, new systems, new relationships etc.) will be explored further in Factors Affecting Globalisation. Product flows are also recently changing, due to emerging economies . As these economies grow, so does the amount of wealthier, middle class civilians . Therefore, there is an increasing demand for materials and manufactured products in these growing consumerist societies. For example, the first Apple shop opened in China in 2008, and now there are 40 stores open, showing the demand for consumerist products.



FLOWS OF SERVICES AND INFORMATION.

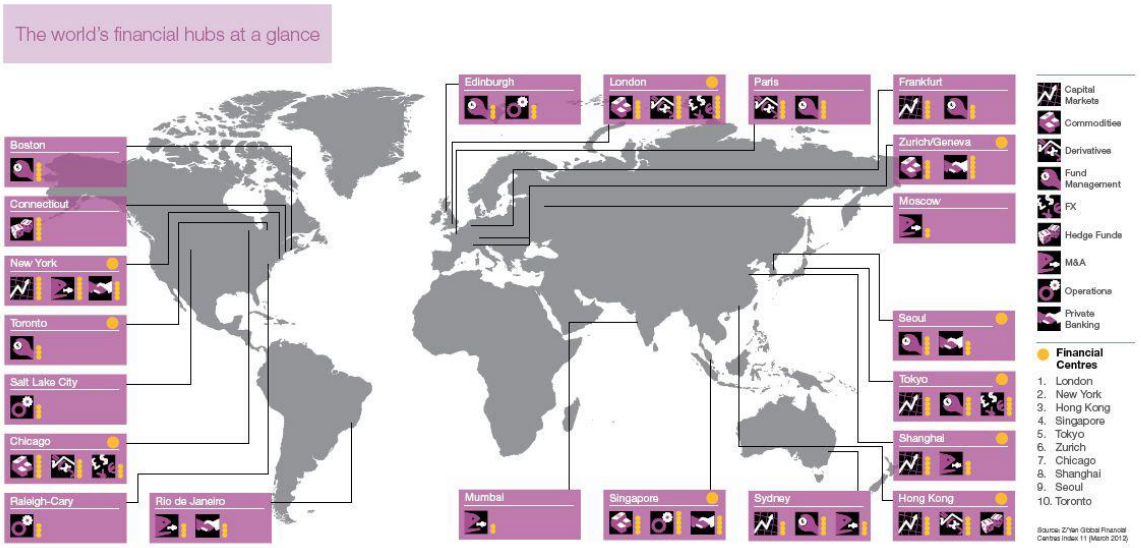
Service industries can flow due to the ability to transfer information in the globalised world. Services can be transferred on phone calls or via the internet, meaning there is no longer a need for the industry to be tied down to a location .

There are **two types of services, high level and low level:**

- **High level services** are activities that generally require a higher skill level , they are usually important and complicated , meaning the person delivering the service should be qualified and trained so that they can deliver the best service possible. A prime example of a high level service are financial services ; those who give financial services are usually trained and fully qualified as they should be well-informed to make decisions about money.

- **Low level services** are services that require less training, and are not as important to consumers. These services are mainly customer service based , especially call centres as workers only need basic training to offer advice or to sell products. Interestingly, Indian call centre workers on average are more qualified than call centre workers in England (many having graduate or postgraduate degrees). However, there is a lack of high level service job opportunity in India for those who possess relevant qualifications https://www.telegraph.co.uk/finance/personalfinance/2877949/Whos-taking-your-call.html

High level services are usually concentrated in higher income countries, are are increasingly locating to global hubs within cities. This map of financial centres shows how these high level services are mainly concentrated within certain cities, and the majority of these are in high income countries , as well as increasingly emerging economies of low level service- BT call centres to India.



https://news.efinancialcareers.com/binaries/content/gallery/efinancial-careers/articles/2012/10/financial-centres.jpg

In contrast, low level services are offshoring (moving overseas) in order to take advantage of lower labour costs. Those in higher income countries can utilise these services at home by simply calling up a customer service centre based in India, which has developed global connections and accelerated globalisation.

Flows of Information:

Global information flows have grown rapidly since the 90s. The development of internet use, social media platforms and entertainment services have allowed information to be transferred globally with ease. These information flows occur for different purposes , and occur across many platforms:

Fast broadband and connections allows news and financial information to be transferred almost instantly, allowing people to be more informed about global current events.

Social media has allowed people to communicate across countries, and allows people to experience other cultures, making people across the world more interconnected .

Real time data and data transfers contribute to the ' knowledge economy ' (quaternary industry). This is essentially the industry that requires information to develop, rather than products such as agricultural produce or manufactured products. The ability to transfer information has created developments in stock markets, high-tech products, the education sector and many other areas of society.

Large databases and archives can be used for research and education.

The ability to research allows people to seek better employment opportunities , creating more global connections and allowing online, work-from-home jobs.

GLOBAL MARKETING, PATTERNS OF PRODUCTION, DISTRIBUTION AND CONSUMPTION

Global marketing involves treating the world as one single market and using (Ideally) one marketing strategy (APPLE, Mcdonalds) International brands no longer need to adapt their advertising to individual countries Companies can gain more support and wealth by adapting their brands to the new country e.g. McDonalds created the McArabia for Middle eastern countries . This is also known as GLOCALISATION.

Globalisation has allowed businesses to market (advertise, promote and sell) their products on an international scale . This has grown many businesses due to increased recognition and profit . Global marketing involves different marketing strategies that overall allows the marketing to succeed:

Awareness of the brand: when a brand creates a trademark (a legally registered representation, such as a logo) it can be easily recognised by consumers. A familiar brand is more likely to sell as they are chosen over less well-known competing brands. By keeping this trademark worldwide, consumers in other countries are likely to recognise the brand and trust it. American brands such as Apple, Coca Cola, and Nike have developed a global awareness of their brand, and are internationally well known. Buyers may assume their success and popularity equates to a good product, so the familiar brands are seen as trustworthy and continue to grow.

Keeping the same strategy : it is more beneficial for a product to be marketed globally using the same strategies , rather than changing the strategy for each country. To make any changes to a marketing campaign will be costly , e.g. the costs for employment. Global marketing campaigns usually only need to change the language in order to promote their product, hence why some adverts are dubbed over with a different language (look at the dubbing on this Renault advert ! www.youtube.com/watch?v=4T-3zcDjtY4 Sometimes, though, a marketing campaign may need changed in order to respect cultural differences, such as religion or preferences.

KitKat is an excellent example of global marketing inplace. As a British company, KitKat appeared in Japan in 1973. Since then the brand has become extremely popular overseas, and Japan is now the only place in the world to sell the hundreds of unusual flavoured varieties such as Baked Potato, Cherry Blossom, and French Salt. The logo still stays the same. KitKat has edited its marketing strategies to appeal to the Japanese collectibles culture as well as the unusual products popular in Japan. The concept of altering business practices for local interest and tastes is known as glocalisation .

Patterns of Production, Distribution and Consumption

Production:

Developed markets dominate the global exports in manufactured goods, especially the EU and the US.

The EU and the US are the top exporters of agricultural products, but many other emerging economies are in the top 10, including Brazil, China, Indonesia, Argentina, and India.

Although the EU is the top exporter of fuels and mining products, a large majority of emerging economies in the Middle-East are also large producers due to the oil industry. Russia, Saudi Arabia, UAE, and Qatar are all in the top 10 exporters of fuel and mining products.

The EU dominates the iron and steel exports, but many LICs are also large exporters. China, Russia, India, Brazil and Ukraine are all in the top 10 exporters.

The EU and the US are, again, on the leaderboard, however the majority of textile exports are dominated by emerging economies . **China** is, by far, the largest exporter of textiles. India, Turkey, Pakistan, and Vietnam (which is not even considered an emerging economy as it is too small of a market) are all major exporters.

Chemical exports are dominated by the EU, followed by the US. There are many developed economies exporting chemicals, including Switzerland, Japan and Canada. Chemical exports within emerging economies are also high.

Although the EU is the second largest exporter of clothing, the majority of clothing exports are highly concentrated in LICs, some even too poor to be considered an emerging economy . China is the highest exporter of clothing, as well as India, Turkey and Indonesia - all emerging economies. However, Vietnam, Cambodia and Bangladesh are all large exporters of clothing, showing the industry to be heavily based within low income countries .

Although the US and the EU are on the top 10 exporters, the majority of office and telecom equipment exports are concentrated in emerging economies . China (making up a third of the entire market), Singapore, The Republic of Korea, Taiwan, Mexico and Malaysia make up the top 10. The amount of office equipment produced in these regions is likely due to the cheap labour prices, and ability to make and ship products in bulk.

HICs and developed markets make the majority of automotive products (The EU, Japan, US, Canada). Mexico, China, Thailand, India, and other emerging markets are also becoming large exporters of automotive products, but the industry is very much in the developed markets as of today.

Consumption

https://images.vouchercloud.com/image/upload/q_auto,f_auto,fl_strip_profile/imports_map

In general, HICs consume manufactured products more than LICs. This is because there is a lot less demand for goods in LICs. In developing economies , there is a demand for fuel and minerals due to the rapid industrialisation in these economies, especially Brazil, China, and India.

In the least developed countries, imports are low. Chad and the Democratic Republic of Congo, and two former Soviet states – Georgia and Uzbekistan - import medical supplies more than any other country.

Distribution and Consumption : Products are generally exported to HIC markets, but there is a growing trend and appetite of consumption of products in NEEs as well. Asia including china and India have growing markets of middle class consumers now, so patterns of consumption may evolve further.

FACTORS ACCELERATING GLOBALISATION: THE DEVELOPMENT OF TECHNOLOGIES, SYSTEMS AND RELATIONSHIPS, INCLUDING FINANCIAL, TRANSPORT, SECURITY, COMMUNICATIONS, MANAGEMENT AND INFORMATION SYSTEMS AND TRADE AGREEMENTS.

Globalisation has accelerated and deepened due to different advancements globally. The development of technology, international relationships, and the implementation of systems have helped in creating a more globalised world. These advancements include:

New financial technologies and systems + Financial systems

The financial system is the relationship between those who borrow money, those who invest money, and the institutions that hold, give out and take in this money. The most basic example of a financial system is a bank. Those who have money and want to make a profit from this invest into the bank, as they will get interest by keeping it saved there. Those who need money take loans from banks and will pay this back with interest. The bank (theoretically) uses the money from those who have deposited it by giving it to those who need loans.

Globalisation has caused this system to become a global process, incorporating thousands of institutions and banks. Now the borrowing/investing relationships occur internationally as well as nationally. The **global financial system** accelerates globalisation as it makes the world more connected:

● Banks are now large global institutions that work with millions of people's money .

● Multinational corporations invest their profits for more interest , meaning billions of dollars are put in the system.

● People buy and sell shares and stocks from global corporations. These purchases are done all over the world, and people from any nation can buy them.

● Entire countries invest and take loans from huge financial institutions such as The World Bank, which is a huge global flow of capital.

● Countries also borrow, lend, and invest in other countries, which develops the relationships between the countries.

Financial technologies

Financial technology has made financial information and money easily accessible for people across the world, deepening the connections between countries:

● Informed decisions about investments, buying and selling, and other financial information is all available due to global communication technology , e.g. stock market trends are easily accessible

● The ability to connect with international banks have allowed people to have offshore bank accounts , creating more personal wealth.

● Global banks can operate due to their ability to communicate with their national and regional branches

● Companies can operate even when they are relocated to other (usually low income) countries as money can be transferred to a country (for building factories, buying materials etc.) and profits can be sent back to the company headquarters.

● Specifically, the ability to transfer money thanks to the internet has revolutionised global finance, allowing the world to be connected:

○ People can buy and sell things globally without having to meet the buyer to pay

○ Remittances (money sent back to home country) can be sent home with speed and ease

○ Cryptocurrency (encrypted digital currency) has been developed, which has created a whole new market for online currency and trading

Deregulation and electronic trading makes it safer, quicker and easier to move huge amounts of money

Transport systems

Transporting goods:

Innovations in transport have made it easier to transport goods faster and in larger quantities . High speed rail, and faster and bigger planes and boats have allowed the world to become more connected and globalised through these connections. Larger and faster aircraft with increased capacity have reduced travelling times, meaning products can be sold over a larger distance in a shorter space of time. Planes are built for the purpose of transporting goods, known as cargo aircraft . These large planes have accelerated globalisation.

Containerisation has also changed how freight (products transported in bulk) can be transported internationally. Containerisation is the process of using large shipping containers to transport goods. Since the production of the large metal containers in the 50s, huge amounts of products have been loaded onto trains, planes and boats and transported. Containerisation makes global transportation cheaper as less trips are needed to transport the same amount of product.

Transporting people:

New innovations in transport have also allowed for more flows of labour . People are able to move to different countries quicker and cheaper than ever before.

High speed rail is an example of new transport technology that has increased global flows of labour. High speed rail. provides important transport between neighbouring countries. It links rural and urban areas in China, and has accelerated rural-urban migration here. High speed rail has also developed in Europe since the 80's, and now many neighbouring countries are accessible through cross-border trains. This has allowed for flows of people internationally, as it is cheaper and faster to move to a desired country.

Air travel has also revolutionised the transportation of people due to faster and cheaper flights. Since the deregulation of travel markets , international airlines have been able to fly without countries favouring their own nationalised airlines (e.g. British Airways in the past). Flights are now more affordable and attainable due to the amount of choice and competitive rates , as well the ability to book online . Air travel technology has also improved; flight times are quicker and there are more destinations available to travel to. For example, in March 2018, the first non-stop flight between Australia and UK took place , taking just over 17 hours. Air travel technology and management has lowered prices and expanded the places people can travel to, which has allowed millions of people to be transported overseas.

Security

Borders between countries are much more lax, encouraging free movement (in the EU at least). Security is primarily digital now, integrated into the system, making it easier. International interdependence avoids war as both countries would be hugely affected.

Due to our world being globalised, countries face threats from other countries. Therefore, certain security systems using communication technology and other technology have had to be developed in order to keep countries safe. There are now stricter regulations upon entering a country and transporting goods. International customs control the flow of people and goods in and out of countries to ensure security within the country. For example. The use of automatic X-ray technology at airports allows suspicious objects to be traced. This system is put in place to ensure drugs, weapons, human threats etc. do not enter a country and cause harm.

