



Business English News 56 - Deglobalization

The past few years have been a very interesting time for the world economy. A pandemic has **exposed** the **vulnerabilities** of **global supply chains**. **Geopolitical tensions** around the world have intensified, **stoking inflation**. In response to these **disruptive** forces, we are seeing a new international **dynamic emerge**, as Shroders reports:

A decades-long process of **globalization** is coming to an end as the world becomes more **protectionist**, favoring opportunities **closer to home**. **Multinational** corporations are **diversifying** where they produce goods and **relocating** closer to home. This trend represents **backtracking** from the **globalized** model of **extended** supply chains that have **defined international trade** in the past few decades.

Many saw globalization as an **unassailable** model for economic development, one that brought **universal** benefits. And there are many who see **deglobalization**, as it's being called, as either **regressive** or bad for business. But the **cracks** in the globalized economy are **evident**, as Chatham House noted:

The pandemic **illustrates** the danger of relying on global supply chains for essential **medical supplies**, while **climate change** demands reductions in the enormous **carbon footprint** of international trade. And globalization also contains **inherent** disadvantages. It has led to the **emergence** of **unaccountable** world **monopolies** such as Amazon. And it has worsened **income inequality**, both between and within countries.

In response to these experiences, there's an increasing **trend** toward **onshoring**. The onshoring movement **encompasses** a **strategic shift** by companies to relocate operations back to their home countries. In a related strategy, called "**friend-shoring**," companies are **rerouting** supply chains to countries they see as carrying less risk. This **notion** of risk is central to this trend, according to the Guardian:

As companies opt for **resilience** over **efficiency**, they will increasingly **shift** their approach to supply chains from "just in time" to "just in case." This will come at a time when security concerns **gain greater weight** in commercial considerations, and companies will move away from risk-sharing and general partnerships to more **narrowly designed** arrangements. Meanwhile, consumers will increasingly look for an **emphasis** on **purpose** in their commercial **interactions**.

Of course, some of the discussion of deglobalization is driven by political **bluster** in the United States. And while there is evidence of the **realigning** of supply chains in large economies like the US, the trend isn't **consistent** across the globe. As the European Central Bank points out:

Factors such as **labor shortages** resulting from **emigration**, population **aging** and skills **shortfalls** may make EU countries less attractive for **reshoring**. While other **cost considerations**, such as rising labor or energy costs, and **regulatory** differences, might have encouraged firms to locate production abroad. Advancements in **digital technologies** also make it easier to trade **services** across **borders**. This makes relocating business processes internationally even easier.

It would appear that there are still many **compelling** reasons for offshoring. And talking about the "**demise**" of globalization may be **rash**. For every multinational talking about shortening supply chains, there's another that is offshoring even more of its operations. And it's **up in the air** whether deglobalization is good news for the world economy overall. As the ECB explains:

The deglobalizing effects of reshoring can also reduce international trade and **cross-border** investment, while making it harder to **transfer productivity gains** from one country to another. All this can reduce **prosperity**, especially in the small, open economies that benefit most from international trade. Transferring production back from **overseas** can eliminate previous gains from international **comparative advantages** and increase **domestic** production costs.

Whether or not one believes onshoring and deglobalization are appropriate, there's an **undeniable** change **afoot**. In **navigating** the future, business leaders will have to remain strategic. They'll need to emphasize **adaptation** as they deal with changes in technology, talent, and trade. And they'll have to accept that the **landscape** has **fundamentally** changed. As Walter Frick at the Harvard Business Review concludes.

Globalization, as we've known it, has been fueled by three things: cheap **capital**, cheap **energy**, and cheap **labor**. They've all ended: **Interest rates** are **fluctuating**, energy is more expensive, and wages in Asia are rising. Economic **pendulums** always shift, and ours is shifting right now from **unfettered** globalization to more **regionalization** and **localization**.

Vocabulary

To expose: To reveal or make something visible. "We must expose the truth behind these allegations."

