

cheap imports flooding markets and undermining their own industrial base.

- The agreements are difficult to apply in a fair or standardised manner and the lack of reciprocity in the agreements has deterred some developed countries from participation.

In many cases, SDTs have been replaced by bilateral trade agreements between poorer countries and richer trading partners. For example, Mexico was previously a beneficiary of preferential access to Canadian and US markets but has arguably benefited more as a member of NAFTA (now USMCA).

Nature and role of transnational corporations (TNCs)

Links

There are links here with the impacts of external forces in Chapter 8, *Changing Places*, pages 361–2.

Transnational corporations (TNCs) are companies that operate in at least two countries, with a headquarters based in one country but with business operations usually in a number of others. TNCs take many different forms and are based in different economic sectors. They no longer only originate from more developed countries; emerging economies also have TNCs which are major global companies. Some TNCs are very powerful, with many having larger revenues than the total GDP of nations (see Table 7.9). They can have considerable political influence, for example, persuading governments of developing economies to reduce taxes or to create special economic zones to encourage the TNC to invest in their country.

TNCs may operate in more than one country for a number of reasons:

- **to escape trade tariffs** – for example, Nissan's decision to produce cars in Sunderland was largely to gain barrier-free access to the EU market
- **to find the lowest cost location for their production** – for example, Hewlett-Packard in Malaysia

- **to take advantage of foreign exchange rates that make exports cheaper** – for example, Dyson in Malaysia
- **to reach foreign markets more effectively** – for example, McDonald's
- **to exploit mineral or other resources available in foreign countries** – for example, BP in Azerbaijan.

There are certain characteristics thought to be common to TNC organisations, including:

- maximising global economies of scale by organising production to reduce costs
- sourcing raw materials or components at the lowest cost
- controlling key supply chains
- control of processing at each stage of production
- branding of products/services so they are easily recognisable.

Spatial organisation

Transnational corporations are globally integrated enterprises because they locate different functions to gain an effective blend of cost, skill and environment.

Traditionally, the company headquarters are based in a major city in the home country. Most TNCs have subsidiary headquarters in each continent, or in countries where their main operations are based.

In order to maintain their position competitively, TNCs engage in research and development (R&D) activities. These also tend to be based in the country of origin and will often locate near to centres of higher education, to take advantage of a graduate labour market, or to make use of university research facilities. Manufacturing operations are often located in LDEs, where land, labour and material costs are lower (**offshoring**).

Offshoring and outsourcing

The practices of offshoring and **outsourcing** are slightly different concepts but have similar causes and consequences. Both practices are used by TNCs to organise production or support services more cost effectively. They are both largely one directional and

usually involve exporting manufacturing or service jobs from costly economies in Europe and North America to lower wage economies.

- **Offshoring** involves relocating a part of the organisation, such as manufacturing operations, to an overseas location to take advantage of lower costs or alternatively to access foreign markets. This includes TNCs locating factories in higher wage economies, such as Toyota in the UK and US to access these wealthier markets.
- **Outsourcing** is a strategy that involves subcontracting part of the business operation to another company, usually in another country where costs are lower.

Both practices can contribute to growth, development and increasing skills and technology in LDEs but they also have negative effects, causing inequalities and injustices in both HDEs and LDEs (Table 7.10, page 317).

Table 7.9 List of largest 10 TNCs by revenue in 2016

The Fortune 2016 Global 500 companies	
1. Walmart (10)	United States 🇺🇸
2. State Grid (14)	China 🇨🇳
3. China National Petroleum (15)	China 🇨🇳
4. Sinopec Group (16)	China 🇨🇳
5. Royal Dutch Shell (18)	United Kingdom– The Netherlands 🇬🇧 🇳🇱
6. Exxon Mobil (21)	United States 🇺🇸
7. Volkswagen (22)	Germany 🇩🇪
8. Toyota Motor (23)	Japan 🇯🇵
9. Apple (25)	United States 🇺🇸
10. BP (27)	United Kingdom 🇬🇧

Figures in brackets are the rank of the TNC if ranked against national GDPs in the world.