Cybersecurity is a global concern , and attacks can originate from anywhere in the world. Technologies are being developed to ensure cyber attacks can be traced, no matter the country they originate from. This security technology has been developed as a result of our globalised world. There are global systems put in place to limit disagreement and wars , protecting civilians and ensuring security within countries. The United Nations Security Council, for example, is an international organisation that aims to diffuse disagreements with the intention of maintaining international peace.

The use of technology has allowed for security threats to be monitored and stopped. The use of CCTV, search histories, financial purchases etc. can be used to track those who are attempting to commit crimes such as terrorist attacks.

Communications

The ability to communicate globally has allowed flows of information, services and capital to accelerate. For example:

- Satellites and fibre-optic communication enabled the growth of internet and mobile phone systems , in turn allowing information and money to be transferred internationally.

- Corporations can communicate with overseas factories quickly and easily, meaning the negatives of moving production overseas to low income countries are reduced.

- Services can be accessed through the internet or on the phone (e.g. call centres), allowing for thousands, if not millions of jobs to be created that can be accessed through communication technology alone.

- The global availability of smartphones and the vast number of apps, such as global positioning service (GPS) apps, and social groups, have added a new dimension to migration , allowing people to move with less restraints

- Relationships can be maintained even from great distances. This has deepened global connections and may also increase flows of labour as The internet and widespread use of the mobile phone allows everyone on earth to be connected 24/7 Technology became smaller, faster, and more affordable so everyone could access it.

Management and information systems

The process of globalisation has been accelerated by the way companies manage flows , be that flows of labour, products, services, information or capital. The way companies are managed have changed due to the global relationships and systems in place. There are now common systems in the majority of global companies to make these companies more efficient .

1. Economies of scale: An economy of scale is the concept of increasing profits by producing a larger amount of products , as overall the average price to manufacture each product is lowered . Companies can save money by upscaling their production:

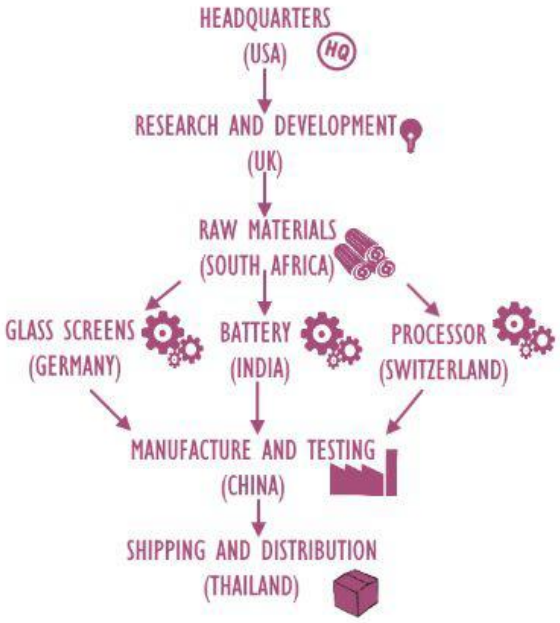
● Raw products can be bought in bulk , meaning they are cheaper.

● A large amount of products can be made quickly on production lines , meaning less money is spent on labour.

● Large amounts of products can be shipped, meaning overall it costs less to send a large shipment rather than many small ones.

Overall, if a company is willing (and has enough money) to spend more on initially buying larger factories, shipping equipment, and raw materials, they will save in the long run. Economies of scale require management by companies to ensure profits are heightened.

2. Global supply chains: A supply chain is the organised management of product flows, from when they are manufactured to when they are delivered to consumers. Due to the ability to communicate information and transport products, companies can now have different stages of production in different countries . This overall minimises costs because each stage of production is specialised rather than having one factory that has to control every aspect of production, saving time and money.



3. Outsourcing: Outsourcing is the hiring of other companies to complete company tasks that are essential, but are not necessary to complete by the company itself (e.g. call centres, final manufactures, advertising etc.). Companies can outsource due to the ability to communicate information to the companies they hire. Overall this saves money, especially when outsourcing is done in low income countries due to lower labour costs.

4. Offshoring: Offshoring is relocating a company process abroad. Due to communication systems, easier transport and the ability to transfer money , a lot of companies use offshoring to minimise costs. This management strategy saves money when relocating to low income countries, as labour costs are lower. Companies may also relocate due to lower taxes and availability of materials.

Various stages of the production system are spread across the globe in global value chains. This includes design, manufacture, and distribution. Information, goods, and labour flows between countries to achieve a minimum cost in a production line

Trade agreements and Blocs

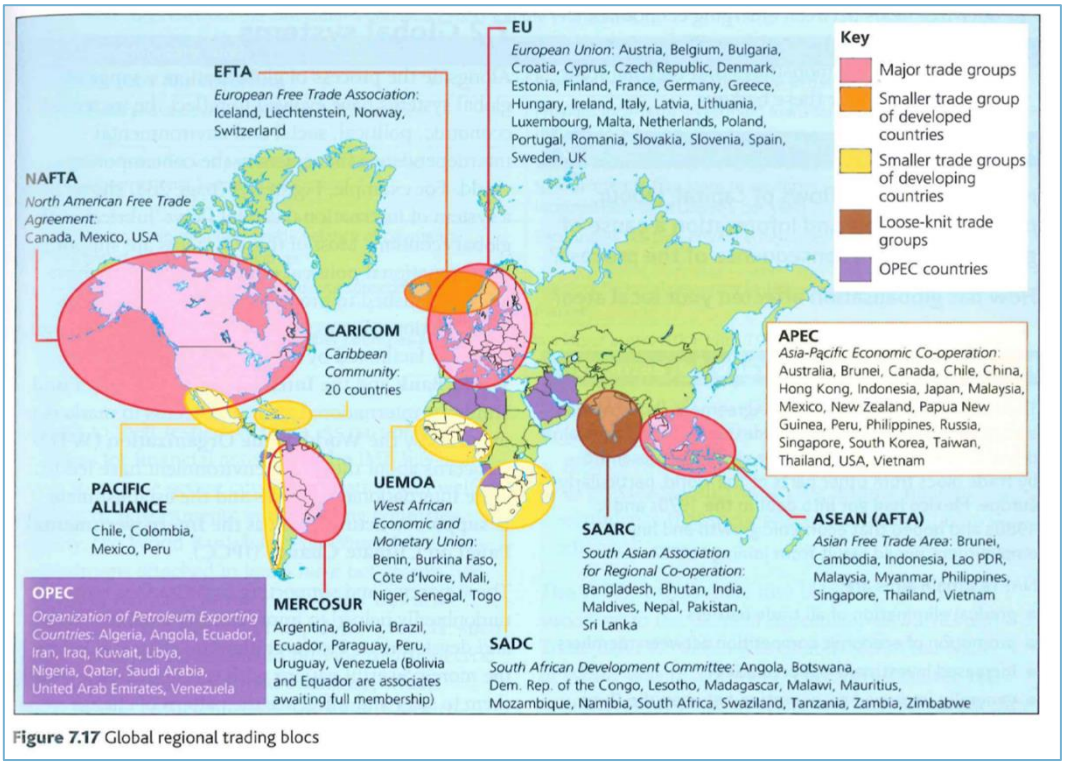


Figure 7.17 Global regional trading blocs

Globalisation has accelerated due to trade agreements across the world. Countries trade products to different countries; millions of products are imported and exported into and out of countries every year. Trade agreements have made globalisation deepen and accelerate as they make international trading less expensive and easier .

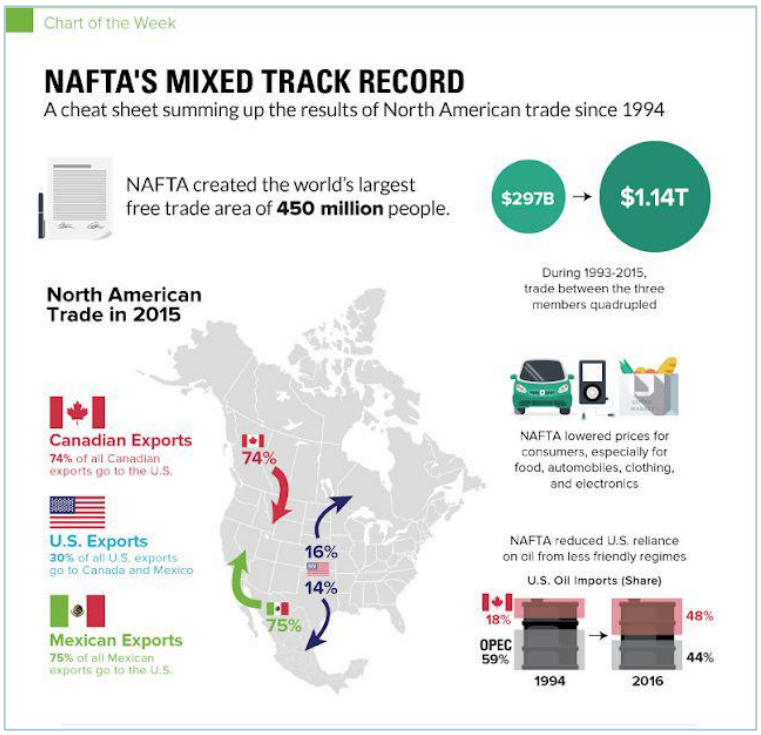
Trading products is expensive due to the controls and restrictions put on imports and exports.

These restrictions include:

- Tariffs (a tax for importing and exporting goods)

- Non-tariff barriers (NTBs), such as quotas (a limit/fixed number of goods) or requirements

- Outright bans on products or country import/exports



To lower the costs of trade, countries can enter trade agreements , which work to benefit all parties that are involved. In trade agreements, certain restrictions can be removed or lessened in return for another country doing the same. All trade agreements are overlooked by the World Trade Organisation (WTO) to ensure they are fair . An example of a trade agreement is the North American

Free Trade Agreement (NAFTA) . This agreement has lowered and removed tariffs on imports and exports between Canada, the USA, and Mexico. NAFTA has been criticised for its effectiveness.

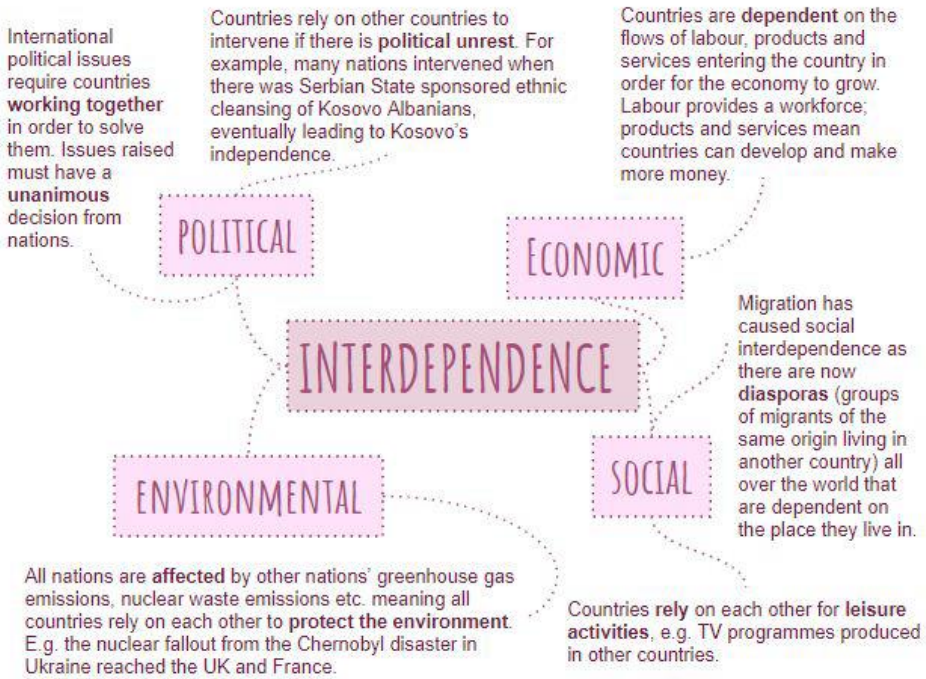
Trading agreements Positives	Trading agreements Negatives
Greater chance of peace between member nations. As trade barriers are removed, economies should prosper, giving higher living standards. Particular sectors of a national economy can be supported, e.g. agriculture. Remote regions can receive support from a central organisation, e.g. EU Regional Fund. People seeking work can move between countries. Possibility of developing a common currency, e.g. the euro. Greater overall democratic function.	Loss of sovereignty with centralised decisions Loss of some financial controls to a central authority such as a bank e.g. European Central Bank Pressure to adopt centralised decisions, e.g. in Europe, the Social Chapter, working hours directive, food regulations. Having to share resources may damage economic sectors e.g. UK sharing traditional fishing grounds. Elites within a system can hold a disproportionate amount of power through the voting system. The drive towards federalism is opposed by many Smaller regions within large countries demand a greater voice which has led to separatist movements.

3.2.1.2 GLOBAL SYSTEMS

FORM AND NATURE OF ECONOMIC, POLITICAL, SOCIAL AND ENVIRONMENTAL INTERDEPENDENCE IN THE CONTEMPORARY WORLD.

Interdependence is the theory that nations depend on each other economically, politically, socially and environmentally. Many contemporary societies are now classed as interdependent as they rely heavily on the decisions of other countries, meaning they would struggle and be detrimentally affected without them.

Our countries are interdependent in different ways, shown in this diagram:



UNEQUAL FLOWS OF PEOPLE, MONEY, IDEAS AND TECHNOLOGY WITHIN GLOBAL SYSTEMS CAN SOMETIMES ACT TO PROMOTE STABILITY, GROWTH AND DEVELOPMENT BUT CAN ALSO CAUSE INEQUALITIES, CONFLICTS AND INJUSTICES FOR PEOPLE AND PLACES

Issues associated with Interdependence

Interdependence can cause issues for dependent countries due to unequal flows . The global flows of people (labour), money (capital), ideas, and technology are not equal around the world , sometimes countries give more, sometimes countries receive more. Unequal flows can be beneficial to a country as they can bring benefits socially and economically. However, unequal flows can also cause inequalities, and in some cases can lead to injustice or conflict.

Unequal flows of people

In general, migration occurs from low income countries to high income countries . This is due to there being more opportunity in high income countries (better employment, more freedom etc.). Therefore, the flow of people globally is unequal. More people leave low income countries than enter low income countries. On the contrary, more people enter higher income countries than they leave.

