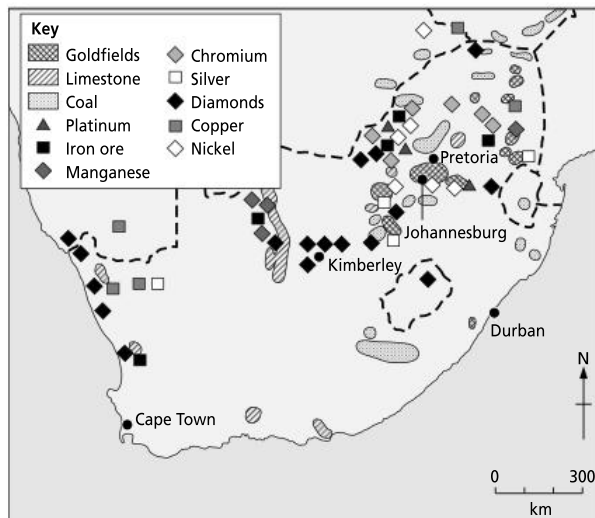


The influence of the physical environment on global interactions

NATURAL RESOURCE AVAILABILITY

The availability of natural resources is a significant factor in world trade. For example, the Middle East countries dominate the export of oil. Countries endowed with other raw materials, such as food products, timber, minerals and fish, also have the potential to trade.



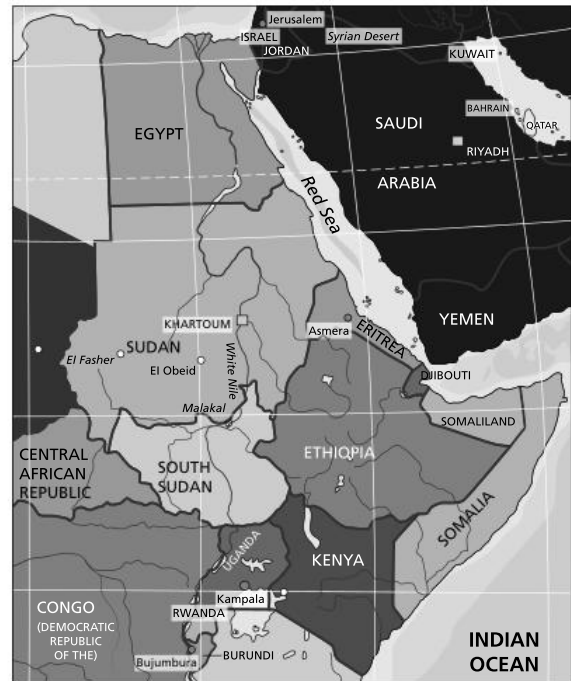
Resource availability in South Africa

South Africa, Australia and Canada are rich in resources and they continue to exploit them. Other countries, such as Germany and the UK, may have used the bulk of their resources but have since diversified. Many HICs have developed due to their export of raw materials. MICs and LICs rich in raw materials, such as Brazil and South Africa, have been trying to follow a similar path – using the wealth from exporting their raw materials to diversify and produce a more broad-based economy. Countries with a single resource product – for example, Ghana with cocoa and Zambia with copper – are more vulnerable to climate extremes, demand, competition, disease and currency fluctuations because they have fewer alternatives to earn foreign currency.

EXAM TIP

In an exam, make it clear that not everyone benefits from new technologies. For example, despite the innovations in ICT, there are some areas that are too remote, inaccessible and isolated due to physical geography, and technological developments have not been able to overcome these difficulties.

GEOGRAPHIC ISOLATION



Location of South Sudan

Isolation from world markets can be a major hindrance to development. Increased transport costs and times may reduce access to markets and profitability. Countries that are landlocked may also have to pay substantial tariffs to export their goods. For example, South Sudan has to pay either Sudan or Kenya to get its oil to the coast. Landlocked countries may also have to pay for the use of another country's air space. Access to market is essential for economic development. Locations such as Singapore, on the tip of the Malay peninsula, at the entrance to the Straits of Malacca, has had a flourishing port as early as the 13th century. It continues to thrive, partly due its geographic location.

CHECK YOUR UNDERSTANDING

33. Outline the problems that landlocked countries face.
34. Briefly explain how resource endowment helps countries to develop.

Exam Practice

- (a) Examine the value of globalization indices for measuring global interactions. (12 marks)
- (b) Discuss the view that technological innovations are making the world smaller. (16 marks)