Source: *Fortune*, 2016

Production

Production operations of TNCs involved in the **primary sector** will be based wherever there are unexploited resources. This tends to be in developing economies as reserves in more developed countries have largely been depleted. However, a combination of rising world prices and new



Figure 7.23 South Korean company Samsung has located LED TV production in Kaluga in western Russia. Russian industry gains from the transfer of Samsung's technology, skills and capital investment

technologies can make access to new reserves of raw materials viable in the home country. For example, the recent development of hydraulic fracturing, known as 'fracking', has revitalised oil and gas industry bases in North America.

For TNCs in the **secondary sector**, production operations have largely been located in the manufacturing regions of developing countries, especially in South East and South Asia. These areas attract TNCs because:

- labour costs are lower
- there is investment in education, which makes it easier to train workers
- the work ethic means workers are willing to work long hours, with relatively few holidays, in a non-unionised labour environment
- there may be government incentives such as tax-free breaks, special economic zones (SEZs) with low business rates or less restrictive environmental regulations.

The spatial organisation of production has allowed for TNCs from emerging economies to locate production where it gives access to large markets in developed regions. Kia Motors (South Korea) has factories in Slovakia and the USA to gain access to EU and USMCA markets.

Service-based TNCs in the tertiary sector are more footloose and will locate operations either where there are relatively low labour costs balanced with good education or in proximity to their markets. Language is another important consideration here: lower level services, such as call centres, are **outsourced** to India, for example, because of the high proportion of well-educated English-speaking workers, who offer a lower cost alternative.

Key terms



Agglomeration – When companies in similar industries locate near to each other because of the benefits gained by sharing ideas and resources – called ‘agglomeration economies’.

Multiplier (effect) – A situation where an initial injection of investment or capital into an economy (at any scale) in turn creates additional income by, for example, increasing employment, wages, spending and tax revenues.

Linkages

One of the features of TNCs is the ability to expand and gain more control of their industry and markets. They do this by developing links with other companies and between countries. Links with other countries can be made by investing in them and by establishing **joint ventures** with national or state-controlled companies.

Expansion can also be achieved through takeovers or mergers with other companies to integrate different parts of the business.

There are two types of integration:

- **Vertical integration:** An arrangement in which the **supply chain** of a company is owned entirely by that company, from raw material through to the

finished product. This gives the TNC control over its supplies and stocks and reduces costs because of economies of scale. A good example is BP in the oil and gas industry. BP has negotiated exploration and production rights in over 50 oil and gas fields worldwide, which it calls its upstream activities. It owns or jointly owns (with other energy companies) 11 oil pipelines and has its own shipping fleet. The company owns refineries, usually based in the countries where end products are sold, and globally has nearly 19,000 retail service stations. These are BP’s ‘downstream’ activities.

- **Horizontal integration:** A strategy where a company **diversifies** its operations by expansion, merger or takeover to give a broader capability at the same stage of production. This can be either complementary or competitive to its existing business. For example, Kraft Foods’ takeover of Cadbury in 2010 gave them a more diverse base in the grocery and confectionery market. Following a series of de-mergers, the newly formed Kraft Foods Group merged with Heinz in 2015 to form Kraft Heinz, for the same purpose.

Trading and marketing patterns

- The majority of TNCs trade in highly developed economies in North America, Europe and the Far East (Japan and Korea).
- Emerging economies in South and East Asia, the Middle East and Latin America are now creating a rapidly increasing demand for consumer goods.
- TNCs’ activities in emerging economies have developed from a focus on production for export to becoming suppliers to internal markets to meet ever-growing consumption in those countries.
- TNCs use global marketing strategies to take advantage of marketing economies and to give clear identity through branding of their products.