Benefits of unequal flows of people

The benefits of unequal flows of people within the country they are migrating to are mainly concerned with the workforce . Migrant workers become an important part of the host country as they become intertwined in work forces and take jobs that must be done, but are 'unwanted' by others. For example, 44% of the cleaning workforce in London is made up of ethnic minorities.

Also, states that are home to large diaspora population often have strong geopolitical ties with the diaspora's country origin. E.g. the friendship between UK and India.

The countries that people are flowing from may also benefit from unequal flows of people out of their country. Workers send remittances back to their home country, helping their home economy to grow. An example of economic interdependency caused by migration is Indian workers moving to UAE. Over 2 million Indian migrants live in the United Arab Emirates (30% of population). An estimate of $15 billion is returned to India annually as remittances.

Furthermore, it is surely a positive that many people are fleeing from conflict and poor quality of life, and they may have a better life in countries they have moved to.

Problems associated with unequal flows of people

Disproportionately large flows of people can have negative effects on the countries being migrated to. Host countries may become dependent on the migrant workers, and this causes issues if there is a change in circumstances. For example, the reliance on Polish migrants on UK potato farms has caused issues with potato crops in Jersey. https://www.theguardian.com/uk-news/2018/jan/15/jerseyroyal-potato-crop-shortage-eu-workers

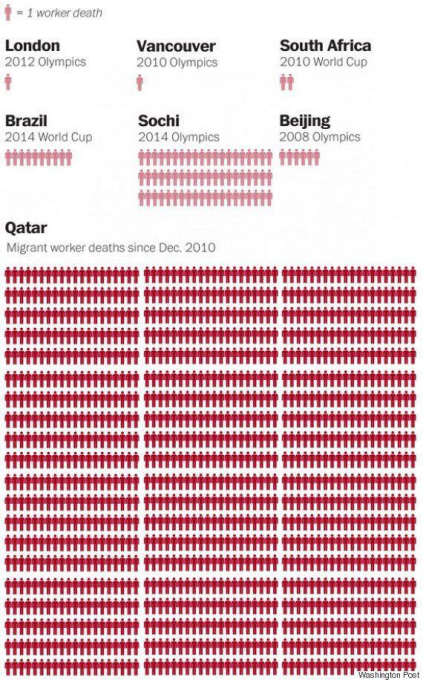
Unequal flows can cause overpopulation . Many countries experiencing large flows of people believe they suffer due to pressure on services such as healthcare, and social tension with migrants 'taking' jobs.

The country that migrants originate from may become dependent on remittances, so a change in circumstance may be detrimental to the economy. For example, the UK entered a recession in 2009. Many

building projects were cancelled , meaning migrants working in construction industries lost their jobs and stopped sending remittances home. Estonia's economy shrank by 13%, which is thought to be related to the lack of remittances.

Large amounts of emigration (leaving) can cause unemployment and economic deterioration, as areas may become underpopulated . Skilled workers leave to work in high income countries, meaning unskilled people are left to keep the economy running.

● As many migrants are more desperate for work than nationals, they may be vulnerable to exploitation , such as poor working conditions and low wages. In Qatar, an estimated (but disputed) 1,200 migrant workers have died while building for the 2022 World Cup. This graph from The Washington Post shows the amount of deaths of workers in Qatar, compared to past Olympic games.



Unequal Flows of Money

As previously mentioned, the majority of money flows are into low income countries. **Foreign Direct Investment, aid, remittances** all flow into low income countries, whereas the flows of money into high income countries are majorly **repatriation of profits/product sales**. These flows of money bring both benefits and issues.

Benefits:

To the country receiving money , foreign direct investments can improve quality of life as it provides an income, usually an income that is higher than other employment in low income countries.

Aid and remittances (Somalia) can also help to improve quality of life, such as rebuilding after a disaster. For example, $US11.28 million in foreign aid was given to Fiji after the devastating Cyclone Winston (2016), the majority of which has been invested into the Help for Homes scheme, which helps rebuild stronger homes.

To the country sending money , there are also benefits. Richer countries can take advantage of lower labour costs , maximising their profits.

Problems:

Problems associated with unequal flows of money are mainly concerning injustice towards people living in low income countries.

Companies in low income countries operating from high income countries can create dependencies for workers. They are dependent on the higher wages , meaning they must subject themselves to dangerous situations. Sweatshops with dangerous working conditions and low wages are set up by large companies.

For example, the collapse of a garment factory - Rana Plaza - in 2013, killed 1134 people. The factory was known to provide clothing for well known brands such as Primark, Matalan, and Walmart.

Unequal flows of ideas

High income countries usually dictate ideas of how countries should be run, and how trade should be carried out. This is mostly down to these countries having more money , thus more power over less developed countries.

Benefits:

High income countries have introduced ideas of deregulation to developing countries and newly emerging economies (NEEs) Reducing state ownership has had benefits to developing countries, such as lower prices of products and services from competitive rates. For example, the long-distance telephone market in Chile has been deregulated, which has cut telephone rates by 50% .

Free-trade (created by HIC deregulation) has increased globally due to deregulation, allowing global markets to thrive and decreasing the risk of conflicts.

Countries with successful strategies can educate low income countries on how to create economic growth or remove social injustice , meaning low income countries can implement these strategies.

Problems:

Some argue that deregulation is occurring too quickly for low income countries to keep up, and this is not allowing the full benefits of the growth of the private sector to be achieved. Rapid flows of FDI and growth of the global markets mean some countries cannot keep up, and a reform of regulations would work better than only deregulation .

Privatisation allows large companies who buy originally state-owned industries to grow. Profits are massively concentrated within these companies , rather than nationalised industries . This means low income countries may not benefit from privatisation as it is not growing their economy but is instead funding the company.

Low income countries may feel forced to keep up with ideas of the wealthier countries, even if the ideas are not the most beneficial to these countries. E.g. it is a massive disadvantage to a country's economy if they do not join trade agreements etc.

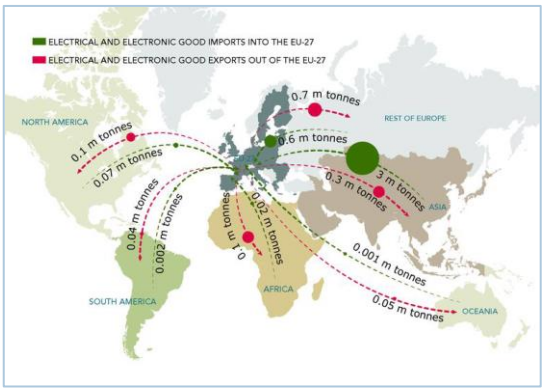
Deregulation may lead to more relaxed social and environmental laws in low income countries, causing social injustice and environmental damage without proper government regulation.

Ideas of multiculturalism and interdependency may be disputed by some people. Some citizens few an interdependent country as a threat to their nation's sovereignty .

Unequal flows of technology

There are flows of technology both ways between HICs and LICs/NEEs. However, these flows are unequal as different types of technology flow between countries. In the past, the majority of flows of technology were within HICs , as there was virtually no demand for technology in lower income countries .

Now, HICs and companies wish to invest in lower income countries due to the benefits they bring, so technology that can make capital gains (e.g. manufacturing equipment, components for assembly etc.) flows to LICs. This type of technology does not flow from LICs to HICs because there are less companies based in LICs that wish to invest in HICs (as there are less benefits, including higher wages).



In contrast, although design and research occurs in HICs, a lot of consumer technology is manufactured in lower income countries , only to be distributed to HICs . Phones, office and telecommunications technology, and electronics are mainly manufactured in lower income countries, then sold to HICs. This is slowly changing though, with a higher demand for consumer technology in newly emerging economies, such as China . The EU, for example, receives 10x the amount of electrical imports from China than it exports to China.

Benefits:

The economies of LICs can develop through technology investments, opening up factories and increasing employment. This also strengthens trade deals between HICs and LICs, which allows HICs to benefit from the exports of HICs.

Companies benefit from products being produced overseas , meaning they can maximise profits.

The concentration of technology innovation in HICs has lead to the development of beneficial technological advancements. This leads to consumers getting better products.

Problems

HICs with developed markets have a technological advantage over lower income countries because they can afford to buy the technology . People in LICs cannot afford to purchase technology that will advance their economy and improve quality of life , meaning HICs can rapidly develop while LICs are left behind.

It can be considered an injustice that the employees that manufacture and assemble consumer technology such as computers, phones, and household appliances receive so little compared with what they are sold for . Companies make a large majority of profits , whereas those who do a lot of the work are left with little income , as well as often poor working conditions . These countries rarely even have the benefits of the product they are creating - China is the largest producer of smartphones, yet only 55% of the population has a smartphone, compared to 77% of the USA.

Companies investing technology into LICs means that HIC manufacturing jobs are often lost. This can leave many out of work due to job losses, and those with relevant training in manufacturing technology often have nowhere to go.

The move towards global institutions has been prevalent in globalisation. This has seen the rise in governing bodies that are interdependent on each other throughout the world such as the IMF and World bank (financial) and World Trade organisation. (trade) WTO INFO

The World Trade Organisation (WTO) has also been criticised for widening the gap between low income and high income countries, despite being the very organisation created to avoid this. In general, the WTO can be seen as biased towards richer countries . Some examples include:

The maintenance of (some say unfair) high import duties and quotas in rich countries, which reduces imports from developing countries

The protection of HIC agriculture , but the pressure for LICs to open their markets up to international produce

Developing countries are not represented as much in the WTO

Table 7.2 Differences between the International Monetary Fund and the World Bank

International Monetary Fund	World Bank
Oversees the global financial system	Promotes economic development in developing countries
Offers financial and technical assistance to its members	Provides long-term investment loans for development projects with the aim of reducing poverty
Only provides loans if it will prevent a global economic crisis – the international 'lender of last resort'	Via the **International Development Association (IDA)**, provides special interest-free loans to countries with very low per capita incomes (less than US$865 per year)
Provides loans to help members tackle balance of payments problems and stabilise their economies	Encourages start-up private enterprises in developing countries
Draws its financial resources from the quota subscriptions of member countries	Acquires financial resources by borrowing on the international bond market
Has a total staff of 2,300 from 185 member countries and always elects a European managing director	Is a larger organisation with 7,000 staff from 185 countries and always has an American president

Global Financial Institutions: The IMF and the World Bank can be seen as reinforcing the unequal power relations between countries, rather than providing a level playing field . The main concern is that these institutions attach loan conditionalities , such as deregulation, privatisation etc. This is usually without regards to the economies receiving the loan, and can have negative effects such as less investments into education and healthcare sectors.

Complete the table below: If struggling you can use this website

World Trade Organisation	
Positives	Negatives

Watch the link above, summarise her views on global trade deals. Do you agree?

UNEQUAL FLOWS OF				
	PEOPLE (LABOUR)	MONEY	IDEAS	TECHNOLOGY
Promotes stability, growth or development		Outsourcing of TNCS now promotes employment of skilled workers in NEES paying higher wages. TNCs are a vital source of FDI	TNCS provide an increase in skill level, the international movement of managerial workers in TNCS allows for the sharing of ideas and ultimately profit. Ideas of free trade and removing barriers has led to more development.	TNCS are often responsible for the transfer of technology. The JIT production pattern has seen a new 'logistics' industry grow.
Causes inequalities, conflicts and injustices for people and places	Countries find it difficulty to retain their best talent (brain drain). e.g. skilled polish migrants moving to Britain. Movements of people can cause biological migration of diseases fro people and other native organisms.		Privatisation and FDI has actually led to conflict between governments and TNCS. E.g Shell in Nigeria causing environmental exploitation.	Most technology is owned by developed countries. HICS can afford the latest technology, LICS cant. Therefore HICS can have better access to information and services due to better communications. E.g. 97% of Netherlands citizens have access to internet

				compared to 20% in Myanmar.

UNEQUAL POWER RELATIONS ENABLE SOME STATES TO DRIVE GLOBAL SYSTEMS TO THEIR OWN ADVANTAGE AND TO DIRECTLY INFLUENCE GEOPOLITICAL EVENTS, WHILE OTHERS ARE ONLY ABLE TO RESPOND OR RESIST IN A MORE CONSTRAINED WAY.

UNEQUAL POWER RELATIONS ALLOW SOME STATES	
Global systems to their own advantage and directly influence Geopolitical events.	The IMF AND World bank are both based in the USA, and are led by the USA Russia and its tumultuous geological relationship with Ukraine. The role of TNCS influencing climate change negotiations.: http://www.ipsnews.net/2017/11/lobbying-sponsorships-cop23-corrupted-climate-talks/ https://corporateeurope.org/en/climate-and-energy/2018/11/coal-king-un-climate-talks-poland Chinese expansion in the South China Sea
While others are only able to respond or resist in a more constrained way	Philippines in the south china sea Yamal Mega project in Siberia

3.2.1.3 INTERNATIONAL TRADE AND ACCESS TO MARKETS

GLOBAL FEATURES AND TRENDS IN THE VOLUME AND PATTERN OF INTERNATIONAL TRADE AND INVESTMENT ASSOCIATED WITH GLOBALISATION.

Globalisation is neither inevitable nor irreversible. Technology, especially transport and communications, has been the main driver of global economic integration over the past 200 years. Most of the 19th century and the early years of the 10th century produced the first great globalisation. Between 1914 and 1945, however, a period of dramatic 'de-globalisation' took place, during which the two world wars and the Great depression resulted in many countries adopting more protectionist policies.

After the Second World War, globalisation resurfaced with the formation of the United Nations, the IMF, the World Bank and the GATT (later the WTO). These institutions were established to keep the peace and reduce economic nationalism.

International trade has grown tremendously over the last 30 years. The value of world merchandise trade increased by more than 7% per year on average between 1980 and 2011, reaching a peak of $18 trillion in 2013. Trade in commercial services grew at about 8% per year on average, accounting for $4 trillion in 2011. Since 1980, world trade has grown on average nearly twice as fast as world production. Volume

International trade is occurring more than ever before . Globally, the amount of exports has been steadily increasing. The only time trade has decreased was during the Global Financial Crisis. World exports of manufactured goods has increased from US$8 trillion in 2006 to US$ 11 trillion in 2016.