Vulnerability: State of being open to harm or attack. "Installing security updates regularly is crucial to protect against vulnerabilities."

Global supply chain: Network of suppliers, manufacturers, and distributors worldwide. "Disruptions in the global supply chain impacted our ability to source raw materials."

Geopolitical tensions: Strained relations or conflicts between nations. "Geopolitical tensions have escalated, and we need to consider the implications for our international operations."

To stoke: To encourage or intensify a feeling or situation. "Politicians often stoke fear to gain support during elections."

Inflation: Increase in general prices of goods and services. "Inflation affects everyone, as it decreases the purchasing power of your money."

Disruptive: Causing disturbance or interruption to normal processes. "The disruptive technology changed the way we conduct business."

Dynamic: Characterized by constant change or activity. "The dynamic nature of the industry demands continuous innovation to stay competitive."

To emerge: To come into view or existence. "As new opportunities emerge, we must be ready to take advantage of them."

Globalization: Process of increasing interconnectedness and interdependence among countries and business. "Globalization has opened up new markets for our products, allowing us to reach customers worldwide."

Protectionist: Policy advocating restrictions on imports to protect domestic industries. "The government's protectionist measures may lead to trade tensions with other countries."

Close to home: Something directly affecting one's personal life or environment. "The impact of climate change is becoming increasingly close to home for all of us."

Multinational: Company operating in multiple countries. "As a multinational corporation, we face unique challenges in managing diverse teams."

To diversify: To expand or vary the range of products, services, or investments. "Diversifying your investment portfolio helps manage risk and maximize returns."

To relocate: To move to a new place or position. "We decided to relocate our headquarters to the city for better access to talent."

To backtrack: To reverse or retrace one's steps or actions. "We had to backtrack on our initial decision due to unforeseen complications."

Globalized: Having been integrated into the global economy. "Our company has become increasingly globalized, with operations spanning multiple countries."

Extended: Made longer in duration or expanded in scope. "The project deadline was extended to accommodate additional requirements."

To define: To establish the precise meaning or scope of something. "We need to define our objectives clearly before proceeding with the project."

International trade: Exchange of goods and services between countries. "International trade plays a crucial role in boosting economic growth and global cooperation."

Unassailable: Unable to be attacked, questioned, or defeated. "The company's market dominance seemed unassailable until new competitors emerged."

Universal: Applicable or common to all. "Access to clean water is a universal human right."

Deglobalization: Process of reducing interdependence and integration between countries. "The rise of protectionist policies has led to concerns about deglobalization."

Regressive: Characterized by a return to a previous or less advanced state. "The new tax policy was criticized for its regressive impact on low-income households."

Cracks: Small fissures or breaks in something, often metaphorically indicating weaknesses or flaws. "The cracks in the company's plan became evident during the economic downturn."

Evident: Clearly visible or understood. "The impact of climate change is evident in the increasing frequency of extreme weather events."

To illustrate: To provide examples or visual aids to clarify or explain something. "Let me illustrate my point with a real-life example."

Medical supplies: Equipment and materials used in the provision of healthcare services. "The shortage of medical supplies strained healthcare systems worldwide during the pandemic."

Climate change: Long-term alteration of global weather patterns, often attributed to human activities. "Climate change poses significant risks to ecosystems and human societies."

Carbon footprint: Total amount of greenhouse gases emitted directly or indirectly by human activities. "Reducing our carbon footprint is essential to mitigate the impacts of climate change."

Inherent: Existing as a natural or essential characteristic. "Certain risks are inherent in any investment strategy."

Emergence: Process of coming into existence or becoming known. "The emergence of new technologies has transformed the industry."

Unaccountable: Not responsible or answerable for one's actions. "Government officials must be held accountable for their decisions and actions."

Monopoly: Exclusive control or dominance over a particular market or commodity. "The company established a monopoly in the telecommunications industry."

Income inequality: When some people earn much more money than others. "Income inequality means some people have lots of money, while others don't have much at all."

