

GLOBAL SYSTEMS AND GLOBAL GOVERNANCE: GLOBALISATION

KEY TERMS

Globalisation: The process of the world becoming increasingly interconnected through drivers such as trade, communication and transport.

Capital flows: The movement of money between countries, which is used for trade, investment or producing goods.

Labour: Human efforts used to create goods or provide services.



DRIVERS OF GLOBALISATION

Our increasingly interconnected world is due to these factors:

- Migration
- The spread of cultures
- Technology
- Communication
- Politics
- Trade
- TNCs
- Capital flows



REMITTANCES

These are flows of money sent home by foreign workers to their families. They are an important source of income in developing countries. India receives the greatest amount of remittances.



THE DIMENSIONS OF GLOBALISATION

Economic globalisation is caused by:

- Increase in free trade
- The growth of TNCs
- Improvements in transport

This is evident in the flows of capital and services.

Social and cultural globalisation is caused by:

- Migration
- Global communication networks
- The impacts of westernisation

This is evident in the spreading of ideas and information, e.g. social media, popular films and through the music we listen to.



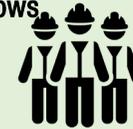
CAPITAL FLOWS

The deregulation of the world financial markets in the late 20th century meant economic activity (e.g. banking, insurance) were no longer limited to being in one particular country – they could become global. There were fewer restrictions on money flowing around the world.



FLOWS OF LABOUR

Migration is the movement of people from one place to another, however, because there are restrictions on immigration, people move less easily than capital flows. Countries such as Kuwait, Qatar, Bahrain and the UAE have a high number of migrants, with many working in the construction industry.



FLOWS OF SERVICES

Services include financial advice, banking and insurance. They can be traded.

Services can be divided into two main types:

High level services: Services to businesses (concentrated in HICs)

Low level services: Services to consumers

Services are footloose, which means they can operate from anywhere. With the increase in internet communication, the location of a service is not important.



FLOWS OF INFORMATION

Flows of information are moved through online data and migration. Technology has increased the speed at which data can be transferred, and many services have been digitised to support the free flow of information.



FLOWS OF PRODUCTS

Products flow across the world through trade. Containerisation and the increasing size of freight ships has meant that products can flow quickly and easily around the world. Air transport has also sped up delivery times.



GLOBAL MARKETING

Marketing is the process of promoting, advertising and selling products and services.

Brands such as Coca Cola develop themselves to be recognised all over the world. They are a TNC with a variety of products and brands under the Coca Cola umbrella.



GLOBAL SYSTEMS AND GLOBAL GOVERNANCE: GLOBAL SYSTEMS

GLOBAL SYSTEMS

Global systems reflect the range of interdependences now present in the world. These include:

- Economic systems
- Political systems
- Social systems
- Environmental systems



The global economic system is largely driven by two global institutions: the **World Bank** and the **International Monetary Fund**. The **Intergovernmental Panel on Climate Change** is an example of an organisation which is leading on environmental systems.

KEY TERMINOLOGY

Bilateral agreement:

An agreement on trade between two countries or two groups of countries, e.g. the banana trade between the EU and Latin American countries.



Multilateral agreement: An agreement on trade between more than two countries, e.g. Bali Package – agreement between 159 WTO members to speed up the movement of traded goods.



Outsourcing: Where goods and services are provided at a different location because costs are lower.

WORLD TRADE ORGANISATION

The WTO is responsible for the global rules of trade between different nations..

- Established in 1995 and is run by members
- 166 member countries – over 3/4s are developing nations
- It aims to reduce trade barriers
- It acts as an arbitrator sorting out trade issues between members
- It provides stability for trading nations, to ensure that trading policy rules do not suddenly change



THE IMF

- Oversees the entire global financial system – 191 member countries
- Member countries pay a subscription
- Offers financial assistance to members
- Will only provide loans if it will prevent an economic crisis
- HQ in Washington DC – always has a European managing director



THE WORLD BANK

- Provides long-term investment loans to countries with the aim of reducing poverty
- Acquires money by borrowing money from the international bond market
- Encourages entrepreneurship in developing countries with funding
- There are 189 member countries, and it always has an American president

UNEQUAL FLOWS OF MONEY

As flows of people change, this can lead to unequal flows of money. Remittances can be sent home from migrant workers to their country of origin, and this can address the balance.