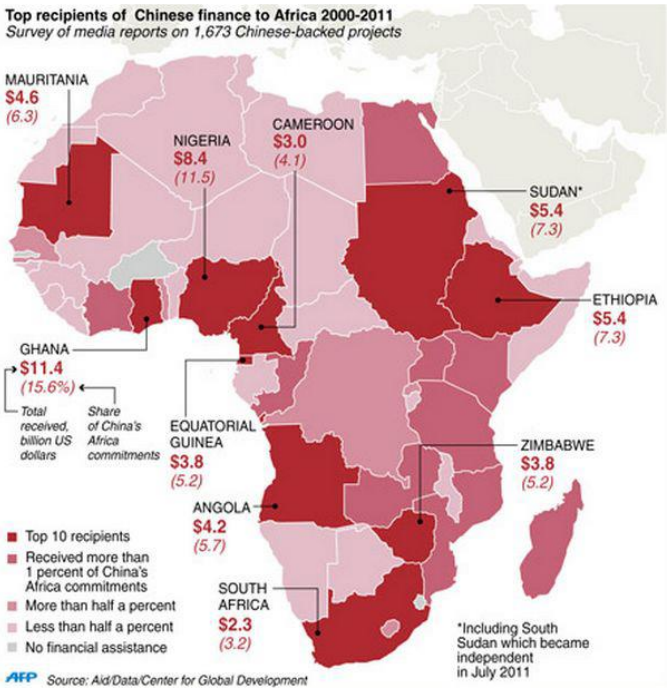
(Source: https://www.wto.org/english/res_e/statis_e/wts2017_e/WTO_Chapter_02_e.pdf

The volume of global investments is also rising. FDI has risen from $400 billion to $1500 billion in 20 years.

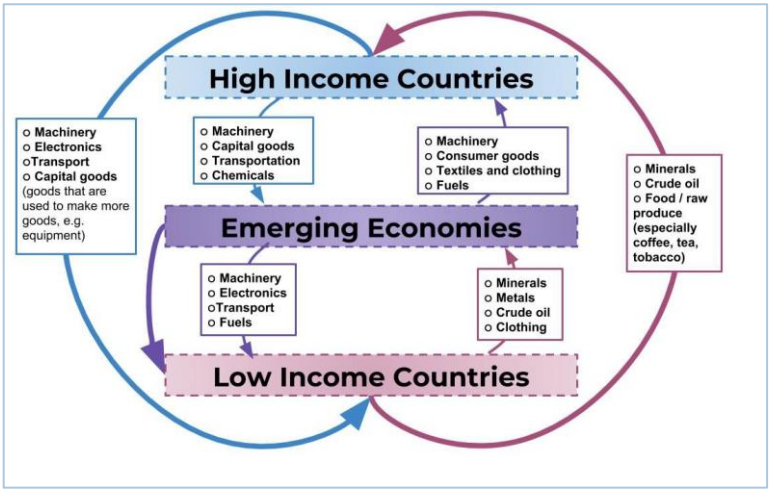
Global trade and investments have changed over the past 40 years. Trading and investments used to be heavily concentrated within the most developed countries . Investments are now mainly concerned with High Income Countries investing into Low Income Countries , due to the profits that can be made from lower labour costs etc.

Investment patterns have also changed because emerging economies are beginning to invest in low income countries , causing these emerging economies to rapidly develop.

For example, **China invests a lot of money into Africa**. There are some patterns arising in international trade . Although high income countries remain the largest exporters, many emerging economies are also arising as huge exporters, such as China (the world's largest exporter). Developing economies' share of world merchandise trade is currently at 41%.



Low income countries are also trading more , but the growth at which LICs trade is the slowest out of every economy. The least developed countries (LDCs) make up less than 1% of global merchandise and commercial services exports.



International trade is also changing due to new international relationships , including fair trade and trade blocs Trading relationships between high income, middle income (NEEs), and low income countries generally follows the same pattern.

In general, economies with more money invest into those with less money in order to develop lower income countries. This generates economic growth in the LIC, and allows HICs to take advantage of the lower labour costs. This is why HICs especially send capital goods to lower income countries - these goods can create consumer goods, generating a profit. Emerging economies produce consumer goods for HICs, e.g. the garment industry in Eastern Asia and the Pacific.

Trading relationships and patterns between large, highly developed economies such as the **United States**, the **European Union**, emerging major economies such as **China** and India and smaller, less developed economies such as those in **sub-Saharan Africa**, southern Asia and Latin America.

Case studies involved:

The USA as a superpower status.

China and its historical rise from communism to capitalism with a eastern style. (FDI)

Chinas subsequent investment in Africa.

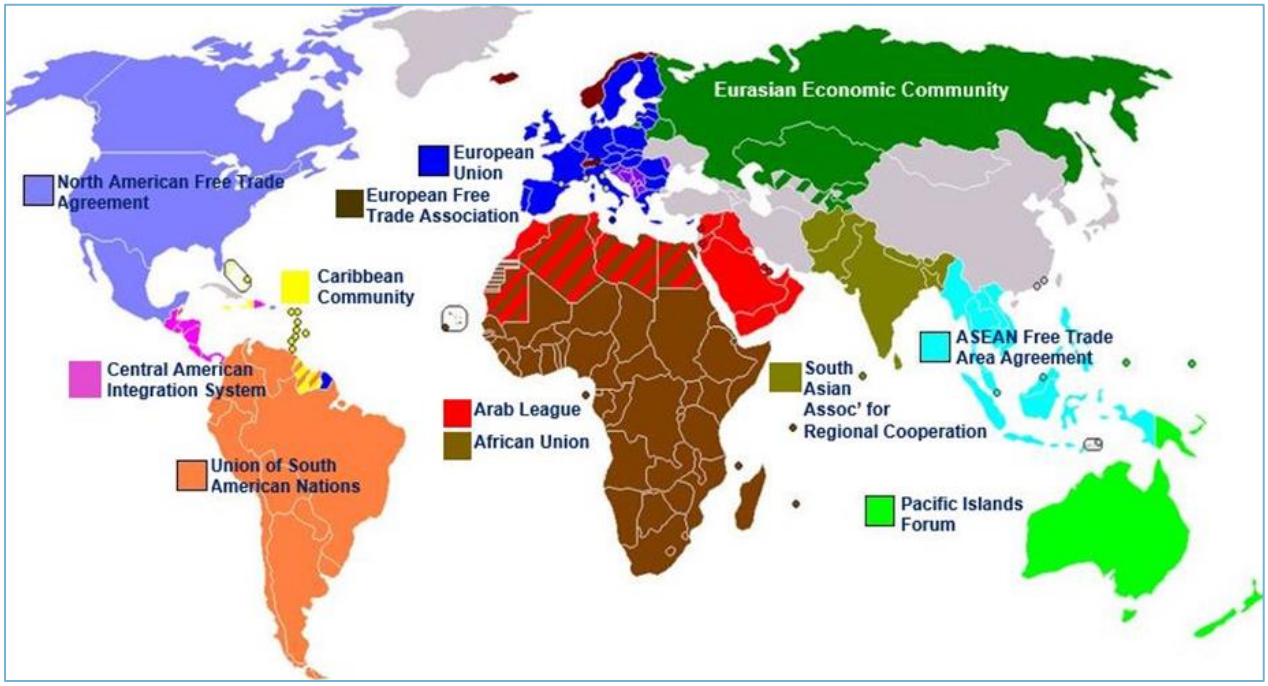
Differential access to markets associated with levels of economic development and trading agreements and its impacts on economic and societal well-being

Differential access to markets

Differential access to markets varies with levels of economic development and trading agreement. Having access to a trading bloc, for example, increases the potential for trade, and so for economic and social well-being. Not having access to a trading bloc, or not being part of a trading agreement, limits the potential trade o

Fair trade

Globalisation has unfortunately left many less developed markets vulnerable to exploitation. Many small-scale farmers in LICs struggle to compete with the competitive prices of huge plantations owned by TNCs. This has lead to farmers being paid much less than deserved for a large amount of labour and produce . The Fairtrade Foundation was set up in 1992 to ensure producers receive better trading conditions, and since then has developed into a well-known trademark, sold to supermarkets of a country, and that has implications for economic and social well-being.



Trading Blocs

Trade Blocs are groups of countries in a trading agreement, allowing them to have certain advantages over other countries, such as reduced tariffs or higher quotas. A trade bloc gives all countries involved mutual benefits , and often include countries with varying economic levels .Trade Blocs are usually between neighbouring countries , but this is not always the case. There are also trade blocs for industries , such as oil trade blocs. There are several major trade blocs around the world that exemplify international trade .

EU - The European Union. 28 countries. Free trade within the EU has allowed goods and services to be transported internationally with ease.

NAFTA - The North American Free Trade Agreement. 3 countries. The aim of NAFTA was to remove barriers to agricultural products, manufactured products, and services.

ASEAN - The Association of Southeast Asian Countries. 10 countries. The bloc has free trade agreements to ensure political, economic, and social stability.

Other trading blocs include The African Union (AU) , The Union of South American Nations (USAN), and The Caribbean Community (CARICOM).

The effects of trading blocs are both positive and negative.

There are obvious positives concerning free trade, the removal of non-tariff barriers, and other trading advantages. However, some criticise that trading blocs limit trade to other countries , causing disadvantages to both the countries within the trade bloc and those outside of it. Overall, trade blocs (among other reasons) are said to limit the access to markets , which will be explored further.

Access to Markets within International Trade

All countries have differential access to markets . Access to markets refers to a nation or company's ability to trade within the international market . A country's access to market is limited by any barriers that limit a country's imports and exports. If access to markets is poor, a country is likely to be negatively affected. Economically, a country would be missing out on profits from exports , and societally, a country may miss out on products (and the poor economy may also negatively affect societal well-being).

Factors Impacting Access to Markets

Trade Agreements

Trading agreements, such as trade blocs, can positively and negatively affect countries. A country's access to markets may be improved by trade agreements, as relationships between countries are created that allow more trade to occur. This is especially true when lower income countries are introduced to trade agreements, as they are able to trade at lower prices, sometimes freely.

However, trade agreements may also bring negative effects to countries. Some argue that trade agreements disallow countries within them to trade as well with other countries, which may negatively affect these countries. One of the reasons that the UK has decided to leave the EU was that the EU limits trading with other countries, as trading within the EU is obviously encouraged. Furthermore, countries left out of trade agreements can be at even more of a disadvantage. Less developed markets especially must pay tariffs when those in trade agreements do not, meaning they may struggle to have access to the market. Countries like Kenya struggle to get a good price for the food they sell to European markets, due to the tariffs placed on non-

EU agricultural produce as an attempt to protect EU farmers. Heavy tariffs are also placed on African citrus fruits - especially South African orange produce - in order to protect Spanish farmers. This has weakened LICs access to markets. Overall, many trade blocs and agreements are made up of primarily core regions , meaning they develop quickly and benefit the most, whilst the periphery regions are left with less developed markets and little opportunity to gain access into the market.

Other Agreements

Special Economic Zones (SEZs) are areas within a country that do not have the same trading regulations as the country they are located in. The regulations within the SEZs are usually less strict , with lower tariffs and lower taxes. SEZs increase access to markets as countries can afford to invest in the area, increasing international trade from that area.

Special and Differential Treatment (SDT) agreements are put in place by the WTO to help specifically developing markets with poor access to markets . These countries receive special treatment such as reduced tariffs and taxes, priority in trading etc. Overall, SDTs aim to develop the least economically developed countries' access to markets .

Wealth

Generally, countries with less wealth have less access to markets . In HICs, countries can afford to pay for higher tariffs on exports and imports, meaning overall they are able to make profits and receive products. HICs also increase their access to markets through FDI into foreign markets, as this allows some countries to save money through cheaper labour and often avoid tariffs. In contrast, those with less wealth may struggle to pay for high tariffs , and cannot save money through offshoring and outsourcing as they do not have the funds. This reduces LIC's already poor access to markets.

THE NATURE AND ROLE OF TRANSNATIONAL CORPORATIONS (TNCS), INCLUDING THEIR SPATIAL ORGANISATION, PRODUCTION, LINKAGES, TRADING AND MARKETING PATTERNS, WITH A DETAILED REFERENCE TO A SPECIFIED TNC AND ITS IMPACTS ON THOSE COUNTRIES IN WHICH IT OPERATES

Transnational Corporations (TNCs)

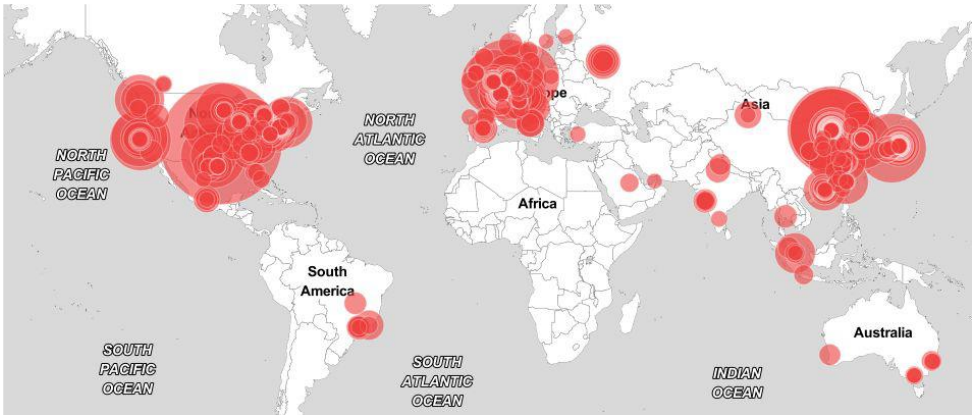
TNCs, to put it simply, are companies operating across multiple countries (trans- = across, -national = nations). These companies usually work by having their headquarters, production, and sales all in different countries across the globe , meaning they are a crucial aspect of globalisation. These corporations can provide raw products, manufactured goods, services, or information - they exist in different industries (sectors) .

Overall, TNCs make products , produce jobs , invest in countries, and sometimes contribute to cultures . Some TNCs are very powerful, and can even have political influence , e.g. the pressuring of some countries to reduce taxes and create SEZs so that the TNC will invest there.

Spatial Organisation

1. The Headquarters of TNCs are usually located in high income countries . HQ is responsible for the big decisions , such as investments , meetings with global organisations etc.