Trend: A general direction in which something is changing or developing. "The trend of people using smartphones has increased a lot in recent years."

Onshoring: Moving business operations back to one's own country from another country. "Onshoring means bringing jobs back to our country instead of having them overseas."

To encompass: To include a wide range of things. "The new policy encompasses many different ideas to help the environment."

Strategic shift: Making a big change in your plans to reach long-term goals. "Our company made a strategic shift to focus more on online sales."

Friend-shoring: Manufacturing and sourcing goods or services from countries that are geopolitical allies, often as part of a trade bloc or cooperative economic agreement. "Our friend-shoring strategy involves sourcing raw materials from countries within the EU."

To reroute: To change the way something is going so it goes a different way. "We had to reroute the delivery truck because the road was closed."

Notion: An idea or belief. "The notion that money can't buy happiness is something many people believe."

Resilience: Being able to quickly recover from difficult situations. "The community showed resilience by rebuilding after the fire."

Efficiency: Doing something well with as little time and effort as possible. "Using new software helped improve the efficiency of our work."

To shift: To move or change from one thing to another. "We had to shift our focus from in-person meetings to video calls during the pandemic."

To gain greater weight: To become more important or significant. "The safety concerns gained greater weight after the recent accidents."

Narrowly designed: Created or made with a very specific focus or purpose. "The new phone is narrowly designed for gaming, with powerful graphics and processing capabilities."

Emphasis: Special importance, value, or attention given to something. "The teacher placed emphasis on the importance of studying for the upcoming exam."

Purpose: The reason for which something is done or created. "The purpose of our meeting today is to discuss the new project."

Interaction: Communication or involvement between people or things. "Online forums allow for interaction between users from all around the world."

Bluster: Loud, aggressive, or boastful talk with little substance. "The politician's speech was full of bluster but lacked concrete plans."

To realign: To change or adjust something so that it is in a more suitable or appropriate position or direction. "The company decided to realign its marketing strategy to better target its audience."

Consistent: Acting or done in the same way over time. "Her consistent hard work paid off when she was promoted to a managerial position."

Factor: Something that contributes to a result or outcome. "One factor contributing to the company's success is its strong customer service."

Labor shortage: A situation in which there are not enough workers to fill available jobs. "The labor shortage in the construction industry has led to delays in completing the project."

Emigration: Moving away from one's own country to live in another country. "Emigration means leaving your country to live somewhere else."

Aging: The process of getting older. "Aging happens to everyone as they get older."

Shortfall: A situation in which something is not as much as is needed or expected. "The shortfall in funding meant we couldn't complete the project on time."

Reshoring: Bringing back business activities that were previously moved to another country. "Reshoring means moving jobs back to your own country."

Cost considerations: Thinking about how much money something will cost. "We need to take cost considerations into account before making a decision."

Regulatory: Relating to laws or rules set by the government. "The regulatory requirements for starting a business can be complex."

Digital technologies: Technologies that use computers or the Internet. "Digital technologies like smartphones have changed the way we communicate."

Services: Activities done to help or support someone or something. "The company provides services like cleaning and maintenance."

Border: The line that separates one country or area from another. "The border between the two countries is heavily guarded."

Compelling: Making you feel very interested or excited. "The movie had a compelling storyline that kept me interested until the end."

Demise: The end or failure of something. "The demise of the company was caused by poor management."

Rash: Done without thinking carefully. "Making a rash decision can lead to problems later on."

Up in the air: Uncertain or undecided. "The future of the project is still up in the air."

Cross-border: Happening between two or more countries. "The company has cross-border operations in Europe and Asia."

To transfer: To move something or someone from one place to another. "I need to transfer money from my savings account to my checking account."

Productivity gains: Increases in the amount of work that can be done in a certain amount of time. "The new software led to significant productivity gains for the company."

Prosperity: The state of being successful and having a lot of money. "The country experienced a period of prosperity after the economy grew."