Benefits and costs of TNCs

Table 7.10 Outline of how TNC offshore and outsourcing operations affect different participants

	For the host country	For the TNC	For country of origin (TNC base)
Benefits	Generates jobs and income Brings new technology Gives workers new skills Has a multiplier effect Improved energy and transport infrastructure	Lower costs because of cheaper land and lower wages Greater access to new resources and markets Fewer controls such as environmental legislation	Cheaper goods Specialise in management, financial services, R&D and other higher skill occupations
Problems	Poor working conditions Exploitation of resources Negative impacts on environment and local culture Economic leakages/repatriation of profits	Ethical issues such as the image of environmental damage or 'sweatshops' can be detrimental to their reputation Social and environmental conscience	Loss of manufacturing jobs Deindustrialisation Structural unemployment Demultiplier effect leads to spiral of decline in former manufacturing areas Can mean derelict factories, areas of deprivation and poverty

Apple Inc.: a transnational corporation

Apple Inc. – producer and retailer of computer technology and mobile electronic devices

Apple Inc. is a US transnational electronic technology corporation with its company headquarters based at Apple Park in Cupertino, northern California (Figure 7.24).

Apple produces a range of familiar high-tech products and services that are marketed globally either under its universal 'i' brand or as 'Apple'. These include iPhones, iPads and more recently Apple Watch, Apple TV and its most powerful device, the MacPro. In 2018 it launched a new smart speaker called HomePod.



Figure 7.24 Apple Park

The company started business in 1976, in the early days of personal computer manufacture. In 1982 it took over the smaller Macintosh organisation and launched a new brand of desktop computer that later became 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 experienced phenomenal growth as an organisation because of its development of mobile and Wi-Fi devices. In 2019, Apple was the world's:

- largest IT company by revenue
- third-largest mobile phone manufacturer
- number one global brand by value (US\$234 billion).

It has 137,000 full-time employees and over 510 retail stores in 22 countries.

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

- stylish and well-designed products
- slick marketing and branding – generating a growing number of customers with brand loyalty
- innovative products that are regularly updated
- focus on highly mobile devices, which fit their market's needs
- selling its products and services online together with ancillary products such as music and TV programmes
- diversification into new technologies and platforms as they evolve.

Spatial organisation and linkages

Apple is a truly global company with a distinctive geography. Their main products are designed in Silicon Valley, California, made in mainland China by Foxconn, a Taiwan-based company, and sold all over the world. The different components that are used in their products are

sourced from companies with bases in many countries all over the world, for example Wi-Fi chips can originate from any one of 20 countries in the Americas, Europe or Asia.

Most of Apple's employees are based in HDEs, mainly in the USA, reflecting the high-tech, knowledge-intensive nature of its business. Those manufacturing Apple products however are employed by other companies and number up to 2.5 million, nearly 20 times those employed by the company itself.

Apple has expanded its activities in the USA in recent years:

- Its headquarters and research and design centre are together at Apple Park in Cupertino, California.
- It has a further large campus and MacPro assembly facility employing 6,000 people at Austin, Texas, which it plans to expand to employ a further 10,000.
- It has five data centres in the USA – two in California at Newark and Santa Clara, a further two in western USA at Reno, Nevada and Prineville, Oregon and one on the eastern seaboard of the US at Maiden, North Carolina. A further large centre is planned for mid-2020s at Waukee, Iowa in central US to better serve North American users of iMessage and Siri.

Apple now employs 90,000 people in all 50 states of the USA.

The concentration of R&D locations in Silicon Valley, California is a good example of **agglomeration**, which is typical of high-tech industries where information exchange and access to well-qualified and expert staff are crucial.

- Apple has its European, Middle Eastern and African headquarters in Cork, Ireland, where it employs 6,000 workers on its iMac production line. Cork also acts as the global transport logistics hub for Apple, organising shipments of assembled iPhones and iPads around the world.
- Assembly of Apple's main products, iPhones and iPads is **outsourced** to partner companies Foxconn and Pegatron – both Taiwanese electronics corporations. Foxconn is Apple's longest-running partner; its main production base is in Foxconn City, Shenzhen near Hong Kong. Foxconn also has large assembly complexes at Zhengzhou, Henan province and Chengdu, Sichuan province in central China. These three large sites alone employ nearly one million workers.