(Source: http://fortune.com/global500/visualizations/?iid=recirc_g500landing-zone1



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This map shows the Headquarters of Fortune 500's largest companies. The majority of headquarters are heavily concentrated within the USA, Europe, Japan, as well as many in the emerging economy of China.

2. Research and Development (R&D) are the facilities in which customer research, software developing, plans for manufacture etc. is carried out. There are usually R&D facilities in the country where the TNC operates from, but there may also be multiple facilities in different countries, so that research can be varied and specific to the target market .

3. Manufacturing and production facilities are mainly concentrated in lower income countries due to increased profits. Lower costs for labour, lower material costs, and lower taxes/tariffs all contribute to the global shift in manufacturing. The production of TNC products is usually organised and complex, allowing the greatest profits possible to be achieved.

Production

TNCs use global management systems in order to maximise their profits. These systems of production, as previously mentioned, are:

Economies of scale: TNCs usually have a large revenue, meaning they can afford to upscale their production . This allows profits to increase as less is spent in production.

Global supply chains : TNCs use global supply chains in order to increase profits. HQ and R&D are in HICs, whereas the production often occurs globally, especially with TNCs that operate within the secondary industry sector .

As an example, Boeing is an American aircraft TNC. Different components are manufactured in different countries, which overall gives the best product. This type of global supply chain happens throughout TNCs. Products that are made for consumer audiences , such as smartphones, use global supply chains as a way to spend less money on manufacturing . TNCs may often invest in the source of raw materials also in order to save

money in the supply chain. E.g. many TNCs that provide food (like fruit) invest in plantations to lower the cost and remove the 'middle man'.

Outsourcing: TNCs that provide tertiary industry products (services) will often outsource tasks to other companies in order to save money and time. TNCs like Apple outsource their manufacturing process so that profits can be maximised.

Offshoring: Companies that make manufactured products will often have their factories in LICs due to lower labour costs, better taxes, weaker regulations for workers and weaker environmental regulations. This leads to much dispute about the ethical issues with TNCs exploiting poorer citizens in order to maximise their products.

Linkages

TNCs create links between countries and with other companies. Linkages are created in order to benefit the TNC , and often includes expanding the company.

Links through FDI: TNCs create links with other countries by investing in them , which benefits the country as this creates jobs and contributes to the economy. TNCs can be investments into a factory, for example, but they may also take the form of:

Mergers: TNCs join to form one larger company , helping to form foreign links if the TNC is from a foreign country.

Acquisitions: A TNC buys another company in order to expand (usually a smaller company). Acquisitions are frequently associated with local job loss as a large TNC will take full control .

Links through integration : TNCs often expand their company by creating linkages between other companies. There are two types of integration:

Vertical integration: taking ownership of part of the supply chain, e.g. buying a plantation

Horizontal integration: taking ownership of another company, often one that is in a similar industry. The food industry is a prime example of vertical integration. A lot of large companies control the majority of smaller companies, which can be seen on this map

http://www.convergencealimentaire.info/map.jpg

Trading and Marketing Patterns

The majority of TNCs trade with HICs , as the market for consumer goods is concentrated within richer countries. However, there is now a rapid increase in demand for popular brands in emerging economies such as Latin America, East Asia and the Pacific. This means TNC trading has increasingly expanded to countries. The lowest income countries, though, still see a lack of TNC-made consumer products, as few people have a disposable income to buy these products. As TNCs are usually large companies with a lot of revenue , they can afford to take advantage of global marketing . Many TNCs use the same marketing strategy as it creates a trademark , but they also have the money to adjust their marketing strategy to different countries to maximise profits .

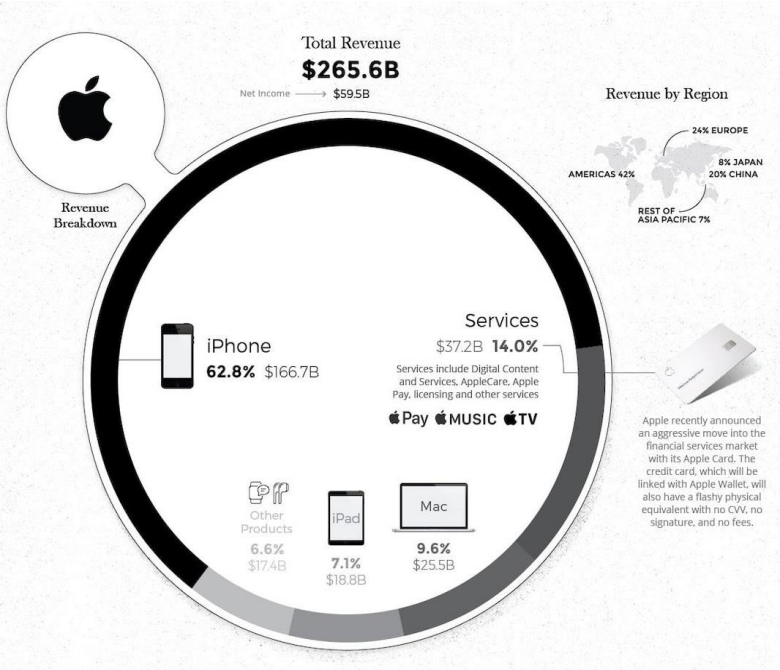
Apple Inc. is a producer and retailer of computer technology and mobile electric devices. It is a US transnational electronic technology corporation with its company headquarters based in the USA.

<u>Locational knowledge: where are Apple Inc.'s headquarters and what are they about?</u>

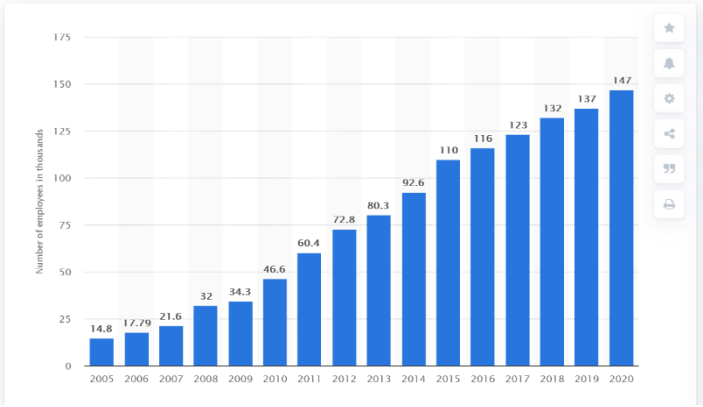
- Apple Inc. is found in Cupertino, northern California
- The company started business in 1976, in the early days of personal computer manufacture
- In 1982, it took over the smaller MacIntosh organisation and achieved more success by launching a new brand of desktop MacIntosh, later AppleMac computers.
- Apple computers earned a growing reputation for quality and they attracted a growing niche market of brand-loyal customers. Since 2000, it has experience phenomenal growth as an organisation because of its development of mobile and Wi-Fi devices.

<u>Apple is the world's:</u>

- Second largest IT company by revenue [after Samsung Electronics]
- Third-largest mobile phone manufacturer
- Largest music retailed [through iTunes store]
- Number one global brand by value [US$145b] – data on the right from 2019
- It has 98 000 full-time employees and over 450 retail stores in sixteen countries
- In 2014, it was the 11th largest TNCC globally with total assets of US$207 billion



Apple's number of employees in the fiscal years 2005 to 2020
(in 1,000s)



Apple's success has been due to a number of factors:

1. Stylish and well-designed products
2. Slick marketing and branding – generating a growing number of customers with brand loyalty
3. Innovative products
4. Focus on highly mobile devices, which fits their market's needs
5. Selling, via the internet, ancillary products such as music and apps. hose apps, and the handheld access to the web, revolutionised everything from shopping and banking to buying train tickets, booking flights, paying for parking meters and all app revenue
6. Apple Inc. is not just changing an industry: it is changing the world, reshaping it into an "app economy" and planting itself in the middle of it
7. Their market is predominately in richer, developed countries. In 2011, 44% of the product sales were in the USA. Its average market profile consists of young; and educated; who are prepared to pay a premium price for their products.

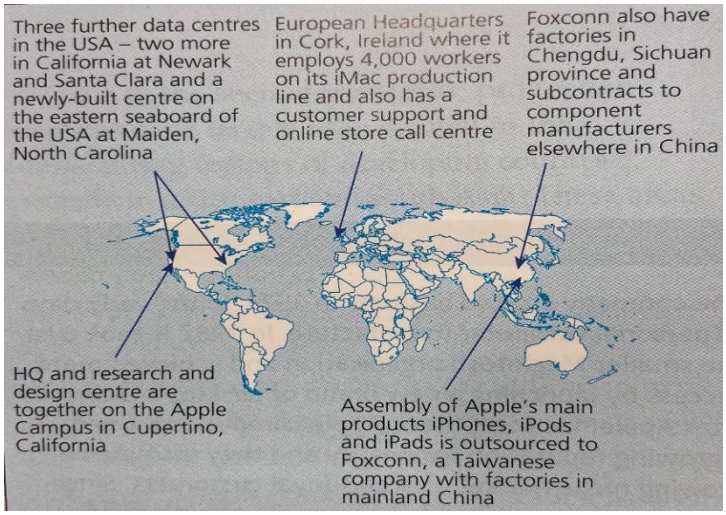
[Inside an Apple iPhone: Where parts and materials come from (cnbc.com)]

[Apple_Environmental_Progress_Report_2020.pdf]

Spatial organisation

Apple is truly a global company with a distractive geography. Their main products are designed in Silicon Valley, California, made in mainland China in Foxconn, a Taiwan-based company, and sold all over the world, especially to consumers in developed countries. Most of Apple's employees are based in the developed world, mainly in the USA. This reflects the high-tech and knowledge-intensive nature of its business

- Its headquarters and research and design centre are together on the Apple Campus in Cupertino, California
- It has three main further data centres in the USA – two more in California at Newark and Santa Clara and a newly-built centre on the eastern seaboard of the US at Maiden, North Carolina



<u>The concentration of R&D [research and development] and data centre location in Silicon Valley, California is a good example of agglomeration [clustering], which is typical of high-tech industries where information exchange and access to well-qualified and expert staff is crucial</u>

- Apple has its European headquarters in Cork, Ireland, where it employs 4 000 workers on its iMac production line and also has a customer support and online store call centre
- Assembly of Apple's main products, iPhones, iPods and iPads, is outsourced to Foxconn. Its main production base is in Foxconn City, Shenzen in Guangdong province, north of Hong Kong, Foxconn also have factories in Sichuan province and in turn subcontracts to component manufacturers elsewhere in China
- Of its 453 retail stores, 110 are in Europe and the Middle East and 25 are in China, where it has increased its market by 600 million people. The Chinese stores have been very successful, and Apple has plans to open more there

Production

1977-2016

From its start, Apple has shaped and influenced more markets than nearly any company in any industry.

1977 Apple II — Personal computing

1984 Macintosh — Simple user interface

1985 LaserWriter — Desktop publishing

2001 iPod — Digital music players

2003 iTunes store — Online music

2007 iPhone — Smartphones

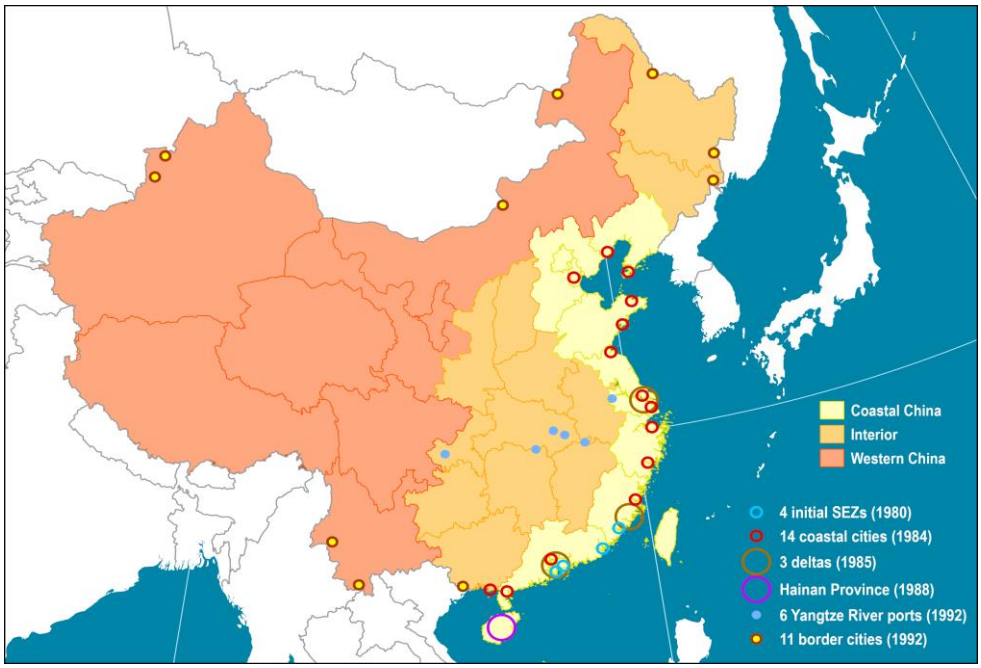
2010 iPad — Tablets

Apple's mainstream products are produced in China for a number of reasons:

- A large source of high quality, hard-working but low paid workers – good for China as it provides some investment into the country and generates jobs
- A number of, mainly Taiwanese, companies compete for the Apple manufacturing contract, which forced down production costs
- Shenzen was the location of China's first and most successful **Special Economic Zone [SEZ]** offering a number of incentives to attract foreign companies

KEY WORD:

A special economic zone (SEZ) is an area in which the business and trade laws are different from the rest of the country. SEZs are located within a country's national borders, and their aims include increased trade balance, employment, increased investment, job creation and effective administration. See map below for China's SEZ's



Foxconn City

Foxconn City Is a business park and has a number of factories belonging to different manufacturers who assemble high-tech products for well-known brand names including Sony. Hewlett-Packard and Dell, thus it is dubbed China's Silicon Valley. The park is self-contained with high security and most workers live on site where there are dormitories, shops and cafes. There are over 400 000 workers employed in Foxconn City. Wages paid on the site are around US$150 to US$200 per month which is above the average minimum wage and higher than in other parts of Shenzhen and China.

