

## Globalisation

- Globalisation represents the growth and spread of ideas around the world
- The connection and links between different countries means that they have become interdependent
- KONY 2012 was an example of how global social networking sites can have impacts all over the world
- Slazenger Wimbledon Tennis Ball
  - Make 48,000 tennis balls to supply the tournament in June each year
  - Up until 2002 the tennis balls were made at Barnsley, south Yorkshire but in an attempt to boost production was shifted to Bataan in the Philippines
  - Parts for the tennis ball come from all over the world:
    - Wool – New Zealand
    - Sulphur – South Korea
    - Clay – USA
- Globalisation has been helped by:
  - Improvements in transport
  - Growth of computer and internet tech
  - Expanding markets in developing countries
  - The growth of international organisations

### F1: Small industrial region with global connections

- Motorsport Valley can be found in the southern part of the British Midlands between Northampton and Oxford
- 4,000 high performance engineering businesses are homed here
- 40,000 people are employed here
- 80% of world market in high-performance engineering is homed here
- Silver stone racetrack is nearby adding interest and makes car testing easy
- M6 is nearby providing easy access
- Members of the Sport Industry Association export more than 60% of their products and services so global communication links are vital
  - These can include transport infrastructure such as the M4/M40 and airports as well as IT
- World class consultancy companies in the area including Ricardo, Prodrive and Miro
- Motorsport Knowledge Exchange led by Oxford Brookes University is a partnership of institutions involved in specialist education schemes

## Call Centres

- Call centres employ 400,000 workers in Britain
- Recently many companies have been moving their call centres abroad to India because:
  - About 10% of the population (100 million) speak English fluently
  - Salaries are lower (up to ten times less)
  - Of the 787 million living in towns about 80% are literate and 18% are graduates
  - Operating costs are between 10 and 60 percent lower than in UK
  - Low staff turnover, working nine-hour shifts at times to fit in with origin country of company
  - Development of ICT allows fast and clear communication

## TNCs

**TNC** – a corporation or enterprise that operates in more than one country

### Advantages

- Jobs are created for locals both at the TNC and in associated bulging, transport and service industries
- New technology, expertise and management skills are introduced such as 'just in time' production and quality management
- Locals benefit from improved infrastructure
  - New roads, airports, improved power and water supply
- TNCs pay taxes to governments and local authorities
- Local economy improved without using the taxpayers money
- Multiplier effect of employment and business
- Reduction in racism and nationalism

### Disadvantages

- Local labour force is often exploited with long working hours and low rates of pay
  - Young children are employed and union membership not allowed
- TNCs are often more concerned about profits than workers
- Profits mainly go back to the country of origin rather than remaining in the local economy
- Grants given to TNCs could be better spent on improving living standards
- Healthy and safety issues are sometimes overlooked resulting in problems
  - Bhopal in India 1984 a gas leak from a pesticide plant in the heart of the city killed many thousands of people and injured half a million
- Environmental laws are often less restrictive in LICs and often relaxed to attract TNCs
  - Results in air, water and land pollution, loss of wildlife and agricultural land
- Development of energy schemes required by TNCs can put LIC into debt
- Competition with local industry
- Increased urbanisation

