



# WATCH & LEARN: BUSINESS: ECONOMICS

## FREE TRADE: GLOBAL SUPPLY CHAINS

### THE END OF GLOBALIZATION? (5:10 min)

#### VIDEO Script & Vocabulary (page 1 of 2/v28585)

#### INTERMEDIATE (B1 - B2) AND ABOVE

- ◊ Read the script and note new vocabulary
- ◊ Write three sentences using new vocabulary
- ◊ Prepare for the discussion questions

#### Starting Off

*Today we all are connected, connected through trade, culture, politics, global issues and what not. Obviously we live in a globalized world. But is globalization good or are we better off on our own?*

- 1 Read the **Video Script** below. The words in **bold** are defined in the **Vocabulary** section. Look up any new words in a dictionary.
- 2 Go to the **Your Turn** section at the end of this document. Practice using new words and expressions from the video script to prepare for your next class.
- 3 Look at the **Discussion Questions** and prepare your responses for the next class.

#### Discussion Questions:

- ◊ What do you think about the economic globalization that has occurred over the last thirty years or so?
- ◊ On balance, do you believe that globalization has done more harm or good?
- ◊ How do you see globalization trends changing in the coming years and what might some of the reasons be?

#### Video Script:

**Narrator:** Today we all are connected. Connected through trade, culture, politics, global issues and many other things. Obviously we live in a globalized world, but is **globalization** good or are we better off on our own? Well today let's talk about this interesting topic that has been getting a lot of attention lately.



Globalization has played a very important role in the global economic development. The **interconnectivity** has made it possible to produce many products cheaply while making it easily available to any part of the world. Many people think that globalization is a very modern world thing, but, no, it is not a new concept. In ancient times, traders went great distances to purchase items that were uncommon and expensive in their own countries. However, the actual globalization started after the Industrial Revolution.

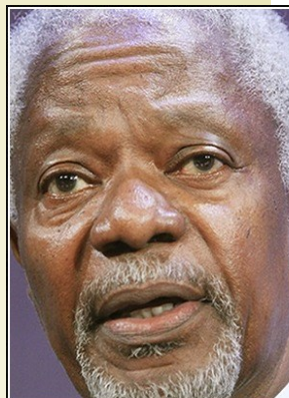
The Industrial Revolution brought advancements in transportation and communication in the 19th Century. Steamships reduced the cost of international transport significantly and the railroads made **inland** transport cheaper which **eased** trade across borders, but it was after World War II when we saw a big **jump** in efforts toward globalization and international trade. Then, in the 1980s, modern globalization started spreading rapidly through the expansion of capitalism with the help of global institutions like The World Trade Organization.

The term globalization is not just limited to the economy and trade, but it also applies to cultural and political globalization. The mass migration of labor and the use of television and Internet are some of the **reasons behind** that. One of the big advantages of globalization is it allows developing countries to **catch up** with the industrialized nations through increased manufacturing and diversification in the economy. Companies in developed countries bring jobs and technology to developing countries which help them to grow their economies and improve the **standard of living** in developing nations. Besides economic development, globalization has also helped in **social justice** on an international scale.

#### Vocabulary:

- **globalization** - the process by which businesses or other organizations develop international influence or start operating on an international scale
- **interconnectivity** - the way the units are linked, allows the flow of agents such as material, information, or energy through the network.
- **inland** - situated in the interior of a country rather than on the coast
- **ease** - make (something unpleasant or intense) less difficult or severe
- **jump** - significant (usually sudden) increase
- **reasons behind** - reason or explanation for something to happen
- **catch up** - an act of closing the gap or matching someone or something in a particular activity
- **standard of living** - the degree of wealth and material comfort available to a person or community
- **social justice** - justice in terms of the distribution of wealth, opportunities, and privileges within a society

*Vocabulary continued on next page...*



Globalization is a fact of life. But I believe we have underestimated its fragility.

— Kofi Annan —

AZ QUOTES

*Video Script continued on next page...*





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**FREE TRADE: GLOBAL SUPPLY CHAINS**  
**THE END OF GLOBALIZATION? (5:10 min)**  
**VIDEO Script & Vocabulary (page 2 of 2/v28585)**

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**Video Script continued...**

Now, no matter how good things seem, there's always a dark side. Similarly, globalization has its own disadvantages. With the relocation of entire industries to new places **abroad**, globalization has become a divisive issue in many developed countries. It has been a major contributor to the economic **squeeze** on the middle class who are losing their jobs. The reason being it is cheaper to produce in China than in their own country.

Another obvious consequence of globalization is an economic **downturn** in one country can have a domino effect on its trading partners. For example, the 2008 financial crisis had a **severe** impact on many developed as well as developing countries. Many of them lost the momentum of their economic growth and it took them several years to come out of the crisis. But one of the worst crisis (crises) that globalization has faced was the recent pandemic.

Many countries were too dependent on global **supply chains** for their medical and other necessary supplies. During the pandemic, countries imposed bans on medical exports to other countries which resulted in a **shortage** of even basic **medicine** and medical equipment worldwide. This event is forcing many countries to become more self-reliant than depending on global supply chains.

Another thing that is threatening globalization is the rising nationalism. In the United States this nationalism took place under the name of "America First". Under this, the U.S imposed tariffs on many imported products and is tightening the **norms** for foreign companies who are selling their products to the U.S.. Britain's Brexit and India's self-reliant campaign are a few of the other examples of rising nationalism.

Also, one more big concern is geopolitical tension around the world. The Russia/Ukraine conflict has had a severe impact on the global economy by rising oil, gas and food prices. Similar to that, the start of cold war between U.S and China is impacting world peace and globalization.

Now, even with all these challenges, globalization has shown some **resilience** in the past few years. For example, global collaboration and climate change research and vaccine development programs are getting preferences much more than before. Also, **bilateral trade agreements** as well as regional trade agreements are getting more popular. In 2018, fifty countries in Africa joined the African Continental Free Trade Area and in Asia, fifteen countries signed the **RCEP Free Trade Agreement**.

So, by looking at this we can say that globalization may be changing its form to regionalization, but does it mean we are going toward de-globalization? Well, it's too early to say that. Yet it can be seen that the world is diversifying its supply chains. After the recent supply chain lessons learned in the pandemic, we could see a rise in domestic manufacturing of some critical products but to get things faster and cheaper, the world has to **stick to** globalization.

So probably we will not see a complete deglobalization, but the growth that we have seen in globalization in the past couple decades could be affected in the coming years.

**Vocabulary continued...**

- **abroad** - in or to a foreign country or countries
- **squeeze** - a strong financial demand or pressure, typically a restriction on borrowing, spending, or investment in a financial crisis
- **downturn** - a decline in economic, business, or other activity
- **severe** - (of something bad or undesirable) very great; intense
- **supply chain** - the sequence of processes involved in the production and distribution of a commodity
- **shortage** - a state or situation in which something needed cannot be obtained in sufficient amounts
- **medicine** - a drug or other preparation for the treatment or prevention of disease
- **norm** - something that is usual, typical, or standard
- **resilience** - the capacity to recover quickly from difficulties; toughness
- **bilateral trade agreements** - agreements between countries to promote trade and commerce. They eliminate trade barriers such as tariffs, import quotas, and export restraints in order to encourage trade and investment
- **stick to** - continue doing or using (something)

**Your Turn! Using new vocabulary is the best way to learn and remember it.**

- 1 Choose three words or expressions from the video that are new to you and write a sentence using each one in your notebook.
- 2 Try to use them in a context that is familiar to you to help you retain them.
- 3 Please ask for feedback on your sentences in the next lesson.