Nightline anchor Bill Weir was the first reporter to be allowed into the controversial Foxconn factory following years of reports about the harsh working conditions at the facility, which creates Apple products such as the iPad, iPhone and Mac computers. Foxconn is also a supply chain provider for Nintendo, Dell, HP and Intel products. The special, which aired on Tuesday night, revealed that Foxconn workers get paid $1.78 an hour and live in a dorm room for about $17 a month, along with seven roommates. In addition, it takes five days and 325 sets of hands to assemble an iPad, according to Nightline. Meanwhile, workers can make 300,000 cameras for the device in just two shifts.

Impacts on countries in which in operates

Since its rapid growth, Apple has been the subject of a number of controversial claims about its business operations and the impacts they have in the countries which they operate. These demonstrate the risks of locating overseas and of outsourcing production to foreign companies and reflect general criticisms levelled at TNCs.

Ireland

Apple's European HQ is based at Hollyhill, on the north side of Cork. It is the only fully Apple-owned manufacturing facility in the world. Along with a number of other foreign blue chip firms, Apple was lured to locate in Ireland by the government's 12.5% corporation tax, the second lowest in the EU. **Read the statements below and decide whether Apple's impact in Ireland and Cork has been +/- and justify your decisions**

Employs 4000 workers directly on its iMac production line and call centre	The company has expanded and contributed to infrastructural improvements in the city	Attracted highly skilled workforces and provided an inspiration for local education, research and development (R&D)	More highly skilled workers at Hollyhill are foreign nations (from EU) so don't create sufficient work for local people
Apple's presence in Cork has generated up to 2 500 jobs for workers employed as part of a supply chain	Cork has a vibrant cosmopolitan city and that at least 60% of the workers are Irish - most of these work on production lines	The company's presence in Cork has attracted high-tech firms to the area	Enhanced the Republics reputation for hosting high-tech TNCs contributing to the 'Celtic Tiger' economy of 1900s

China

Labour practices are a major challenge for China and these challenges fall under four categories: **working conditions, health and safety, student and child labour and suicides.** These practices and their consequences have put enormous strain on the business relationship between Apple and Foxconn, but it is a very difficult and costly relationship for Apple to extricate itself from. In response, Apple now has a Supplier Code of Conduct and it audits supplier factories regularly.

1. Working conditions: In 2006, it was reported that 200 000 workers who lived and worked in the Shenzen factory were regularly working more than 60 hours per week for around $100 a month, half of which was taken by living expenses. Media reports using the term 'sweatshop conditions' and reported enforced overtime – none of which enhanced Apple's reputation.

2. Health and safety: In 2010, 50 workers at Lianjian Technology (a company subtracted by Foxconn) in Suzhou, Jiangsu province, were poisoned by a toxic chemical used to clean iPad screens and decided to sue Apple. In order to reduce costs adequate ventilation had not been installed. Most cases were settled out of court.

3. Student and child labour: Foxconn's use of students and children is part of its objective of maintaining a low-cost and flexible labour force. Employees under 18 are subjected to the same working conditions as adults. Provincial authorities supported the policy by allowing them to be graded as interns or trainees; university students were forced to work as a condition of graduating

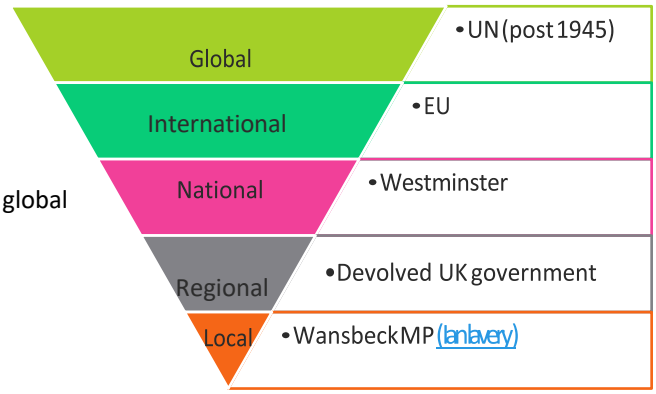
4. Suicides: Of all the controversies, suicides reported in 2009-2010 probably brought most damage to Apple's reputation as a business. In 2009, a Foxconn factory worker committed suicide after coming under pressure following the disappearance of a prototype model of an iPhone 4. By the end of 2010, a total of 14 suicides had occurred, largely as a consequence of the severe working conditions.

3.2.1.4 GLOBAL GOVERNANCE

THE EMERGENCE AND DEVELOPING ROLE OF NORMS, LAWS AND INSTITUTIONS IN REGULATING AND REPRODUCING GLOBAL SYSTEMS.

Watch this revision session on Global Governance

Global governance: The steering rules, norms, codes, and regulations used to regulate human activity at an international level. Rules and regulations are hard to enforce at this level Governance & government; It is a steering and guiding, not direct control.



There is a need for global governance in an inter-dependent global society:
Terrorism has no borders
Combatting resource shortages
French snow-plows send to Scotland during blizzards
Food shortages
Trading blocs delegate quotas to ensure all needs are met
Migration and mobility
TNC control (WTO)
Demographics
Dual passport holders

ISSUES ASSOCIATED WITH ATTEMPTS AT GLOBAL GOVERNANCE

Global Institutions

In order for countries and people to be governed globally , there are certain international institutions that have been developed to oversee the maintenance of global systems. These institutions aim to represent all nations , as well as protect these nations . This can include the development and enforcement of laws, dealing with law breaks, keeping international peace, and promoting equality. The majority of global institutions are Intergovernmental Organisations (IGOs), as global governance should obviously include members from around the globe so that all opinions are fairly expressed.

Promoting Growth and Stability	Exacerbating Inequalities and Injustices
Institutions aim for global **economic equality**, allowing less developed countries to **grow economically**. Economic growth is mainly promoted through trade laws and regulations set by the **WTO**. Special and Differential Treatments and other agreements are put in place by these global institutions so that struggling economies can grow.	Some institutions have been accused of creating **more inequalities** as they are not **representative** of every country, putting underrepresented countries at a disadvantage. Institutions like G7 represent **only** the richest countries. Although these institutions work to help LICs and their debts, there are arguments that these countries should still be involved.
Global institutions **stabilise economies**. The World Bank provides development loans and aid, and the IMF provides stabilising loans. These allow economies to stable during times of instability, hopefully avoiding economic crashes which can have global consequences.	As discussed previously, the World Bank and the IMF only give loans **conditionally**, which can lead countries **exposed to exploitation**. It is perhaps **unjust** to force countries to open their markets up to receive help.
Societal growth is promoted by global institutions maintaining **social equality**. The International Criminal Court, as an example, can prosecute those who have committed genocide, war crimes, or crimes against humanity.	International laws and treaties are **voluntary**, meaning many institutions do not hold **full power on global systems**. For example, members of the UN security council can veto **propositions**. Not every country in the world is part of the security council, meaning their laws do not apply to these countries.
Social stability is maintained by global institutions, including the **prevention of conflicts** and **promoting global health**. The World Health Organisation (WHO) combats global epidemics such as malaria, obesity, and ebola.	Despite global institutions' best efforts, some countries and companies may still **act against the policies**, which can create inequalities. For example, there is much conspiracy that Japan are acting against the International Whaling Committee by **illegally** whaling for profits.
Environmental stability is maintained by IGOs and other global institutions, such as non-government organisations (NGOs). The World Wildlife Fund (WWF) and the International Union for the Conservation of Nature (IUCN) are some of the institutions that work for environmental conservation.	Companies may also **manipulate the rules of global institutions** in order to enhance their profits, which creates **injustices**. For example, in the 'Banana Wars', American TNCs like Dole argued against the EU's special treatment of Caribbean plantations, despite Latin American bananas supplying 75% of the entire market.

3.2.1.5 THE 'GLOBAL COMMONS'

THE CONCEPT OF THE 'GLOBAL COMMONS'

'The Global Commons' is the concept of an area that does not belong to a single country. Rather than belonging to nobody , the commons are supposed to belong to everybody , meaning every country has a right to benefit from the Global Commons. The four global commons are:
International Waters - areas of the sea that do not belong to a country.
The Atmosphere - the gases that surround the Earth, making life possible.
Outer Space – The area after our atmosphere.
Antarctica - The only continent without citizens; only scientists live there.
The global commons are very beneficial to humanity as they provide untouched environments for research and wildlife growth . Animals can thrive in these environments where humans cannot interact , such as deep sea creatures. Scientific research is also enhanced by these environments, as scientists can gather information about the world without interactions by humans, as well as beyond our world.

The Tragedy of the Commons
Unfortunately, as the commons do not belong to one country, this can leave the commons vulnerable to exploitation , especially considering these environments are rich in resources (such as oil, wildlife, minerals etc.). Countries and companies that exploit the global commons may face fewer consequences , due the the fact that they are 'owned' by every country. Therefore, unless an international law is created there are no rules. The 'shared' nature of the commons has unfortunately left it vulnerable to issues such as mineral exploitation, fossil fuel extraction, overfishing etc. Furthermore, the often pristine and untouched nature of the commons is also under threat from human advancements . CO_2 levels are causing climate change, which affects the atmosphere, the oceans, and Antarctica . Furthermore, technology is, in some cases, threatening these commons as they are becoming more and more explorable every day. Therefore, these environments need the proper protection in order to stay a beneficial asset to mankind. New ocean exploring technology is constantly being developed, meaning the deepest of oceans can be explored, and new species of sea creatures are found often. For example, Newcastle University discovered 3 new species in the Atacama Trench in September 2018.

Protection
Although every country has a right to use the commons to develop , it is now recognised that this development must be sustainable . In order for the use of the commons to be sustainable, there are measures in place to ensure it is protected.

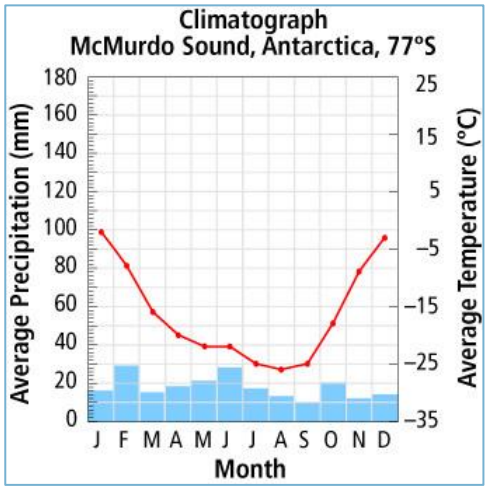
Global Institutions have been created to directly manage issues associated with the global commons so that these issues can be solved in a fair and sustainable way. For example, between 1973 to 1982 the United Nations developed The United Nations Convention on the Law of the Sea (UNCLOS), a treaty designed to tackle marine pollution, overfishing and competing territorial claims between states.

International laws are now effective within the global commons, although these laws are usually set by institutions like the UN. This means any non-member countries will not be prosecuted under these laws. There are several treaties in action to protect outer space , including the Convention on Registration of Objects Launched into Outer Space (Registration Convention), which ensures countries protect outer space by documenting their launchings etc.

NGOs campaign to protect the commons, by spreading awareness as well as raising money for their protection. Although there are protection efforts for the commons, these are hard to police and regulate due to their size and isolated, hard to reach nature . It is impossible to monitor the entirety of the commons, meaning they are still left vulnerable to exploitation. In oceans, for example, illegal, unreported and unregulated fishing still takes place frequently. Monitoring boats cannot patrol the whole of international waters or protected areas constantly, so many illegal practices take place. For example, there are numerous reports of ships displaying false flags as an attempt to pose as another country to avoid laws and commit crimes.

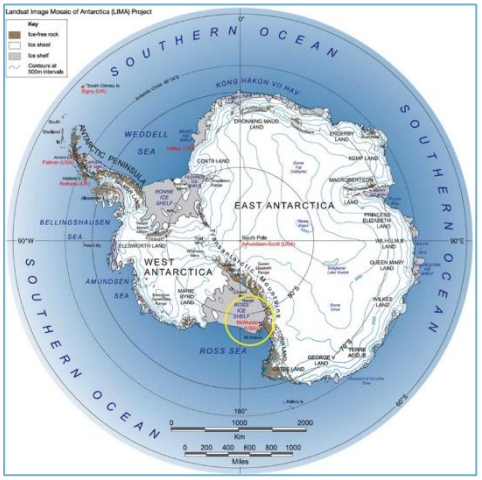
3.2.1.5.1 ANTARCTICA AS A GLOBAL COMMON

AN OUTLINE OF THE CONTEMPORARY GEOGRAPHY, INCLUDING CLIMATE, OF ANTARCTICA (INCLUDING THE SOUTHERN OCEAN AS FAR NORTH AS THE ANTARCTIC CONVERGENCE) TO DEMONSTRATE ITS ROLE AS A GLOBAL COMMON AND ILLUSTRATE ITS VULNERABILITY TO GLOBAL ECONOMIC PRESSURES AND ENVIRONMENTAL CHANGE

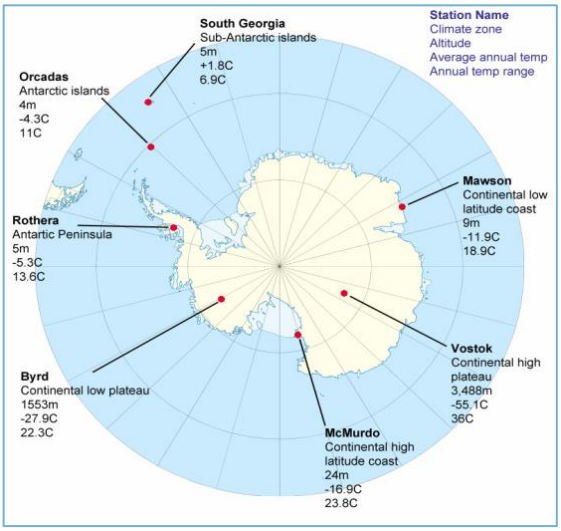


Summarise:

