**1° OIB Geography Theme 2: Diversification of Spaces, Actors and Production**

This chapter is about how, at the global scale, the principal places and actors involved in the production of wealth are undergoing change, becoming more numerous and interconnected in addition to being concentrated in metropolises and along the coasts.

**Learning Objectives**

* **Identify** the different types of production areas
* To be able to **define** the role of different actors in the supply chain
* **Understand** how production areas constitute networks
* **Understand** the New International Division of Labor
* **Understand** how the digital economy influences production areas

**Possible Case Studies**

Silicon Valley – Singapore – Île-de-France - Brittany

**Key Questions**

1. What are the different types of production areas?

2. How are production areas changing in the context of globalization?

3. What are the major actors of production at different scales?

4. To what extent do flows drive global production?

5. What is the impact of the digital economy on production area?

6. How do metropolises and coastal areas fit into production networks?

**Key Terms**

1. **Capital flows**: financial (money) flows of investment from one place to another often in the form of FDI.
2. **Cluster**: concentration in the same place of specialized activities in the same domain. Clusters specialize in High-tech activities in science parks.
3. **Cores and peripheries**: core refers to the economic or political centre of decision making in an economy (e.g. the capital city) whilst the periphery is a region that is found far away from the core.
4. **Digital economy**: refers to an economy based on digital computing technologies, although it is increasingly perceive this as conducting business through markets based on the [internet](https://en.wikipedia.org/wiki/Internet) and the [World Wide Web](https://en.wikipedia.org/wiki/World_Wide_Web).Today the digital economy is intertwined with the traditional economy.
5. **FDI (Foreign Direct Investment)**: investment made by MNCs when they locate activities overseas or purchase a company in another country.
6. **MNCs/TNCs (Multi National Corporations / Trans National Corporations)**: Both corporations usually have their headquarters in one country, and they do business and operate in many other countries. The headquarter nation is known as the home country, and other affiliates are known as host countries. The significant difference between these two corporations is that MNC usually has an investment in other countries but do not coordinate product offering. TNC has operations in foreign investments. It gives each foreign market its marketing power.
7. **NIDL: (New International Division of Labour)**: a spatial division of labour which occurs when the process of production is no longer confined to national [economies](https://en.wikipedia.org/wiki/Economy). It has led to what is also known as the "global industrial shift", in which production processes are relocated from developed countries (such as the [US](https://en.wikipedia.org/wiki/United_States), [European](https://en.wikipedia.org/wiki/Europe) countries, and [Japan](https://en.wikipedia.org/wiki/Japan)) to developing countries in [Asia](https://en.wikipedia.org/wiki/Asia) (such as [China](https://en.wikipedia.org/wiki/China), [Vietnam](https://en.wikipedia.org/wiki/Vietnam), and [India](https://en.wikipedia.org/wiki/India)) and [Latin America](https://en.wikipedia.org/wiki/Latin_America). This is because companies search for the cheapest locations to manufacture and assemble components.
8. **Production chains**: the production process is a sequence of productive activities leading to an end use—a chain of linked functions, in other words. Each stage adds value to the production sequence. Hence, production chains are often called “value-added” or “value” chains. The stages in the chain are connected through a set of transactions.
9. **R&D (research and development)**: work directed towards the innovation, introduction, and improvement of products and processes.
10. **Relocation/outsourcing**: describes how a business relocates to a lower cost economy in pursuit of higher profits or contracts out a part of its work to another business.