Outsourcing: This can cause issues with employment in developed countries and can cause unemployment as work is outsourced to low-wage economies.



UNEQUAL FLOWS OF PEOPLE

The majority of migration occurs between developed and developing countries. However, this has an effect on the labour market, and can lead to brain drain, an ageing population and outsourcing. The country of origin does not stand to benefit in the same way the destination country does.



INTERDEPENDENCE ISSUES

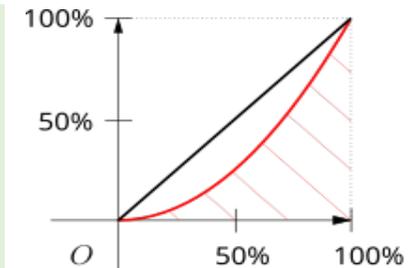
Interdependence between countries can lead to...

- Unequal flows of people
- Unequal flows of money
- Unequal flows of ideas and technology
- Unequal power relations



THE GINI INDEX

The Gini Index can be used to indicate levels of inequality of income distribution. It is based on the Lorenz Curve.



GLOBAL SYSTEMS AND GLOBAL GOVERNANCE: INTERNATIONAL TRADE

BARRIERS TO TRADE

Tariff: A tax on imports

Import licence: An authorisation to import goods from specific places.

Quota: A limit on how much of a particular good can be imported.

Subsidy: Money given by governments to help reduce costs, e.g. EU subsidies to farmers (to compete with LIC imports)

Embargo: The prohibition of trade with a particular country.

Trade restrictions: These may be put in place if the quality of the goods or how they were produced is questionable.



FREE TRADE

- Removes tariffs and quotas to try to improve trade conditions within trade blocs
- The WTO, World Bank and IMF advocate for free trade
- Countries may have an agreement between them to reduce the barriers to trade, however many argue that free trade is not beneficial to developing countries who may be left out of trade agreements



FAIR TRADE

- Established in 1992 to ensure that farmers and producers in developing countries receive a guaranteed wage and a fairer share of the profits
- Sales generates money for the 'Fairtrade Premium' – money which is spent on community projects
- Producers can form co-operatives which gives them more influence when negotiating deals with buyers
- Goods certified by the Fairtrade foundation have the logo on them so that consumers know where they have come from
- E.g. bananas, tea, coffee, sugar and cotton



TRADE BLOCS:

A group of countries that agree to reduce or eliminate trade barriers between each other, e.g. European Union (EU).

NAFTA: North American Free Trade Agreement – a trade bloc agreement between the USA, Canada and Mexico to promote trade between the three countries.

ASEAN: Association of South-East Asian Nations – Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.



DIFFERENTIAL ACCESS TO MARKETS

Not all countries have the same access to trade agreements...

SDT agreements: Special and differential treatment agreements.

SDTs were designed to help some of the poorest countries to engage in trade and to promote faster income growth.

However, not all countries have clear access to SDTs as they need to members of the World Bank, which many 'Least Developed Countries' are not part of.

More international co-operation is needed to make the SDTs fairer for all.



CHINA

- It is a very important country in world trade
- It is an NIC – the economy has rapidly grown over the last 30 years, due to the rise of manufacturing for western countries such as the UK and the USA
- It has become an economic superpower and has spread its wealth to the African continent
- China's investment in Africa has increased Chinese access to raw materials and in turn China has invested in a range of infrastructure projects, e.g. the coastal railroads in Nigeria



FOREIGN DIRECT INVESTMENT (FDI)

All countries see FDI as an important income source. Every year more than \$1 trillion in FDI flows around the world.

In 2020 the top recipients of FDI were (IMF source)

- USA
- Netherlands
- Luxembourg
- China
- UK
- Hong Kong
- Singapore
- Switzerland
- Ireland
- Germany



GLOBAL SYSTEMS AND GLOBAL GOVERNANCE: WORLD TRADE IN BANANAS

BANANAS ABOUT BANANAS!