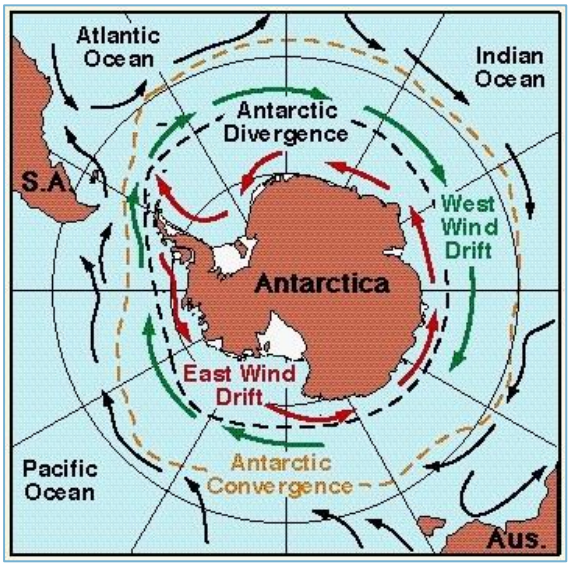
The flora and fauna of Antarctica



The climate



The role of the ocean and ocean currents



THREATS TO ANTARCTICA ARISING FROM: CLIMATE CHANGE,FISHING AND WHALING, THE SEARCH FOR MINERAL RESOURCES, TOURISM AND SCIENTIFIC RESEARCH

Threat 1: Climate change

- Climate change impacts are more apparent in extreme latitudes such as Antarctica, but are not straightforward
- East Antarctica's ice sheet is thickening: warmer oceans lead to greater evaporation, more condensation and extra snow. But this only slows sea– level rise by a tenth of a millimetre per year
- West Antarctica's ice sheet is smaller and more vulnerable: here glacial ice is more likely to slide into the sea. This could raise global sea levels by 5m.
- The Antarctic Peninsula is most sensitive to climate change: in the past 60 years, temperatures here have risen by 0.5°C per decade—up to 5 times faster than the rest of the world, causing ice shelves to break up. The melting of sea ice has no impact on sea level, but if land-based ice can slide into the sea, this could release vast quantities of water from the cryosphere to the hydrosphere.
- Southern Ocean temperatures to the west of the Antarctic Peninsula have increased by over 1°C since 1955 and the Antarctic Circumpolar Current is warming more rapidly than the global ocean as a whole.
- Impacts of ocean warming include the changing distribution of penguin colonies and the decline in Antarctic krill
- As CO_2 combines with water in the atmosphere, rainwater will contain carbonic acid leading to ocean acidification (the slightly alkaline ocean becomes a little less alkaline)
- Polar marine ecosystems are consequently becoming lower in carbonate ions that within this century, the waters may become corrosive to unprotected shells and skeletons, causing the loss of organisms and disruption to food webs.

Threat 2: Fishing

- The nineteenth century saw Norwegian, British and American exploitation of blue and right whales for oil and baleen, then in the twentieth century for meat and bonemeal. By 1985 most commercial whaling ceased due to dangerously low stocks.
- Fishing has replaced whaling: Russian and Japanese exploitation of the Southern Ocean for rock cod and krill (central to the Antarctic food web) have raised serious concerns.
- Fishing ships may directly destroy marine habitats and contaminate the water by dumping waste
- Krill are being caught as a healthy protein in East Asia and krill oil as a health food supplement worldwide as it is rich in omega-3 fatty acids and astaxanthin, taken as an antioxidant health supplement. Capsules can retail for as much as £40 for 100 capsules of red krill oil.
- Sudden recent demand for krill products has lead to unsustainable fishing practices. This could be devastating as they underpin the entire food web of the Southern Ocean, with seabirds such as the albatross and penguins such as Emperor Penguins which eat krill, seals such as the leopard seal and even killer whales (orca) which eat penguins all being dependent on abundant krill.

Threat 3: Scientific research

- People have only inhabited Antarctica for about 100 years but along with tourists, represent the main human threats to the continent.
- 30 countries have research organisations based in Antarctica, including the UK: the British Antarctic Survey (BAS).
- The Antarctic is vital for research into climate change where ice cores have been extracted to include ice that is up to 400, 000 years old.
- As living conditions are so challenging, researchers need to eat energy-generating food to provide 3,500 calories a day. All this food has to be transported to Antarctica.
- Many research stations are seasonal, such as the BAS's Port Lockroy research station on Wiencke Island, established in 1944 and manned between November and March (summer)
- Scientists are well-briefed about the need for care of the environment and are mainly invested in its protection, but an activity is bound to create some degree of disturbance to wildlife and the wider environment through vehicle exhausts, construction of buildings and other facilities such as fuel storage, runways and the disposal of waste including rope, oil drums and plastics.

Threat 4: Tourism

- Numbers have risen from less than 2000 per year in the 1980s to 27, 000 in 2011-12. All human waste has to be barrelled and transported home!
- The main attractions are the glacial landscapes , wildlife including seals, whales and penguins, remoteness and isolation and historic sites such as McMurdo Sound with huts from Scott and Shackleton expeditions.
- Tourism is seasons and concentrated between mid-November and March
- Tourism is mostly ship-borne: most people visit on small cruise ships of between 50 and 100 people. Some choose to camp on the continent)mainly photographers, journalists and nature lovers). Tourists can again select an over-flight after an interval of 20 years following a crash into Mount Erebus in which all passengers died.
- Tourists are carefully briefed on the code of conduct in terms of the behaviour onshore and rules about wildlife observation.
- Most cruises follow the Lindblad Plan to reduce impacts: groups are divided into boatloads of around 20 with an expert guide, with each of around 200 possible sites only visited every 2 to 3 days to minimise impacts.
- Rules laid down by the International Association of Antarctic Tour Operators (IAATO) are followed by captains of cruise ships from ATS countries when taking tourists ashore.
- The Scott Polar Institute has found little impact of tourism in Antarctica: guidelines are followed, tourists do not walk on areas of fragile vegetation, there is no litter (more from scientific research stations), seals and penguins are unaffected but tern colonies (birds) suffer some disturbance, out of 200 landing sites surveyed only 5% showed wear and tear.
- Continuing concerns include: fragile ecosystems can be disturbed in the long term, summer tourist season coincides with peak wildlife breeding periods, concentration of both wildlife and buildings on the few ice-free locations, future development of land-based tourism, difficult to meet the demand for fresh water, over-flying causes stress to breeding colonies of penguins and other birds, the difficulty of enforcing any code of behaviour, invasive species such as the Mediterranean mussel, danger of collision such as the Canadian cruise ship MS Explorer in 2007.

Threat 5: Mineral resources

- Known mineral deposits include coal, oil manganese, titanium and even gold and silver.
- Sizeable deposits that are easy to reach are rare and even then not economically viable to mine. Any mineral exploitation would have to overcome the seriously hostile environment—not least the major problems of inaccessibility , the extreme climate and deep covering of moving ice sheets and glaciers.
- There has never been any commercial mining and this is banned by the Antarctic Treat, however future demand for resources is likely to put pressure on the vast reserves found on the continent.
- In the late 1970s and early 1980s, some members of the Treaty were secretly trying to formulate a new minerals convention to allow future exploration and exploitation of mineral and gas reserves. This convention was adopted in 1988 but did not come into force as it was not ratified by all members.

	What is it?	Impacts of activity on Antarctica	Long Term impacts on Antarctica
Climate Change			
Fishing			
Scientific Research			
Tourism			
Mineral Resources			

CRITICAL APPRAISAL OF THE DEVELOPING GOVERNANCE OF ANTARCTICA

Antarctica is threatened by a range of issues, and its status as a global common may enhance its vulnerability . Therefore, Antarctica is governed by global institutions that ensure it is sustainably managed as a global common.

The UN has the potential to lead an important role in protecting the Antarctic, as it has the ability to set global laws and regulations in order to protect the Antarctic. However, for decades the UN has noticeably had little to do with the protection of the Antarctic .

The main UN organisation associated with Antarctic protection is the UN Environment Programme (UNEP). However, this organisation has had little influence on the Antarctic specifically. The UNEP has attended ATS meetings and contributed to some reports , but its legislation and goals do not cover the Antarctic.

Although the UNEP does not work to protect the Antarctic directly , their work indirectly contributes to the governance of Antarctica. The UNEP's legislation and research into global environmental problems , such as ozone depletion and global warming , work to protect Antarctica from the effects of these issues.

The International Whaling Commission (IWC) was set up under the International Convention for the Regulation of Whaling in 1946. The IWC enforces regulations on its 89 member states ; all regulations have influence over whaling in the Southern Ocean (Antarctica). Roles of the IWC include:

● Setting ' catch limits ' and other rules such as hunting restrictions to regulate how many

whales can be caught etc.

● Working with the Scientific Committee in order to research and study whaling.

● Co-ordinating conservation work through yearly meetings and other means.

● Providing funds for research and conservation.

Some examples of the work the IWC has done:

● Introduced a Whaling Moratorium in 1982 , banning all commercial whaling on all species and all populations until further notice. Norway and Iceland still commercially whale which has been agreed by the IWC, and the Russian Federation objected to the moratorium, but have not exercised the objection.

● The IWC's Scientific Committee created a system called the Revised Management Procedure (https://iwc.int/rmp) which estimates sustainable catch limits using past and present research, and complex algorithms.

● In 1994, a Southern Ocean Whale Sanctuary was set up, banning all commercial whaling in the area. Sanctuaries focus on the protection of calves and females.

● Enforcement of the International Observer Scheme , which allows countries to observe other countries' land-based whaling stations to make sure they are complying with IWC regulations . There are several criticisms of the IWC, as well as incidences in which the IWC's potential lack of authority has been shown:

● Member states choose freely to be in the IWC, and they can also opt out. The IWC can enforce no penalties for members leaving, such as when Japan made the decision to leave in 2018.

● Countries can object/ not abide by the IWC's regulations , such as Norway and Iceland who still take whales commercially (although the IWC somewhat regulates this by receiving information on all catches and any scientific data collected)

● Countries can exploit loopholes in regulations, which has lead the IWC to be criticised regarding how constructive its regulations are. For example, until recently Japan exploited a loophole that allowed the country to commercially whale in Antarctic waters for 'scientific research' purposes, although this was widely doubted as research. Japan has now left the IWC, meaning whaling in the Southern Ocean would be in direct defiance of international conservation law.

The Antarctic Treaty System (ATS)

The Antarctic Treaty System (ATS) is a collection of agreements that work to protect the Antarctic through global governance. The Antarctic Treaty originally operated without any institution, but in 2004 the Secretariat of the Antarctic Treaty was established. Here are two of the main agreements summarised, including the original treaty:

The Antarctic Treaty (1959)

- 53 parties (countries) to the treaty
- Treaty states Antarctica should only be used for peaceful means
- Antarctica can be used for scientific research, but all research has a right to be shared and cooperated on
- All stations and operations can be inspected at any time
- Antarctica is not any country's territory, it is a global common
- Nuclear activity is banned

Issues and Criticisms

- The Treaty is not mandatory, meaning countries can choose not to sign it.
- Inspections do not occur often
- All decisions must be unanimous. If any country does not ratify a modification/amendment to the treaty within two years, it cannot go forward.

The Protocol on Environmental Protection to the Antarctic Treaty (1991)

- Bans all activities relating to mineral resources, aside from for scientific purposes. This means there can be no mining or fuel extraction on the continent.
- Established the Committee for Environmental Protection, an advisory body that provides advice and recommendations to members.
- Created and added to regulations that were set out in the original treaty, including additions to waste management and marine pollution.

The **Convention on the Conservation of Antarctic Marine Living Resources** is a treaty created in 1980 to protect marine life populations, especially krill . Within the convention, the Commission on the Conservation of Antarctic Marine Living Resources was established, who meet annually to discuss the management of fisheries and other issues.

Within the Commission is the Scientific Committee, who provide advice and scientific information.

CCAMLR are responsible for researching, monitoring, and conservation of the Southern Ocean

They have created an Ecosystem Monitoring Program , which detects and records changes in the ecosystem, and analyses the effects of commercial fishing.

The Influence of NGOs on Antarctic Governance

ASOC (Antarctica and southern oceans coalition) was formed in 1978 after concerns over secret negotiations between parties of the Antarctic Treaty . Some parties were secretly negotiating a framework for mineral and gas prospecting in Antarctica, which would obviously have detrimental environmental effects on the continent . Originally, ASOC's purpose was to convince governments to prevent this mineral exploitation , as well as allowing NGOs to participate in the governance of Antarctica. ASOC did this by bringing these secret negotiations into the public eye. ASOC was granted observer status in 1991 , meaning the organisation can go to annual meetings for the Antarctic Treaty System. ASOC presents a strong voice for the NGOs, as well as conducts campaigns and projects to ensure Antarctica is protected.

ASOC's main focuses are:

- Overall environmental protection in Antarctica
- Monitoring and extending marine protected areas
- Wildlife conservation
- Krill conservation
- Climate change and the Antarctic
- Antarctic governance

Charities

Charities such as Greenpeace and WWF work to enhance the protection of Antarctica by:

- Collecting data and information independent of governments , to monitor the reliability and accuracy of other data.
- Reporting on issues, and releasing findings to the public and governments. This can spread awareness on issues in Antarctica and boost donations .
- Creating petitions, lobbying, and campaigning for change. These petitions must be discussed by governments once they have reached a certain number of signatures.

	What is it?	Purpose?	Scope?	Systems for enforcement?
United Nations Environment Programme (UNEP)				

International Whaling Commissions (IWC)				
The Antarctic Treaty (1959)				
The Protocol on Environmental Protection to the Antarctic Treaty (1991				
IWC Whaling Moratorium (1982				
The role of NGOs in monitoring threats and enhancing protection of Antarctica.				

ANALYSIS AND ASSESSMENT OF THE GEOGRAPHICAL CONSEQUENCES OF GLOBAL GOVERNANCE FOR CITIZENS AND PLACES IN ANTARCTICA AND ELSEWHERE TO SPECIFICALLY CONSIDER HOW GLOBAL GOVERNANCE UNDERLIES AND IMPACTS ON STUDENTS' AND OTHER PEOPLE'S LIVES ACROSS THE GLOBE.

Summarise the role of global governance in Antarctica, to what extent is it effective?

3.2.1.6 GLOBALISATION CRITIQUE: THE IMPACTS OF GLOBALISATION TO CONSIDER THE BENEFITS OF GROWTH, DEVELOPMENT, INTEGRATION, STABILITY AGAINST THE COSTS IN TERMS OF INEQUALITIES, INJUSTICE, CONFLICT AND ENVIRONMENTAL IMPACT.