## Case Study – Nike

- Nike designs, develops, manufactures, markets and sells footwear, clothing, equipment, accessories and services around the world
- Their headquarters are based in Oregon, USA
- They have contracted more than 700 shops around the world with offices located in 45 countries outside the USA including China, Indonesia, Taiwan, India, Vietnam, Philippines and Malaysia
- In the past Nike has been criticised for utilising sweatshops in LICs such as China and Vietnam
  - They were accused of violating the minimum wage and overtime laws alongside poor working conditions
  - They were also attributed to the use of child labour in Cambodia and Pakistan
- Recently, Nike has been attempting to rescue its public image
  - The “Nike Better World” project was started in 2011 in an attempt to improve public welfare and environmental impacts they have on the world
  - Also, working to improve the product they offer to customers, for example, the Pegasus range has decreased waste by 9% since 2008
  - They were the first company in its industry to publish a complete listing of factory conditions and also pay of each worker
  - They have changed from the traditional dyeing methods to their new ColorDry which in a single t-shirt uses 3 litres less water than traditional methods
  - It also reduces energy by 63% using no additional chemicals and making it 40% more than traditional methods
  - Nike focus on supporting the community by investing a minimum of 1.5% pre-tax income on communities annually
  - They have also reduced their CO<sub>2</sub> emissions by 20% from 2011
- Government legislation
  - Setting up areas where conditions are favourable for new industry
    - Lower taxes
  - Providing advanced factories of various sizes
  - Offering retraining and removal expenses
  - Ensuring education reform is high on the list in areas such as the four Asian “tigers”
  - Some countries have a minimum wage such as the UK whereas others worker for a fraction of the price
  - Some countries limit the maximum number of hours worked
    - EU directive limits the maximum number of hours worked per week to 48
    - Average South Korean works 2,390 hours a year in contrast to 1,652 in UK
    - In Sri Lanka garment workers should not work after 10pm due to International Labour Organisation rules but they are often forced to
- Health and Safety regulations
  - In UK workers have the right to:
    - A 20 minute break if they are working over 6 hours
    - Know how to do their job safely
    - Know how to do first aid
    - Know what to do in an emergency
    - Be supplied with protective clothing

- Such regulations do not exist in poorer countries or are not enforced
  - Some workers sleep on the factory floor although this is illegal
- Strikes
  - Trade unions are allowed in Sri Lanka but workers are threatened if they join one
  - Strikes cause disruption that deters manufacturing companies
- Tax incentives
  - NorthEast offered job-creation grants, business rate or ent-free periods and helping in preparing a business plan
  - Regional development agencies such as these closed in 2012 but some of their functions are now carried out by local enterprise partnerships
  - Tax-free zones are areas where new businesses do not need to pay tax
    - Parts of Dubai

### Case Study – China: New Economic giant

- China has a population of 1.3 billion
- Chinas urban population has rapidly grown from 10.6% in 1950 to 45.7% in 2008
- Chinas three largest cities are Shanghai, Beijing and Shenzhen

**NIC (Newly Industrialised Country)** – One which has undergone rapid and successful industrialisation since the 1960s. e.g. China, South Korea and Hong Kong

**EPZ (Export Processing Zones)** – Areas where companies can import raw materials, manufacture finished products before exporting them again without paying taxes or duties or tariffs

**SEZ (Special Economic Zones)** – Offer tax incentives for foreign companies to build new factories

**GDP (Gross Domestic Product)** – total value of goods and services produced by a country in a year

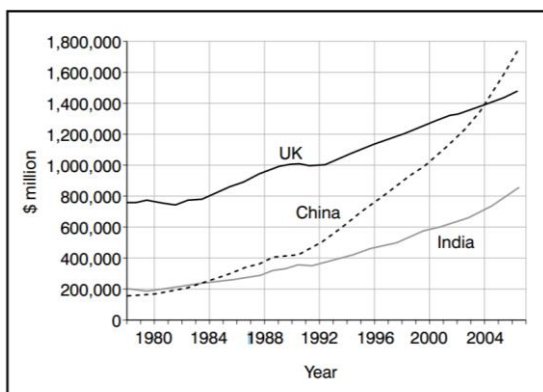


Figure 4: Total GDP for China, India and the UK, 1978–2006

- Value of their international trade has risen from 1.13 billion in 1950 to 2,561 billion in 2008
- Several reasons for Chinas huge economic growth:
  - Government legislation
    - In 1977, Deng Xiaoping tried to bring china onto the world market
    - Foreign investment was encouraged but the government maintained control
    - Between 1980 – 1994 SEZs were set up to encourage investment
  - Home Market