- Bananas are the world's most popular fruit
- The fifth most traded agricultural product
- The fourth most important food product within least developed countries
- India is the world's largest producer of bananas - produced over 33 million tonnes of bananas in 2024
- Other large producers include China, Indonesia, Nigeria, Brazil, Ecuador and the Philippines

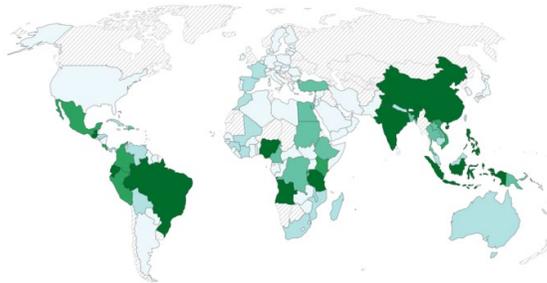


BANANA PRODUCTION

- Grown in tropical regions which experience high rainfall
- Bananas produced in India are largely consumed in India, but some are also exported to the Middle East and southeast Asia
- Central America and the Caribbean export high volumes of bananas and are dependent on the export of bananas
- In 2024 Ecuador exported the highest commercial value of bananas

Banana production, 2022

Our World
in Data



No data 0 t 216,227 t 730,789 t 1.56 million t 2.78 million t

Data source: UN Food and Agriculture Organization (FAO)

BANANA IMPORTERS

The top banana importers in 2023 were:

USA = \$3.14 billion

Germany = \$1.15 billion

China = \$1.08 billion

Japan = \$958 million

Netherlands = \$911 million

CC BY

PRODUCTION ISSUES

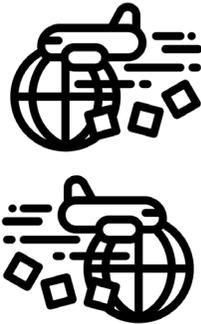
The banana trade uses high volumes of chemicals:

- Bananas are susceptible to diseases such as Panama disease which causes the plants to wilt – so, almost all bananas are treated with fungicides, pesticides and herbicides
- After harvesting the bananas are also processed with a disinfectant
- Bananas are packed in bags filled with ethylene gas to speed up the ripening process for export
- These chemicals have a negative impact on the environment



Other environmental issues:

- Deforestation has occurred to create banana plantations
- For every one tonne of bananas produced there are two tonnes of waste



TRADE ISSUES

There has been a long-standing trade dispute in bananas...

Lome Convention: Trade agreement established in 1975 between EEC countries and former European colonies – included 71 countries in African, Caribbean and Pacific countries. These countries were given SDT and tariff free imports to supply countries in the EU – to protect family run farms in the rise of mechanised banana plantations

1992: TNCs who ran the mechanised plantations filed a complaint to the WTO claiming the Lome Convention was unfair.

1997: The WTO ruled against the Convention, but this did not resolve the dispute, and a trade war began between the USA and the EU. Sanctions were imposed on EU products, and this was approved by the WTO.

2009 Geneva Banana Agreement: The EU reduced tariffs on bananas produced in Latin American countries – but some of the countries in the original agreement have struggled to compete with the Latin American producers.



GLOBAL SYSTEMS AND GLOBAL GOVERNANCE: TRADE AND TNCs

TRANSNATIONAL CORPORATIONS

- TNCs are companies that operate in at least two different countries
- They will have a headquarters based in one country – usually an HIC, e.g. Coca Cola in the USA
- Their operation in other countries may be through production or sales

WHY DO THEY OPERATE IN MORE THAN ONE COUNTRY?

- Lower wages – LICs/NEEs have a lower/no minimum wage, so more profit can be made as labour costs are less
- To increase access to markets
- Resources they may need for production may be easier to exploit in another country, and land may be cheaper to purchase
- To be able to sell more goods that are specific to that market, e.g. the glocalisation of McDonalds
- To reduce the impact of trade tariffs, e.g. when the UK was in the EU many car manufacturers based their factories here to be able to sell in the EU without high tariffs
- Less environmental regulation – makes disposal of waste easier and less expensive

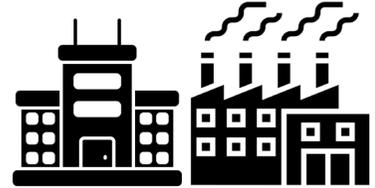


SPATIAL ORGANISATION OF TNCs

Core – HQ and research and development (R&D): Often located in the country of origin, and close to centres of higher education.