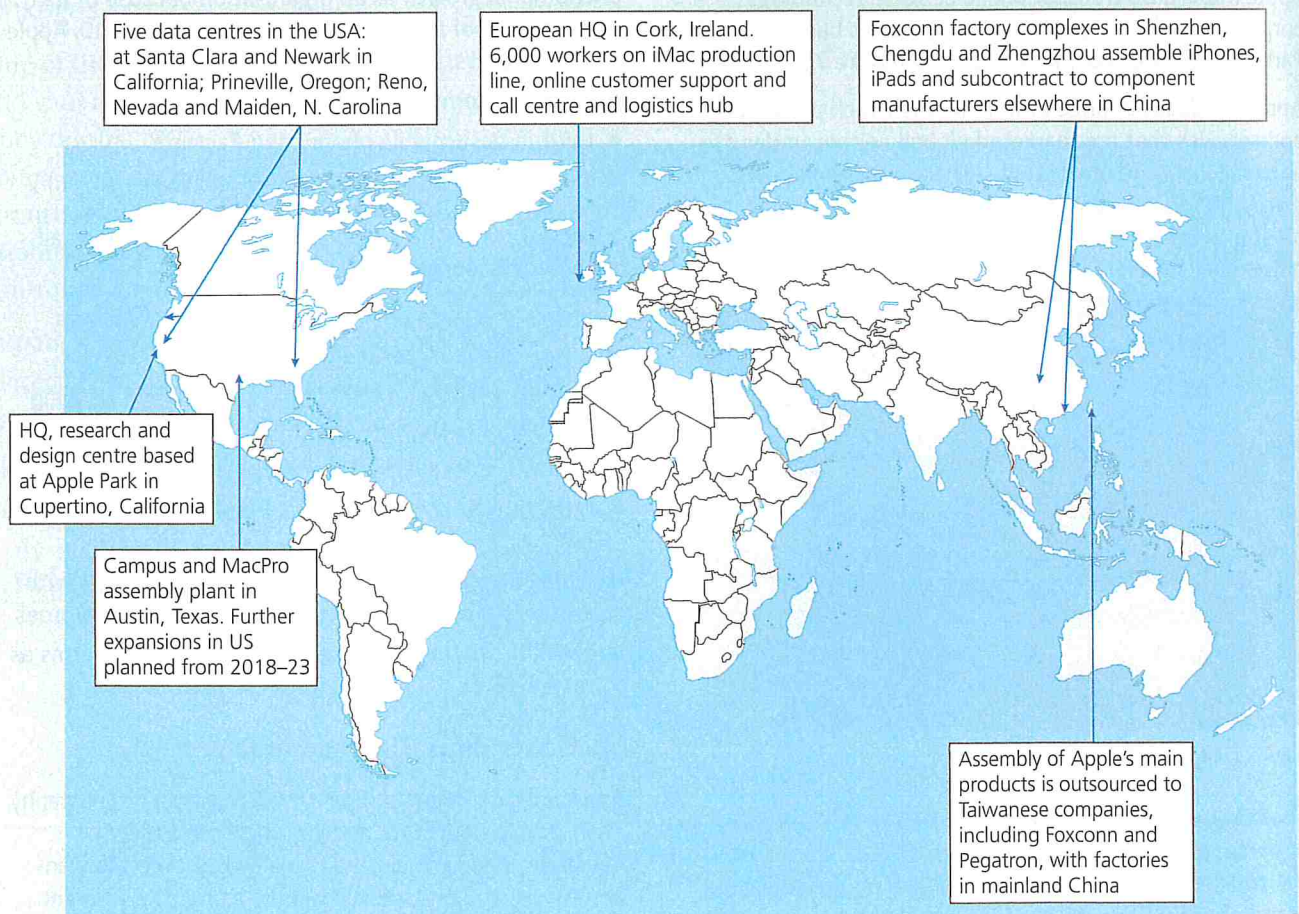


Figure 7.25 Location of Apple's main global operations

- Of its 511 retail stores, over half are in the US, 115 are in Europe and the Middle East and 42 are in China, where it has increased its market.

Production and linkages

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

- they are able to outsource production to established Taiwanese electronics firms such as Foxconn, who competed for Apple's manufacturing contract on the basis of low production costs
- there is a large, young, skilled and non-unionised workforce who will work long hours for relatively low wages
- Shenzhen was the location of China's first and most successful **Special Economic Zone (SEZ)** offering a number of incentives to attract foreign companies.



