Exercise walk-through

Changes as a Result of the World Economy ▪ 7.7

eXercise

You must be able to

- define **outsourcing 外包** and **offshoring 离岸外包**
- define **deindustrialization 去工业化**
- explain a **special economic zone 经济特区** (SEZ)
- define a **footloose industry 无固定区位产业**

Method — Outsourcing and offshoring

Outsourcing hires another firm to do a task; **offshoring** moves work to another country — usually to cut labour costs.

Method — Deindustrialization and SEZs

Deindustrialization is the decline of manufacturing in a region as factories move away. A **special economic zone** offers tax breaks and looser rules to attract foreign industry.

Method — Footloose industries

A **footloose industry** (e.g. software) is not tied to raw materials or markets, so it can locate almost anywhere.

Practice 2.1 ▪ 2 marks

State the difference between outsourcing and offshoring.

Solution 2.1

Method: Outsourcing and offshoring

Worked steps

outsourcing = hiring another firm to do work **B1**; offshoring = moving that work to another country **B1**.

Practice 2.2 ▪ 2 marks

Explain what a special economic zone is designed to do.

Solution 2.2

Method: Deindustrialization and SEZs

Worked steps

offer tax breaks/looser rules in a defined area **B1** to attract foreign investment and industry **B1**.

Practice 2.3 ▪ 1 mark

Factories in an old industrial city close as production moves abroad.
(a) Name this process.
(b) State one consequence for the city.

Solution 2.3

Worked steps

(a) deindustrialization **B1**. (b) job losses, decline, unemployment, or need to restructure **B1**.

Exam-style 3.1 ▪ 1 mark

Moving a company's call centre to another country to cut costs is

- **A** deindustrialization
- **B** offshoring
- **C** a tariff
- **D** a greenbelt

Solution 3.1

Method: Outsourcing and offshoring

A deindustrialization

B offshoring ✓

C a tariff

D a greenbelt

Worked steps

B. relocating work abroad = offshoring.

Exam-style 3.2 ▪ 1 mark

A software company that can locate almost anywhere is a

A footloose industry

B primary industry

C break-of-bulk point

D primate city

Solution 3.2

Method: Footloose industries

A footloose industry ✓

B primary industry

C break-of-bulk point

D primate city

Worked steps

A. not tied to inputs/markets = footloose industry.

Exam-style 3.3 ▪ 1 mark

A developing country opens a special economic zone near a port.

(a) State one incentive it offers foreign firms.

(b) Explain one benefit the country hopes to gain.

Solution 3.3

Method: Deindustrialization and SEZs

Worked steps

(a) tax breaks, cheap land, or relaxed regulations **B1**. (b) foreign investment, jobs, technology, and exports **B1**.