Semi-periphery – Regional HQ: Typically, in each country of operation, or per continent – this helps to maintain their position competitively.

Periphery – Manufacturing plants: Mainly in LICs/NICs, where there is likely to be unexploited resources.



APPLE - CASE STUDY OF A TNC

In 2024 there were over 1.38 billion iPhone users in the world.

Spatial organisation:

- Global HQ is on the Apple Campus in Cupertino, California
- European HQ is in Cork, Ireland
- Outsources its production of many products to Foxconn in Shenzhen, China
- 532 Apple stores – 272 are in the USA and 36 are in the UK



POSITIVE IMPACTS

- Apple's European HQ employs over 6000 people
- In Cork the presence of Apple has attracted other high-tech firms – creating a multiplier effect
- It attracts a highly skilled workforce.
- Across the USA over 80,000 jobs have been created directly
- Wages paid in Shenzhen are above the national minimum wage
- Apple is the largest taxpayer in the world



NEGATIVE IMPACTS

- Multiple reports of poor treatment of workers in high-pressured sweatshop conditions in Shenzhen (e.g. long hours, forced overtime) – anti-suicide nets have been attached to Foxconn buildings
- In 2010 workers at a factory in Suzhou, China, were poisoned by a toxic chemical, and sued Apple.
- Coltan used in mobile phone production is mined in the DRC, which has been linked to dangerous working conditions, child labour, and environmental destruction



	FOR THE HOST COUNTRY	FOR THE TNC	FOR THE TNC BASE COUNTRY
✓	<ul style="list-style-type: none"> • Positive multiplier effect • Creation of jobs and income 	<ul style="list-style-type: none"> • Greater profits due to lower production costs. • Access to markets 	<ul style="list-style-type: none"> • Cheaper goods to purchase • Overseas job opportunities
✗	<ul style="list-style-type: none"> • Exploitation of resources and employees • Economic leakage 	<ul style="list-style-type: none"> • Ethical issues, e.g. sports brands have been linked with sweatshops 	<ul style="list-style-type: none"> • De-industrialisation • Unemployment

GLOBAL SYSTEMS AND GLOBAL GOVERNANCE: GLOBAL GOVERNANCE

WHAT IS GLOBAL GOVERNANCE?

Management of global issues, e.g. climate change and plastic pollution – the movement towards political cooperation to negotiate responses to global issues.
Includes: Norms, rules, laws and institutions that regulate and/or reproduce global systems (e.g. trade, human development or international migration).



KEY TERMINOLOGY

Norms: Values, traditions and customs that govern the way individuals behave in a society – they are the ‘done thing’.
Regulations: Ensuring that everyone acts in a similar way to enable governance to function.
Laws: Formal rules which people must follow.
Institutions: Political and legal organisations that exist to pass and enforce laws.



GLOBAL GOVERNANCE INSTITUTIONS

- United Nations
- International Monetary Fund
- The World Bank
- The World Trade Organisation



INTERNATIONAL MONETARY FUND (IMF)

International organisation that oversees the global financial system, created in 1944. Now has 189 member countries which contribute to a pool of money, from which other member countries can borrow from.



Criticisms:

- A criticism of the IMF is that its response to a crisis is often delayed.
- They have been known to make difficult economic situations worse as they have increased taxes when the economy is already weak.

THE UNITED NATIONS (UN)

Founded in 1945 by 51 countries following World War II.



Purposes: Maintaining international peace and security, developing friendly relations among nations and promoting social progress and better standards of living.
There are six organs of the UN: The General Assembly, The Security Council, Economic and Social Council, Trusteeship Council, International Court of Justice and the UN Secretariat.