Figure 7.26 Workers on the production line at the Foxconn complex at Shenzhen

As a global leader in supply chain management, Apple has a lean production system that makes the most of its spatial organisation. It arranges for different components to be shipped directly from their various original sources to the assembly complexes in China. This reduces stockpiling and the number of warehouses to one centralised location in California. This exceptional inventory management reduces costs and generates higher profitability compared to its competitors.

Since 2018, Apple has expanded production within the USA, notably in Austin, Texas where it manufactures the MacPro for the domestic market. Components are shipped from around the world, including from China, to the assembly plant there.

Impacts on countries in which it 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 in which they operate. This demonstrates the risks of outsourcing production to foreign companies and locating overseas, where employment regulations are less rigid and reflects general criticisms levelled at TNCs.

Ireland

Apple's European HQ is based at Hollyhill Campus, 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 in 1980, at a time of high unemployment, by the government's 12.5 per cent corporation tax, the second lowest in the EU. Generally Apple's impact in Ireland, and in Cork in particular, has been positive:

- It employs 6,000 workers at Hollyhill, Cork's largest private employer. Most work on the iMac production line or in the online customer support and call centre.
- Cork's designation as Apple's logistics hub enhances Ireland's reputation and its global connectivity. Over 100 people work in the logistics team, remotely organising the shipping of products to over 50 countries.
- Apple's presence in Cork has generated around 3,000 jobs for workers employed in ancillary work.
- The company's presence in Cork has attracted other high-tech firms to the area.
- It has attracted a highly skilled workforce and provided an inspiration for local education, research and development.
- The company has expanded and contributed to infrastructural improvements in the city.
- Together with other companies locating in Dublin and in the south and west of Ireland, Apple has enhanced Ireland's reputation for hosting high-tech TNCs.
- Many of the more highly skilled workers at Hollyhill are foreign nationals (mainly from the EU), so Apple is criticised for not creating sufficient work for local people. There are 90 nationalities working there, including 700 French and 460 Germans – 53 different languages are spoken. The counter-arguments are that this has helped Cork become a more vibrant cosmopolitan city and that at least 60 per cent of the workers are Irish.

Tax practices

As a TNC operating in a number of countries, Apple uses subsidiary firms in other countries to declare profits and pay a lower rate of tax. In 2014, both the US and the EU claimed that Apple had received favourable tax treatment from the Irish government. It caused

tension between the USA and the EU, as each claimed that Apple owed them tax on their profits. In 2016, the EU Competition Commissioner concluded that Apple had received illegal state aid from Ireland and ordered them to pay €13 billion in unpaid taxes for 2004–2014. These tensions expose a flaw in taxation systems in an increasingly globalised world. Systems need to be updated to accommodate large TNCs such as Apple, which manufactures most of its products in China but derives the majority of its profit from 'intellectual property', marketing, patenting and branding, which can be funnelled through a maze of subsidiaries.

Apple is far from alone in claiming that profits from large chunks of its intellectual property are generated outside the USA.

China

Foxconn employs 1.3 million employees working on Apple products at its business parks in China and claims to support nearly five million jobs in the country, as they also supply other leading high-tech firms.

Labour practices

- **Working conditions:** Workers in Foxconn's high-security factory complexes mostly live on site, where there are dormitories, shops and cafes. Most are young migrant workers from other parts of China. They work an average of 62 hours each week for around \$300 per month, half of which is taken up by living expenses. Media reports suggest that excessive hours and other problems may persist, despite Apple's attempts to reform factories following reports of alleged poor working conditions.
- **Health and safety:** Workers in factories producing

Apple products have in the past been exposed to toxic chemicals used to clean the products. It has also been suggested that earplugs and goggles have not always been available to employees when working on certain machinery.

- **Student and child labour:** In 2017, student interns working for Foxconn were found to have been working excessive hours against its own policies. In 2018, Quanta Computer, another contractor which manufactures Apple Watches, was found to have been employing high school students as interns. Factories are allowed by provincial authorities in China to employ under 18s as interns or trainees, but Apple do not because of their commitment to social responsibility. Following these cases, Apple now demands that its contractors limit student interns to 10 per cent of the factories' workforces. (This is an example of how different 'norms' are accepted and interpreted by different societies and how this poses problems for many large 'western' companies seeking to outsource their production.)