Create a mind map on the impacts of Globalisation on the above themes, use current news events such as covid 19 and Brexit as well, stay topical!

KEY TERMS AND WIDER TERMINOLGY

CROSS REFERENCE WITH THE SPECIFICATION FOR THIS UNIT TO IDENTIFY MAJOR KEY TERMS

Term	Meaning
Agenda 21	is the plan of action to achieve sustainable development that was adopted by the world leaders at the UN Conference on Environment and Development held in Rio de Janeiro, Brazil, in June 1992
Aid	To provide support or help, in different forms ranging from giving money and loans to providing technology and expertise to providing food and rescue teams.
Antarctic Treaty	An agreement regulating international relations regarding the world's only continent that does not have its own native population.
Anti-globalisation Movement	A social movement comprised of those who are against globalisation and widespread commercial capitalism.
Bilateral agreement	An agreement on trade (or aid) that is negotiated between two countries or two groups of countries
Bottom up	When local people are consulted and supported in making decisions to undertake projects or developments that meet one or more of their specific needs. E.g. Micro hydro's in Peru
BRIC	Acronym used to identify a group of countries –Brazil, Russia, India and China – whose economies have advanced rapidly since the 1990s
Capital	Monetary wealth or other assets that can be spent or invested in a business, helping to improve the economy.
Capital Flows	The movement of money between and within countries for investment.
Common market	A group formed by countries in geographical proximity in which trade barriers for goods and services are eliminated. (This may eventually apply to removing any labour market restrictions e.g. the EU)
Communications Systems	Structures that allow for the dissemination, receiving or sharing of information.
Conflicts	A significant disagreement or argument that can often result in violence.
Conglomerates	A collection of different companies or organisations which may be involved in different business activities but all report to one parent company., e.g. most TNCs
Consumption	The use of products, services or resources.
Containerisation	A system of standardised transport that uses standard–size steel boxes to transport goods. These can be transferred between ships trains and lorries, enabling cheaper, efficient transport.
COP21	The Paris Agreement on climate change is an example of international targets, strategies and norms being agreed to help restrict global warming to no more than 2°C above pre-industrial levels. Agreements have to be ratified by each national government
Core areas	These are economically important and attract investment, capital and people. E.g. central HIC like USA, Canada, western Europe and Japan
Customs union	A trade bloc which allows free trade with no barriers between its member states but imposes a commo external tariff to trading partners outside the bloc (E.g. EU)
Debt repayment	The paying back of money that was borrowed.
Deindustrialisation	the reduction of industrial activity or capacity in a region or economy.
Diaspora	A large group of people with a similar heritage or homeland who have moved and settled in places all over the world.

Differential Access	The ability to obtain information or resources, for example, is not equal for all countries worldwide
Distribution	The dissemination and delivery of goods and services across the globe.
Economic Interdependence	International trade, investment and production patterns has meant the economies of many societies are now mutually reliant on societies elsewhere.
Economic leakages	A loss of income from an economic system, usually TNC profit repatriation.
Economic Well-being	The quality of life that is enabled through the wealth and income of an individual or family.
Economies of scale	The cost advantages that result from the larger size, output or scale of an operation as savings are made by spreading the costs or rationalising operations.
Electronic Waste	Unwanted or broken electronic goods that have been disposed of, also known as e-waste
Environmental Change.	An alteration or disturbance of the natural environment or processes.
Environmental Impact	The effects, often negative, of human activity on the natural environment.
Environmental Interdependence	The interconnectedness of all natural and human systems, which are mutually reliant on one another.
Ethical investment	Some activities would prevent individuals from investing in a company, fund or pension e.g. human trafficking and forced/child labour; pornography; arms/munitions; meat trade; gambling…
Fair trade	is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South.
Financial Systems	The structures that allow for the exchange of funds between the different components involved in economic markets.
Fishing Limits	Set restrictions for how many fish can be caught, and from what parts of the ocean. Limits are often grossly exceeded.
Food Commodity	A food product that is bought and sold.
Footloose	can locate anywhere and with internet can serve customers worldwide.
Foreign direct investment FDI	when a company (normally a TNC) in one country makes an investment in another country; could be buying a business or factory in another country, or expanding their own business in that country
Free trade	allows specialisation of the production of goods so prices are lower for consumers, there is greater choice, export markets are large and there is greater competition.
Geopolitics	The politics or international relations that take place across the globe and are influenced by geographical factors.
Gini coefficient	a commonly-used measure of income inequality that condenses the entire income distribution for a country into a single number between 0 and 1: the higher the number, the greater the degree of income inequality.
Global Commons	Resources or areas of the globe that do not belong to any country and, therefore, lie outside of any state's political sphere, e.g. Antarctica.
Global Economy	The world's financial systems and markets, involving the global exchange of goods, services and investment.
Global Marketing	The advertising of a product or service across the globe in order to improve sales by reaching the international market. E.g. Sony, a Japanese tech company moved their global HQ from Japan to the US in 2017 in order to have all decisions made closer to where it happens.

Global shift	means an increase in proportion of global manufacturing carried out in NICs and RICs in the last 30 years. The majority of this is happening in Asia.
Globalisation	The increasing integration of economic, political, cultural and information systems across the globe, leading to an interconnected world.
Glocalisation	is a combination of the words "globalisation" and "localisation", used to describe a product or service that is developed and distributed globally, but is also adjusted to accommodate the user or consumer in a local market.
High level services	Services to businesses e.g. finance, investment and advertising
Horizontal integration	TNC diversified operations by expansion. E.g. Kraft Food Group took over Cadbury in 2010 giving them a more diverse base in the grocery and confectionery market.
Hyperglobalists	Support globalisation. They see the nation state as no longer important and view a new geographical era in which there is a single global market supported by extensive and open networks and flows of goods, information, people and finance. They accept the importance of decision-making above the level of individual states, e.g. EU.
IMF	Oversees the global financial systems; monitors exchange rates
Inequalities	Substantial and often disabling differences in wealth, opportunities, education, health, etc.
Information Systems	Networks of hardware and software that allow for the collection, storing and dissemination of information.
Injustices	Violation or discrimination against the rights of an individual, group or community.
Integration	The coming together and intermingling of people from different ethnic, religious, cultural and socio-economic backgrounds.
Inter-Governmental Organisation	An umbrella body that provides a forum for different governments to come together to achieve more together than they would individually
Intergovernmental panel on climate change IPCC	Collects and assesses the best scientific, technical and socio-economic information on climate change 188 countries.
International Investment	Placing money into businesses or financial schemes from other countries across the globe with the hope of securing a profit.
International Trade	The exchange of goods, services, resources and capital across the globe.
International Whaling Commission (IWC)	The intergovernmental body responsible for the conservation of whales and the management of whaling practices.
IWC Whaling Moratorium	Determines and enforces catch limits for commercial whaling.
Labour	The work carried out by employees of a business, can also refer to the workforce.
Labour	The work carried out by employees of a business, can also refer to the workforce.
Law of the Sea	A UN international agreement that outlines the responsibilities and rights of nations in respect to their use of the world's oceans.
Linkages	The interactions between different countries, perhaps due to trade relations.
Lorenz curve	The graph shows what perfect equality and perfect inequality look like. Real countries have a curve that is somewhere between the two. The more the Lorenz curve sags, the worse the inequality is within a country.
Low level services	Services to consumers e.g. banking, travel, customer call centres and communication services
Management Systems	Structures of policies and procedures that have been created to ensure the smooth running of a business or operation.

Manufactured Product Flows	The movement/transport of goods that are made of a number of components assembled together, usually from developed to developing countries.
Maquiladora	A manufacturing operation (plant or factory) located in free trade zones in Mexico. They import and export with no trade barriers.
Marketing Patterns	Strategies used by companies to effectively advertise a good or service to the target audience.
Mercosur	Argentina, Brazil, Paraguay and Uruguay. Venezuela is a full member but has been suspended since 2016. Operates in a similar way to the EU. It trades globally, particularly with the EU and North America. It allows free movement of labour between member states.
Millennium Development Goals	Eight targets set out by the UN designed to improve the lives of those in the least developed countries. Now replaced by 17 'Sustainable DGs
Mineral Resources	The concentration of materials that are of economic interest.
MINT	Acronym referring to the more recently emerging economies of Mexico, Indonesia, Nigeria and Turkey.
Nationalism	The belief held by people belonging to a particular nation that their own interests are more important than those of people from other nations.
Non-Governmental Organisations	NGOs – Greenpeace and WWF are important in Antarctica. NGOs like Practical Action help bottom up development – e.g. micro hydro's in Peru. Amnesty International supporting a voice for all.
Norms	an acceptance of certain attitudes, practices and regulation as valid and 'normal' for states aspiring to a high standard of governance.
Ocean Acidification	The decrease of ocean pH due to increased levels of dissolved carbon dioxide in the water.
Outsourcing	Companies that hire third-party providers to perform the outsourced work overseas are engaging in a particular form of outsourcing known as **offshoring**. **Nearshoring** is a term used for work done or services performed by people in nearby, often bordering regions and countries.
Overfishing	Exploitation of fish stocks; more fish are caught that can be replaced by the ecosystem.
Pacific Alliance	Latin American trade bloc, formed by — Chile, Colombia, Mexico and Peru, which all border the Pacific Ocean.
Patterns of Production	Different stages of the production process may take place in different countries. Different products are also produced in different areas, e.g. electronics in China, clothes in India.
Peripheral areas	These areas are poorer and may experience exploitation, economic leakage and out migration. E.g. LICs in Africa, central Asia and parts of Latin America to be the on the edge.
Political Interdependence	The political systems of some countries have become reliant on the stability of political systems elsewhere in the world.
Pristine environment	Wilderness untouched by humankind- perhaps Antarctica.
Production	is the nature or stage at which goods are manufactured from raw materials to the point when they are ready for delivery. In the primary industry sector, production includes the extraction of raw materials, such as mineral ores or energy resources; the harvesting of agricultural products, fish stocks and timber; or the harnessing of energy from renewable resources
Products	Goods that have been manufactured and are ready for sale.
Protectionism	A deliberate policy by governments to impose restrictions on trade in goods and services with other countries- usually done with the intention of defending home-based industries from foreign competition.

Protocol on Environment Protection to the Antarctic Treaty	Protects Antarctica from harmful human activities, designating the continent as a 'natural reserve, devoted to peace and science' (Article 2).
Raw Material Flows	The movement or transport of the basic components from which more complex products are made, often from developing to developed countries.
Remittances	Transfers of money made by foreign workers to family in their home country
Repatriation of profits	TNCs operating in foreign countries will normally send any profits made back to the TNC headquarters. this repatriation of profits is sometimes known as economic leakage.
Re-shoring	When companies return to using domestic suppliers because out-sourcing and offshoring has become too costly.
Sceptics	Hold the view that globalisation is nothing new and that the world has always been integrated. They are sceptical of the free movement of goods aspect of the hyperglobalists view as many countries adopt protectionist measures. China, India and the USA have achieved their growth through government and upholding their sovereignty. Sceptics also believe that globalisation marginalises the poor.
Sealing	The hunting of seals for their pelts and blubber.
Security Systems	Networks that work to protect countries, businesses or individuals.
Services	Structures or systems that supply a human need; for example, energy, water, transport or communications.
Social Interdependence	A country's vision for human development, social well-being and human rights are increasingly interconnected with those of countries elsewhere.
Societal Well-being	The quality of life that is enabled through equal opportunities, adequate services and a thriving community setting.
Sovereignty	The ability of a place and its people to self-govern without any outside interference.
Spatial Organisation	The geographical distribution across the globe of components of the production chain or financial system, etc.
Special and differential treatment (SDT)	The WTO forms special and differential treatment (SDT) agreements - these let the least developed countries bypass developed countries' tariffs, which gives them greater market access.
Stability	A resistance to negative change that strengthens a country or economy.
Structural Adjustment Programmes	A set of measures and requirements that are intended to assist countries coping with difficulties that they agree to implement
Sustainable Development	The progression of a country or economy that allows for current generations to meet their needs without compromising the ability of future generations to do the same.
Tariffs	A tax or duty placed on imported goods with the intention of making them more expensive to consumers so that they do not sell at a lower price than home-based goods.
Technology Flows	Transfer of technical resources and information, typically from developed to developing countries.
Top down	When the decision to undertake projects or development is made by a central authority such as government with little or no consultation with the local people whom it will affect. E.g. Lake Turkana fish processing plant, Kenya (failed)
Trade Agreements	Arrangements between countries relating to the exchange of goods and services.
Transformationalists	Hold a view in between the others two extremes. They accept the process of increasing globalisation but think that the role of governments is changing

	rather than being overtaken by group decision-making. They also acknowledge the time- space compression through extensive networks and flows.
Transnational Corporations (TNCs)	An organisation that operates in one or more countries, with no centralised management system
Trans-Pacific Partnership	12 countries that border the Pacific Ocean signed up to the TPP in February 2016, representing roughly 40% of the world's economic output.
Transport Systems	The means by which people and goods can travel or be moved between different countries.
UN Agencies	Autonomous organisations with the United Nations that work at an intergovernmental level on different aspects of international relations.
Unequal Power Relations	Some countries may have the capacity to control or heavily influence the actions of another country which has little or no capacity itself.
United Nation Convention on Law of the Sea	A set of regulations concerning responsible use of marine resources and reducing chances of disagreements between countries with coastlines
United Nations (UN)	An intergovernmental organisation that was set up to facilitate and encourage international cooperation.
United Nations Environment Programme (UNEP)	The United Nations organisation responsible for promoting environmental sustainability and care.
Vertical integration	Supply chain is owned entirely by TNC
Vulnerability	Small- scale producers are liable to fail if there are: Price fluctuations – banana wars, over production. Disease or hurricane, war can devastate the crop of bananas.
Whaling	The hunting of whales for their meat, oil or bones.
World bank	Provides long term investment loans for projects to reduce poverty. Via the IDA (International Development Association) provides special interest-free loans to countries with very low per capita incomes (less than US$865 per year)
World health organisation WHO	Main role is to direct and co-ordinate international health issues within the UN system. World Health Assembly is the governing and decision-making body for WHO- 194 member states meet each year to set out policy. E.g. Sets safety thresholds for air pollution
World Trade Organisation (WTO)	A body that supports the growth of international markets by establishing a basic framework of trade agreements acceptable to many