CRITICISMS OF THE UN

Some argue that they do not handle global issues correctly and do not always act in the best way for its member nations. For example:

- Failing to prevent genocide in Rwanda and Bosnia, or the wars in Gaza and Syria
- Enabling Russia to block actions to defend Ukraine’s borders



Haiti earthquake (2010): Cholera outbreak was linked to UN peacekeepers after sewage leaked from a UN peacekeeping camp into the country’s main river.



	CLIMATE CHANGE	REFUGEE CRISIS
NORMS	Many people try to reduce their carbon footprint and feel that they should recycle, drive less and buy ‘green’.	Most people try to help others, this is often done through donations to charity and supporting local organisations.
LAWS	The Climate Change Act (2008) sets a legal framework for reducing emissions.	The 1951 UN Refugee Convention is part of UK law.
REGULATIONS	The UN Framework Convention on Climate Change came into force in 1994.	The 1951 UN Refugee Convention defines the term ‘refugee’ and outlines the rights of the displaced.
INSTITUTIONS	The Intergovernmental Panel on Climate Change (IPCC) founded in 1988.	The UN High Commissioner for Refugees (UNHCR) was created in 1950.

GLOBAL SYSTEMS AND GLOBAL GOVERNANCE: THE GLOBAL COMMONS

WHAT ARE THE GLOBAL COMMONS?

The Global Commons are areas which do not belong to a single country, they belong to all.

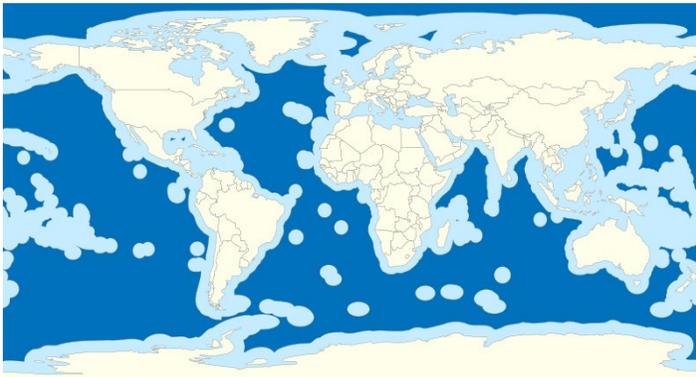
There are 4 of them: International waters, the atmosphere, outer space and Antarctica.

Everyone should be able to benefit from the Global Commons (e.g. scientific research) but they should also be protected.



INTERNATIONAL WATERS

- Also known as the 'High Seas'
- Countries can claim **Exclusive Economic Zones** up to 200 nautical miles from their coastlines
- Within the EEZ countries have the right to exploit natural resources like oil and gas
- Outside of the EEZ, all countries and vessels such as fishing trawlers are subject to maritime law
- International waters are governed by the **High Seas Treaty**
- The map below shows the EEZs in light blue – the dark blue are the global commons of international waters



THE ATMOSPHERE

- Belongs to all of us –no one part of the atmosphere belongs to any one country
- Air pollution is a huge issue for the atmosphere – something we are all responsible for
- Ozone depletion is also an issue for the atmosphere, predominantly caused by CFC use before they were banned
- The **1979 Convention on Long Range Transboundary Air Pollution** and the **Montreal Protocol** both help to protect the atmosphere and reduce air pollution



OUTER SPACE

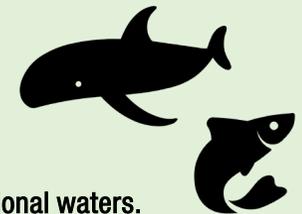
- The area outside of our atmosphere
- Difficult to manage as many countries have satellites and space programmes involving launching rockets
- It can be difficult to define the boundary between our atmosphere and space as it is not a physical boundary – the **Karman Line** and the **Armstrong Line** are used as boundary designations
- The **Outer Space Treaty** provides a framework for international space law, and states that outer space is free for all nations to explore
- On 4th October 1957 the former Soviet Union launched first artificial satellite into space – the **Sputnik satellite**
- The **International Space Station** is an example of countries coming together in international cooperation



TRAGEDY OF THE COMMONS

This refers to countries or individuals acting in their own best interest. As the commons do not belong to any one country, they can become vulnerable to exploitation, with countries depleting a resource for their own benefit.