In response to these cases, Apple now has a Supplier Code of Conduct and it audits supplier factories regularly.

Environmental issues

Following criticisms of its practices from Greenpeace in the 2000s, Apple responded with a 'Green my Apple' campaign. As a result, it:

- uses 100 per cent renewable energy in its facilities in the US and has established its own energy company, Apple Energy, generating electricity mainly from solar power

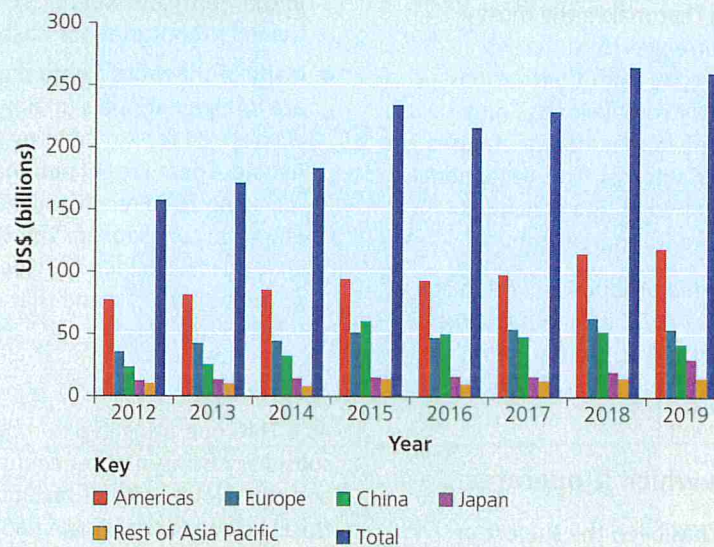


Figure 7.27 Growth of Apple's global revenue by country or region, 2012–2019

- has removed all PVC plastics and toxic chemicals from its products
- promotes recycling of its products, though lack of 'repairability' is still an issue.

In 2016, Apple issued a \$1.5 billion green climate bond; proceeds from this are dedicated to the financing of environmental projects.

As a result of Apple's ongoing commitment to tackle green issues, it moved from eleventh in Greenpeace's 'Green Electronics' rankings in 2006 to second by 2017.

Trading and marketing

Apple's market is predominantly in richer, developed countries. In 2019, 45 per cent of product sales were in the USA. In 2015–16, China temporarily became the second largest market for Apple products, but Europe has since re-established itself as Apple's second largest market (Figure 7.27, page 320).

The services part of Apple's business is now playing a larger role than ever before in its success. Services revenue has increased more than threefold since 2013, from \$13.5 billion to more than \$50 billion in March 2020.

- Apple has been caught in the crossfire of the trade war between the US and China. This imposes heavy tariffs on Chinese imports to the US, meaning that Apple has to pay for importing its products back to its main market in the US.
- Since 2017, Apple has fallen in line with the US administration's aim to re-invigorate domestic manufacturing. Supported by incentives, they are investing more in US domestic suppliers and

manufacturers. As part of a commitment to support the US economic resurgence, Apple pledged to create 20,000 more jobs and invest \$5 billion to support innovation among US manufacturers from 2018 to 2023.

- Apple's decision to invest in the US is encouraged by federal tariff exclusion zones in Austin, so they do not have to pay tariffs on imported components there. Further expansions in the US are planned.
- Since its peak in 2016/2017, the market for Apple products in China has plateaued and may have reached saturation point. It remains a good potential market because of its strong iPhone user base, but Apple is facing competition from Chinese smartphone manufacturer, Huawei, who can undercut iPhone in China.
- Apple has attempted to enter the rapidly expanding Indian market. However, this has largely been unsuccessful as the smartphone and tablet market there is led by cheaper competitors.

Conclusion

As a TNC, Apple is typical in demonstrating how it can respond easily to incentives, growing markets, changes in terms of trade and geopolitical developments by redirecting investment in different parts of its operation to different locations. Apple has diversified to reduce risk and capture other markets. Apple also demonstrates that having a well-organised global supply chain reduces costs and increases profits. Its responses to criticisms about labour practices and environmental issues illustrate the concern shown by TNCs regarding corporate social responsibility and ethical purchasing.