- One-child policy successfully reduced population growth so people became more affluent increasing consumer demand
  - Olympics Factor
    - 2008 Olympics was held in Beijing providing China with an opportunity to showcase the nation
    - Opening ceremony conveyed message “One World, One Dream” presenting a modern, open and friendly country
  - Energy
    - China currently generate two-thirds of their energy from coal-fired stations
    - Hydroelectric power accounted for 13.9% of electricity in 2010
      - Three Gorges Dam is the biggest in the world generating 22,500mW
  - Labour
    - Key reason for companies relocating to China
    - Wages 95% lower than in the USA
- Has had many positive impacts on China
  - High level of foreign investment
  - Huge increase in employment opportunities in manufacturing and services
  - Increasing GDP and rising average wages
  - Large surplus in trade balance
  - Greater influence in global and regional economic forums
  - More money available to spend on education, health, housing and social services
  - Improved working conditions including longer holidays
  - Rising incomes providing increases personal mobility
    - More Chinese travelling abroad for tourism
  - Chinas influence around the world and at the UN is increasing
  - Rising international profile helped to secure the 2008 Olympic Games
  - Economic growth has allowed higher military spending
  - More money invested in environmental improvements
- Has also had many negative impacts on China
  - Rising wages and other costs are causing companies to look for locations cheaper than China
  - Appreciating value of currency
  - Increasing cost of living for the lower-paid in particular
  - International concerns over the safety of some Chinese-made products affecting demand for some companies
  - World’s largest ever rural-urban migration
  - Ageing population in peripheral rural areas
  - Increasing regional inequality
  - Rapidly expanding cities with social and cultural issues
  - Concerns over working conditions in some regions
  - The erosion of traditional values
  - Rising affluence and awareness of freedoms in democratic countries increasing pressure on Chinese government for reform
  - Neighbouring countries concerned about Chinese military strength
  - China’s large trade surplus is training relationships with USA and the EU

- Air water and land pollution form rapidly increasing number of power stations
- Increasing demand for raw materials damaging environment
- Concerns over impact of major projects such as the Three Gorges Dam
- Airpocalypse
  - Air pollution has become dangerous
    - 40 times international safety standards
  - Between 350,000 and 500,000 people die prematurely each year as a result
  - Four biggest health risk to Chinese people
  - Between 2002 and 2011 cases of lung cancer in Beijing doubled
    - Nationwide deaths from lung cancer risen 465% in last 30 years

## Energy

- Population increase has led to an increasing demand of energy
  - Rapid rise in populations of Asian countries combined with their economic growth
- Increased affluence has led to increased energy demand
  - More demand for products and consumer items such as electronic devices
  - Average wage in China is four times higher than 20 years ago
  - Car ownership in China risen from nearly nothing in 1997 to 26 million in 2009
  - In UK number of families not owning a car fell from 32% to 27%
- Technological advances increase our use for energy
  - Drives consumer market
  - Allows extraction of more energy sources
- Increasing use of energy is having environmental, social and economic impacts
  - In countries like the UK the incidence of lung-related diseases such as emphysema and bronchitis was traditionally associated with industrial areas because of the coal
    - Airpocalypse in China
  - People might choose to leave cars at home and cycle to work for economical and environmental reasons
  - Holidays could be affected by air fares increasing in price due to rising fuel costs
    - People may choose a staycation
  - Some cities are shrouded in a haze that blocks out the sun
    - Poor air quality leads to asthma and other respiratory diseases
  - Spoil heaps have built-up adjacent to coal mines
  - Transportation of oil has led to major pollution incidents
  - Global warming caused by air pollution
  - Dependence on energy creates political tensions
- Renewable energy provides a sustainable source of energy
  - Global wind energy is dominated by a small number of countries with Germany the world leader with 23.6% global capacity). Together with the USA and Spain they make up 58%
  - Wind energy has reached the “take-off” stage and as it becomes more cost-effective, more and more countries will expand into this sector
  - Costs of generating electricity from wind today are only about 10% of 20 years ago
  - It has many benefits:
    - Produces clean energy

- Cheap and easy to decommission
- Creates jobs
- Popular with public (80% support)
- Also has some cons:
  - Noisy
  - Kills birds and frightens animals
  - Spoils the landscape
  - Causes drops in house prices
  - Unreliable