Overseas: In or to a foreign country, especially one across the sea. "We have offices overseas in Europe and Asia."

Comparative advantage: When one country or business can produce something more efficiently than another. "Our comparative advantages include having much cheaper labor than in Europe."

Domestic: Relating to or happening within one's own country. "Domestic products are made in your own country."

Undeniable: Impossible to deny or question. "The evidence against him was undeniable."

Afoot: Happening or being planned. "There are rumors afoot that the company might be sold."

To navigate: To find a way to get through or manage a situation or problem. "She was able to navigate through the difficult times with the support of her friends."

Adaptation: Changing to fit a new situation or environment. "If we didn't have skills in adaptation, we wouldn't have come through the pandemic in good shape."

Landscape: The features of a particular area of land, situation, or industry. "The landscape of the finance industry is a lot different than it was a decade ago."

Fundamentally: In a basic and important way. "The problem is fundamentally caused by a lack of communication."

Capital: Money or wealth used to invest in a business or to start a business. "We're looking to investors to raise the capital we need for a big expansion."

Energy: The ability to do work or move something. "The car runs on energy from gasoline."

Labor: Work, especially hard physical work. "The amount of labor we need to put into this project really doesn't match what we'll earn."

Interest rates: The amount of money that is charged for borrowing money, usually expressed as a percentage. "With interest rates going up, we need to find other ways to get money rather than borrowing it."

To fluctuate: To change frequently in size, amount, quality, etc., especially from one extreme to another. "Prices can fluctuate depending on supply and demand."

Pendulum: A shifting in the direction or movement in a situation. "The pendulum has swung back in favour of manufacturing domestically as there are higher taxes on imported goods."

Unfettered: Not controlled or restricted by rules or laws. "In a free market, businesses operate unfettered by government interference."

Regionalization: The process of creating and strengthening economic, political, and cultural connections within a specific region "We are starting to see more policies encouraging regionalization in South America."

Localization: Adapting something to suit a particular place or area. "Localization means making something to the particular needs or expectations of a certain location or country."

Language Review

A. Collocations

Match words from each column to make collocations found in the article.

1. Cost	a. Inflation	
2. Labor	b. Change	
3. Climate	c. Footprint	
4. To stoke	d. Rates	
5. Comparative	e. Shortages	
6. Interest	f. Gains	
7. Productivity	g. Advantage	
8. Carbon	h. Considerations	

B. Vocabulary Quiz

- Which of the following refers to the *result* of human activity on the environment, particularly from burning fossil fuels?
 - Carbon footprint
 - Income inequality
 - Inflation
 - Climate change
- If you increase the variety of something, then you _____ it.
 - Emerge
 - Diversify
 - Illustrate
 - Expose
- If something appears or becomes visible, then it...
 - ... regresses.
 - ... disrupts.
 - ... emerges.
 - ... stokes.

4. _____ may happen when a country experiences _____.
- Reshoring / shortfalls
 - Interactions / productivity gains
 - Labor shortages / emigration
 - Prosperity / monopolies
5. Which of the following is a positive attribute that companies might want to demonstrate? Select all that apply:
- Vulnerability
 - Resilience
 - Efficiency
 - Unaccountability
6. An expression that means "uncertain" is _____.
- Up in the air
 - Afoot
 - Evident
 - Universal
7. If you want to say that something goes up and down, you can say that it...
- ... navigates.
 - ... demises.
 - ... unfetters.
 - ... fluctuates.
8. Which of the following involves bringing economic activity "closer to home"? Select all that apply:
- Localization
 - Multinational
 - Friendshoring
 - Monopoly
 - Globalization
 - Strategic shift
 - Onshoring
 - Comparative advantage
 - Reshoring

Answers

A. Collocations

1/h, 2/e, 3/b, 4/a, 5/g, 6/d, 7/f, 8/c

B. Vocabulary Quiz

1/d, 2/b, 3/c, 4/c, 5/b, c, 6/a, 7/d, 8/a, c, g, i