E.g. many species of whales in the Southern Ocean were hunted to extinction. Overfishing is another example of a common resource being depleted in international waters.



ANTARCTICA

- Described as 'Earth's last wilderness'
- Only continent with no permanent residents – scientists are the only people permitted to live there, but only on a temporary basis
- 7 countries have Antarctic territorial claims
- Protected by the Antarctic Treaty (1959) and the Protocol on Environmental Protection (1991)
- There are 58 countries which have signed the treaty



GLOBAL SYSTEMS AND GLOBAL GOVERNANCE: ANTARCTICA

KEY INFORMATION

Antarctica is surrounded by the Southern Ocean.



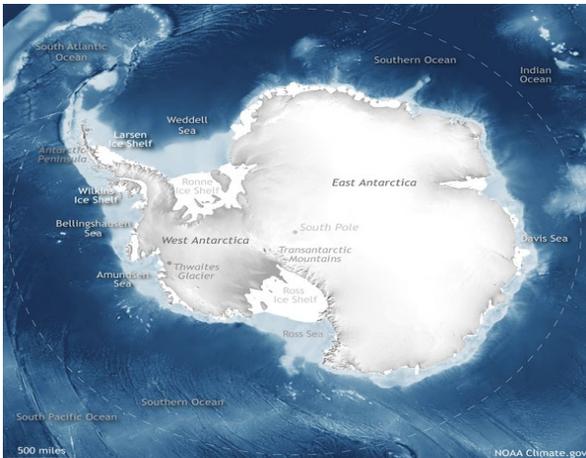
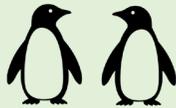
Two regions: East Antarctica and West Antarctica.

Transantarctic Mountains: Divides the two regions – some of the peaks are over 4000m tall.

Ice shelves: 2 main – the Ronne and the Ross.
Antarctic Convergence Zone: Where northward flowing waters from Antarctica meet warmer sub-Antarctic waters – an important zone for krill (major food source of whales).



Wildlife: E.g. penguins, seals, walrus, orca, snow petrel and a variety of whales can be found in and around Antarctica – many of which are being monitored by scientists.



CLIMATE

Mean coastal temperature: -10°C and -30°C

Mean interior temperature: -20°C and -60°C

Mean annual wind speed: 50mph (making it the windiest continent) – winds can reach up to 200mph!
It is a desert as it has less than 50mm of rainfall per year.



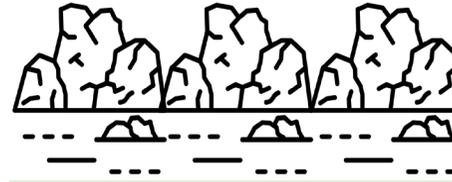
EAST ANTARCTICA

- Larger of the two regions
- The East Antarctica Ice Sheet is larger and thicker than the West Antarctica Ice Sheet (and also older)
- The **South Pole** is in East Antarctica
- Home to the **USA's Amundsen-Scott Polar Research Centre** and the **UK's Halley IV Research Station**
- The **Halloween crack** in the Brunt Ice Shelf is here, and has gathered a lot of attention since it was discovered in 2016



WEST ANTARCTICA

- Smaller of the two regions
- Home to **British Antarctic Survey's Rothera base**
- **Mount Erebus**, an active volcano, is located here
- The **Ellsworth Mountains** are found here and contain the highest peak in Antarctica – **Mount Vinson**, which is 4892m high.



PROTECTION OF ANTARCTICA

Antarctic Treaty: Signed in 1959 by 12 nations – Argentina, Australia, Belgium, Chile, France, Japan, New Zealand, Norway, South Africa, UK, USA and the Soviet Union. It came into force on the 23rd June 1961.

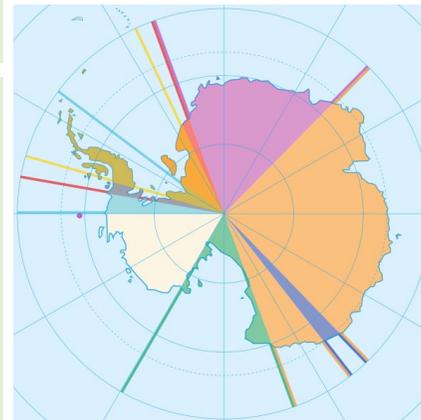


Purpose of the treaty: Guarantees freedom to conduct scientific research and ensures that activities such as mining and the use of nuclear weapons are not allowed.