### Case Study – London Array

- 20km off the Essex coast in the Thames estuary
- To provide power to 470,000 homes
  - Equivalent to two-thirds of the homes in Kent
- 175 3.6MW wind turbines covering an area of 100 km<sup>2</sup>
- Offshore and onshore sub-stations to organise distribution of the electricity generated
- Four 30 mile long export cables to carry electricity from sub stations out at sea to the land
- More than 280 miles of cable will be required to bind the windfarm together
- 1.9 million tonnes of carbon dioxide emissions will be avoided each year
- Whole array currently generates 630MW

### International Energy Directives

- International cooperation is needed between countries where air pollution and climate change are concerned
- As air pollution does not stop at international borders and so cooperation is needed between countries to effectively address it

**Sustainable Development** – Meeting the needs of the present without compromising the ability of future generations to meet their needs

- 1992 Earth Summit in Rio was the first international attempt to tackle environmental issues
- 1997 Kyoto Protocol is an agreement by industrialised countries to reduce greenhouse emissions to 5% below 1990 levels between 2008 and 2012
  - EU countries as a whole should show an 8% reduction but individual countries had their own targets
  - In 2005 countries responsible for 55% of global emissions had signed up
  - USA did not sign up to this in 1997
- Bali roadmap (2007) and Copenhagen Accord (2009) have had varied levels of success
- Paris Climate Conference (Dec 2015)
  - To keep global temperatures “well below” 2.0 degrees above pre-industrial times and “endeavour to limit” them even more below 1.5 degrees
  - To limit the amount of greenhouse gases emitted by human activity to the same levels that it can be naturally absorbed beginning at some point between 2050 and 2100
  - To review each countries contribution to cutting emissions every 5 years so they scale up to the challenge

- For rich countries to help poorer countries by providing “climate finance” to adapt and switch to alternative energy
- Carbon credits is a system with the aim of reducing greenhouse gas emissions
  - Companies buy credits that allow them to emit a certain amount of carbon and the idea is that this acts as a stimulus to reduce carbon emissions
  - Carbon credits can be bought or sold if a company produces more or less than planned
  - Carbon credits provide a financial incentive for countries to produce their target emissions as if they exceed they have to buy more credits
- “Think Global, Act Local”
- Recycling

## Food

- Food production has increased significantly in the last 50 years but global food prices continue to rise as the population rise beyond 7 billion and people are consuming more
- As people become more affluent they eat more meat which is more expensive
- People are eating more causing obesity
- Extreme weather has destroyed crops
- Increased food miles and carbon footprints
- More energy needed
- More waste

**Food miles** – the distance that food items travel to from where they are grown

**Carbon footprint** – amount of carbon dioxide generated by things people do including creating a demand for offers on food

- Increased need for food has encouraged some farmers in LICs to farm marginal land
  - Dry areas using irrigation
  - Slopes using terraces
  - Marsh lands by draining them
  - Rainforest by deforestation
- Intensive farming is particularly bad for the environment
  - High levels of chemicals can led to water pollution
    - Eutrophication
  - Monoculture
    - Reliance
    - Removes natural minerals from soil
  - Irrigation
  - Deforestation
    - Loss of biodiversity
    - More CO<sub>2</sub>
    - Soil erosion



## Water

- Water is essential for food production and irrigation is essential in some areas
- When a river flows through multiple countries it can lead to disputes such as damming or irrigation
  - Israel using water from Jordan river for irrigation reducing its size and the water level of the dead sea
  - Indus water treaty meant that Pakistan had the westward-flowing rivers and India had the eastward-flowing rivers
    - Construction of two dams on the Jhelum and Indus rivers gave Pakistan water independent of upstream control by India
- Water of Ngiro river and other water flowing off Mt Kenya used up by flower growers
  - Maasai struggle to find water
  - A settlement of 20,000 people could be supplied with water that is being used for the flowers
  - Population around Lake Naivahas increased from 50,000 to 250,000 as people sought work in the flower industry
  - Conflict with farmers as ground and water used for flowers not food
- Cash crops are grown in regions like this by small-scale farmers
  - Can induce a spiral of debt as they cannot pay back the interest on loans for fertiliser or other essentials
- Buying locally produced food helps to support our economy but could equally be detrimental to places such as Kenya