

The Rise of Manufacturing Marks the Fall of Globalization

written by Lauri Moon | June 13, 2016

(Geopolitical Weekly - Rebecca Keller: 6-7-16) Whether you're reading this article on a smartphone, tablet or laptop, chances are the device in front of you contains components from at least six countries spanning three or more continents. Its sleek exterior belies the complicated and intricate set of internal parts that only a global supply chain can provide. Over the past century, finished products made in a single country have become increasingly hard to find as globalization — weighted a term as it is — has stretched supply chains to the ends of the Earth. Now, anything from planes, trains and automobiles to computers, cellphones and appliances can trace its hundreds of pieces to nearly as many companies around the world. And its assembly might take place in a different country still. Opportunities for producing and assembling products and their components have spread worldwide, making it is easier for countries to climb the production value ladder. States at the bottom, extracting raw materials, can gradually move up, first making low-value components and then progressing to higher-value ones or basic assembly.

But just as technology spurred globalization and the shifts in international trade that followed, so, too, will it revolutionize how countries again do business with one another. Compounded by the economic and demographic changes taking place today, automation, advanced robotics and software-driven technologies are ushering in a new era — one of shorter supply chains that will provide fewer opportunities for the developing world. Regions once labeled “emerging economies” may instead stagnate, and the divide between the haves and have-nots within and among nations could widen further.