Madrid Protocol: Signed in 1991 to give extra protection to Antarctica.

Scientific bases: Found across Antarctica, belonging to a range of countries.

Territorial claims: 7 Antarctic territorial claims still exist today (see the map below) – where individual sovereign states own part of the land in Antarctica.



KEY

White = Unclaimed.
Between the blue lines = Chile.
Between the red lines = UK.
Between the yellow lines = Argentina.
Pink = Norway.
Orange = Australia.
Purple = France.
Green = New Zealand.

GLOBAL SYSTEMS AND GLOBAL GOVERNANCE: THREATS TO ANTARCTICA

DISCOVERY AND THE SEAL POPULATION

When Antarctica and the surrounding islands were discovered in the 18th century it led to the beginning of years of exploitation.

Sealing: Began in the 18th century for fur, around the island of South Georgia – led to the complete removal of fur seals from that area (huge impact on the local food web).

Commercial sealing was banned since the 1950s.

The Convention for the Conservation of Antarctic Seals: Signed in 1972.



WHALING

Began in the 19th century – there was a healthy whale population in the Southern Ocean.

Demand: Whales were hunted for their oil, which was used in lamps and in the cosmetic industry, and for whalebones used to create structure in clothing, e.g. corsets or skirt hoops.

Shift in whaling: The North Atlantic Ocean had been over-exploited, and the whale population had dramatically reduced, so whalers moved to the Southern Ocean.

Grytviken Whaling Station: Set up in South Georgia by Norway – abandoned in 1965 because the whale population had declined and was no longer a worthwhile business.

International Whaling Commission: Set up in 1946 – by 1985 most whaling had stopped.

Widespread ban: 50 million square kilometre sanctuary where commercial whaling is banned. BUT, Japan opposed the ban and still catches whales in this area for scientific reasons. Norway and Iceland also opposed the ban. Whale meat is commonly eaten in all 3 countries.



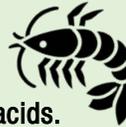
FISHING

1960s: Soviet ships began to exploit the Southern Ocean for fish species, e.g. Antarctic Rock Cod.

Krill fishing: A major issue, as this causes a huge imbalance in the Antarctic food web. Krill oil capsules have become very popular for their health benefits as they are rich in omega-3 fatty acids.

Environmental damage: Ships have been the source of major oil leaks when fishing, and deep-sea nets have also been left which cause huge damage to marine ecosystems.

Risk of extinction: The Patagonian Toothfish and the Antarctic Silverfish are currently under threat due to overfishing and climate change.



CLIMATE CHANGE

As temperatures rise, our polar regions are at threat from melting – huge cracks are already forming in ice sheets such as the Halloween Ice Crack in 2016 and parts of the ice shelves are breaking away.

Albedo effect: As the ice melts, more heat will be absorbed, which will melt more ice, and will also impact global sea levels.

Antarctica is a fragile environment – an increase in temperature will have a devastating impact on the wildlife on land and in the sea.



OCEAN ACIDIFICATION

Carbon dioxide creates carbonic acid which will make the oceans slightly less alkaline. This will have a negative impact on marine ecosystems as carbonate structures will become corroded by the seawater.



MINERAL EXPLOITATION

Mining is banned in Antarctica due to the Antarctic Treaty.

Silver, gold, Copper, cobalt and lead can all be found in Antarctica. Some members of the treaty tried to create a convention to allow exploration of the

mineral deposits.



TOURISM AND RESEARCH

Cruise ships: Many tourists visit Antarctica – there are problems with cruise ships releasing waste into the water.

The International Association of Antarctic Tour Operators: Lay down rules for tourism providers to the continent.

Breeding season: The summer tourist season coincides with the peak breeding season in Antarctica and the high number of tourists can cause a disturbance.