World trade in bananas

The banana trade raises a variety of environmental, economic, social and political problems. Bananas are the fourth most important food product within least developed countries, being a staple food for around 500 million people. Of all fruits bananas are the most internationally traded, generating revenues of over \$15 billion per year. They contain large quantities of energy and are a rich source of vitamins, fibre and protein. A single banana provides more than an adult's daily potassium requirement.

Globally, bananas are the fifth most traded agricultural commodity with global exports, primarily from Latin America and the Caribbean, estimated at 23.3 million tonnes. They are an important cash crop, although 80 per cent of bananas that are produced are for local or national consumption.

The banana industry

Bananas are grown predominantly in hot, rainy lowlands of tropical regions. Global production of bananas in 2019 was 120 million tonnes. The top four producers, India, China, Indonesia and Brazil, are also the four largest consumers as their output is mostly consumed domestically, as is most of the production in African countries.

With the exception of the Philippines, the main regions that produce bananas commercially for export are concentrated in Latin America and the Caribbean. Some of the countries in this region, notably Ecuador, Costa Rica and Guatemala, are highly dependent on banana exports. The Philippines have become an increasingly important producer and exporter. They export bananas to Japan and other parts of East Asia and the Middle East.

Geographical consequences of international trade in global systems

The following have been the main beneficiaries from the process of globalisation of trade.

- **Emerging economies:** Some medium-income nations have developed rapidly as a result of inward investment and have emerged to become major economic powers competing with the richer developed regions of the world.
- **Transnational corporations:** Large companies have grown in a number of different industrial and service sectors and although they are mainly based in the developed countries, TNCs from emerging economies have also become global powers.
- **International organisations:** Organisations such as the IMF, the World Bank and the WTO have all contributed to the integration of economies and have consolidated their position and control of global systems.
- **Regional trading blocs:** More trade agreements have evolved which benefit their members, though some would argue that it is at the expense of the nation state. Free trade areas and customs unions are expanding among developing countries in Asia, Latin America and Africa. This improves the negotiating leverage of their members in trade negotiations and will offer more access to markets for developing countries in the long term.

Economic consequences

Free trade within customs unions, such as the EU, can be beneficial for consumers but has disadvantages for some sectors of the workforce.

For example, Japanese car manufacturers Honda, Nissan and Toyota saw the UK as a base for car production in the 1990s and invested there as it gave them tariff-free access to the whole EU market of half a billion people, most of them car-owning households. As a result:

- people in areas undergoing deindustrialisation, such as Sunderland, gained employment at Nissan's factory.
- imports of cars from Europe were cheaper as there were no tariffs.
- the combination of no tariffs and economies of scale gained by manufacturers has in real terms meant reduced car prices.

The price of many electronic goods, such as computers, has fallen as they are produced in lower-cost locations.

Major retail TNCs have more control of food supply chains and supermarkets pay less to import food from other countries. As a result, consumers are able to buy food relatively cheaply all year round from a wide range of countries.

Fair trade has become an option for some consumers.

However, as a result of offshoring and outsourcing, traditional manufacturing jobs in developed countries have been lost and wages, in real terms, have remained stagnant.

Political consequences

Not everyone has benefited from the increased globalisation of trade and this is reflected in the greater inequality that has grown in most countries. In recent years, there has been a backlash against further integration, especially in developed countries. This rise in 'national populism' has seen the UK electorate vote to leave the EU and the election of Donald Trump in the US on a very nationalistic and protectionist manifesto.

Links

These political trends are discussed in more detail in Section 7.6, Globalisation critique, on pages 346–7.

