Ch1. Introduction to Globalization 1

FDM 471 INTERNATIONAL APPAREL TRADE ISSUES

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Overview of chapter 1

- Globalization
- Global issues in the apparel and Textile industries
- Nature of firms in the textile complex
- Differences among countries developed, developing, newly developing, and least developed
Tips about Reading chapters and Quizzes

- Before you read through chapters, review “Global Lexicon”
- When you read the chapters, go back to the Global Lexicon and make sure you are familiar with the definitions of the business-trade words
- Don’t worry - the number of terms in the Global Lexicon decreases as it goes to the next chapter
- Many quiz questions will be made based on the words and definitions in the Global Lexicon
Don't miss

Migrant worker wins Israeli "X Factor"

New limbs for Syria war victims

Vatican grilled by U.N. over sexual abuse

A senior Vatican official acknowledged Thursday there is "no excuse" for child sex abuse, as he and others were grilled by a U.N. committee about the Catholic Church's handling of pedophile priests. FULL STORY

Global Public Square ⊂

Why Iraq is in turmoil: Zakaria
Globalization

- **Globalization** is the process whereby the world’s people are becoming increasingly interconnected in all facets of their lives—cultural, economic, political, technological, and environmental” (Lodge, 1995)

- **E-commerce** is electronic business transactions conducted by systems such as the internet or mobile.

- **E-tailing** is a type of retailing that consumers can purchase products or services using electronic systems such as the internet or mobile.
Perspectives for consideration of globalization

- The mid 20th century: apparel and textile products produced within the domestic economy.

- The 1980s – 1990s – 21st century: source of products changed from domestic to international to multinational to global.
Perspectives for consideration of globalization

- Globalization viewed from
  - Political/government perspectives
  - Economic/business perspectives
  - Social/labor perspectives; including environmental and economic sustainability
Measuring levels of trade

- **Imports** make goods available for domestic consumption or materials available for domestic production

- **Exports** represent goods shipped for import to another country in exchange for money, other goods, or jobs
Introduction of the Fashion Industry

- Textile and apparel professionals engage in:
  - Merchandising
  - Marketing
  - Design
  - Product development
  - Production
  - Distribution

- The textile and apparel businesses provide employment for more people than any other business segment (e.g., 35 million in India)
Over past 15 years U.S.-based manufacturers, such as VF Corporation and Levi Strauss & Co., have closed dozens of plants in the U.S. and moved them to low-wage countries.

Between 1980 and 2002, the apparel workforce was cut 56.6 percent.
Levels of trade

- Domestic trade
- International trade
- Global trade
- Trade agreements established by governments to enhance or control trade
Global trade

- **Sourcing** determines the most cost-efficient vendor of services, materials, production, or finished goods, at a specified quality and service level, for delivery within an identified time frame.

- **Outsourcing** is the process of acquiring services, materials, production, or finished goods in foreign countries, or shifting specific operations outside the country.
Measuring levels of trade Cont.

- **Trade balance** = exports – imports

- A *trade surplus* means there is a positive trade balance; a *trade deficit* means there is a negative trade balance

  - e.g.,) $10M exports - $7M imports = + $3M surplus
    $5 M exports - $8M imports = - $3M deficit
FOR IMMEDIATE RELEASE AT 8:30 A.M. EST, TUESDAY, JANUARY 7, 2014

* See the navigation bar at the right side of the news release text for links to data tables, contact personnel and their telephone numbers, and supplementary materials.

U.S. Census Bureau
U.S. Bureau of Economic Analysis
NEWS
U.S. Department of Commerce * Washington, DC 20230
U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES
November 2013

Goods and Services

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced today that total November exports of $194.9 billion and imports of $229.1 billion resulted in a goods and services deficit of $34.2 billion, down from $39.3 billion in October, revised. November exports were $1.7 billion more than October exports of $193.1 billion. November imports were $3.4 billion less than October imports of $232.5 billion.
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<thead>
<tr>
<th>Country</th>
<th>Textile Exports</th>
<th>Textile Imports</th>
<th>Apparel Exports</th>
<th>Apparel Imports</th>
<th>Trade Balance</th>
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