Table 7.13 Benefits and costs of free trade access to markets

Benefits	Costs
Lower prices for consumers	The injustice of free trade not giving sufficient 'protection' to emerging industries in developing economies so they cannot compete with developed countries
Greater choice	More developed economies are still protected by tariffs on agricultural imports
Access to larger, wealthy markets for TNCs	Diseconomies of scale as a result of difficulties co-ordinating subsidiary companies
Greater economies of scale through increased specialisation	
Greater foreign competition may weaken domestic monopolies (for example, UK supermarkets)	
Competition leads to greater innovation	
Access to cheaper raw materials for TNCs	

Social and cultural impacts

- Globalisation has allowed for greater sharing of ideas, lifestyles and traditions. It means that people have greater access to foreign culture such as film, music, food, clothing and other goods and services that were not previously available domestically.
- The over-standardisation of many goods and services has led to increased cultural homogeneity.
- In a bid to offset criticism of the standardisation of products on a global scale, a strategy called **glocalisation** has been adopted by some TNCs. This involves thinking globally but acting locally to reduce threats to cultural dilution. Products and services are likely to be more successful when they are customised for the local market. McDonald's is a commonly cited example of this strategy as the restaurant's menu is often customised to suit local tastes (Figure 7.32).

Key term



Glocalisation – A term used to describe products or services that are distributed globally but which are fashioned to appeal to the consumers in a local market.

- Increased awareness of global news and events – which can be positive in informing people of environmental issues such as climate change, but can be used negatively, for example, for propaganda purposes by terrorist organisations.

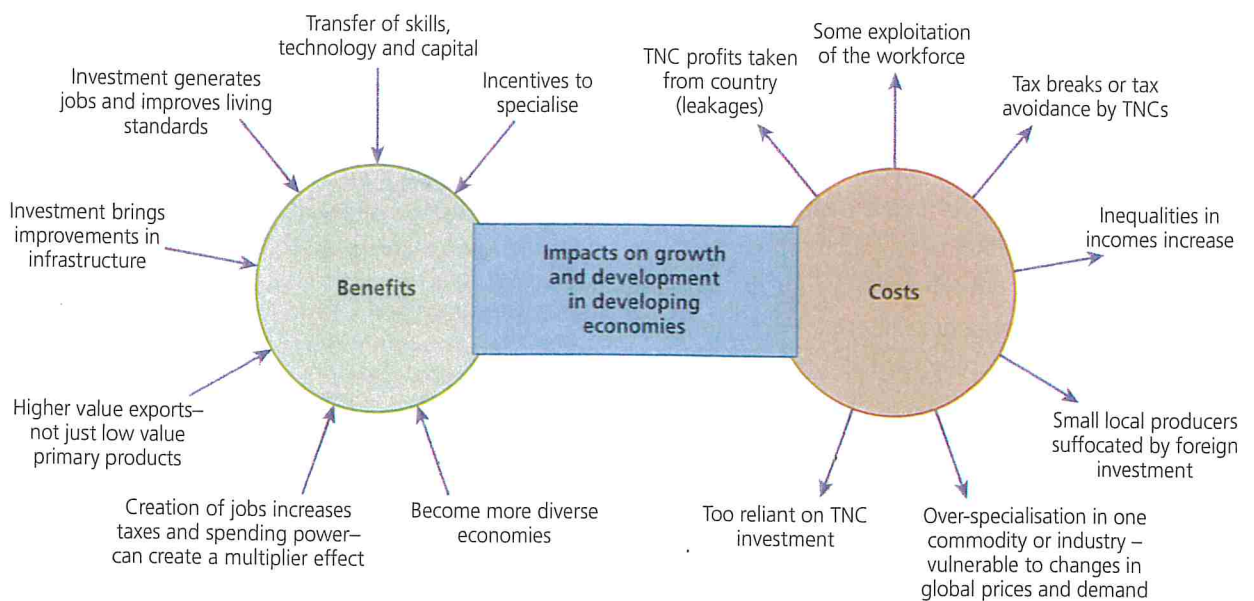


Figure 7.31 Benefits and costs of globalisation affecting growth and development in developing economies



Figure 7.32 Glocalisation – global brands going local. McDonald's Mac Burrito in Mexico City

Environmental consequences

Environmentalists argue that globalisation is concerned primarily with economic costs and largely ignores environmental costs. Problems include:

- more transportation, which increases greenhouse gas emissions
- depletion of non-renewable resources
- TNCs outsourcing production to countries where environmental standards are less strict
- weak or non-existent controls allowing pollution of the air, land, rivers and seas
- more waste from packaging
- IMF-enforced spending cuts reducing many nations' spending on the environment
- greater movement giving a higher risk of diseases and invasive species being introduced.