



PART 2

Read the text below and answer questions 14–26.

DEGLOBALISATION: IS THE HYPER-GLOBALISED ERA ENDING?

For much of the late twentieth and early twenty-first centuries, globalisation was associated with rapidly expanding trade, intricate cross-border supply chains, and rising international investment. In recent years, “deglobalisation” has become a popular label for a perceived slowdown in that model. Yet the shift is better understood as a change in the form of integration rather than a full retreat. Trade continues to grow in many categories, but the pace is uneven, and the direction of flows is increasingly shaped by political priorities as much as by market price signals.

A central driver is geopolitical fragmentation. Firms that once optimised almost exclusively for cost now weigh exposure to sanctions, export controls, and abrupt policy shifts that can interrupt sourcing overnight. This has encouraged diversification: companies may add alternative suppliers, build redundancy into procurement, or hold larger buffers that would have been rejected under strict just-in-time efficiency. Another strategy is to friend-shore production to countries regarded as politically aligned, reducing vulnerability to hostile policy environments while often accepting higher operating costs and less flexibility than fully global sourcing once offered.

Resilience concerns have also moved from the margins to the centre of boardroom strategy. The pandemic, major shipping disruptions, and episodes of extreme weather revealed how tightly coupled supply networks can transmit shocks. When a single upstream component is delayed, downstream assembly lines may stop, inventories collapse, and contractual penalties mount. In response, some firms simplify multi-tier supply chains, source closer to final markets through near-shoring, or redesign products to rely on more standardised components that can be substituted when disruptions occur. This emphasis on supply chain resilience treats redundancy as insurance, even though it can reduce efficiency in normal times.

Technology is simultaneously changing the economics of location. Automation and advanced manufacturing can reduce the labour-cost advantage that previously made offshoring attractive for some goods, particularly in sectors where robotics and process control compress the role of low-wage labour. However, this does not imply that the labour-cost motive has disappeared across most industries; rather, it interacts with capital intensity, skills availability, and energy prices in complex ways. Digitalisation also expands trade in services, allowing some activities—design, software, analytics, customer



support—to be delivered across borders without physical shipment, even when goods flows face new friction.

Strategic technologies have become a focal point for policy intervention. Semiconductors, batteries, and other critical inputs are now treated as national-security assets, prompting governments to subsidise domestic capacity, impose export restrictions, and screen foreign investment more aggressively. Industrial policy is used to accelerate local production ecosystems, with the stated aim of strategic autonomy: maintaining access to essential technologies even under geopolitical stress. These measures can reduce dependence on concentrated suppliers, but they can also introduce tariff barriers and compliance costs that reshape how firms structure global operations.

The outcomes of these pressures are mixed and often look different depending on the metric chosen. In some sectors, firms are engaging in reshoring or building additional capacity closer to consumers; in others, supply chains are not shrinking so much as reconfiguring geographically. A company may add a second or third hub, producing regional networks rather than relying on a single global chain. This can appear as deglobalisation in one statistic—for example, fewer intermediate imports from a particular region—while still reflecting continued cross-border activity in another, such as rising regional trade within a bloc.

Critics warn that the language of deglobalisation can mislead by implying that integration is simply reversing. Total goods trade as a share of global output may plateau, yet services trade and data flows can continue expanding, and investment may shift rather than collapse. Moreover, decoupling can create duplication: multiple plants producing similar components, parallel compliance regimes, and higher consumer prices. These costs can be disproportionately borne by poorer countries that rely on export-led growth, especially if preferential access to rich markets is replaced by tighter rules and politically conditioned market entry.

Policy choices will strongly influence the direction of change. Governments may adopt local-content requirements, broaden investment screening, and support “national champions,” or they may negotiate trusted trade blocs that coordinate rules among politically aligned partners. Such arrangements can increase security and predictability for members, but they can fragment standards globally and reduce the classic gains from specialisation. In this sense, the hyper-globalised era may be ending not because the world is closing, but because integration is being redesigned around resilience, strategic autonomy, and geopolitical risk management.

Questions 14–18



Choose **TRUE** if the statement agrees with the information given in the text, choose **FALSE** if the statement contradicts the information, or choose **NOT GIVEN** if there is no information on this.

14 The passage argues that recent changes represent a complete retreat from global integration.

15 The passage suggests that firms may accept higher costs in exchange for reduced geopolitical vulnerability.

16 The passage claims that automation has already caused most offshored production to return to firms' home countries.

17 The passage suggests that supply chains can appear to be shrinking in some measures while actually being rearranged geographically.

18 The passage states that services trade and data flows may keep expanding even if some goods-trade indicators level off.

Questions 19–22

Select the correct answer.

19 What does the passage indicate about the effects of political priorities on trade?

- A** They have reduced trade volumes in all categories.
- B** They increasingly influence where firms produce and whom they sell to.
- C** They have eliminated the role of cost considerations.
- D** They affect only digital services and not physical goods.

20 Why do some firms redesign products to use more standardised parts, according to the passage?

- A** To make goods harder to repair and replace.
- B** To increase dependence on a single supplier.
- C** To make components easier to substitute when disruptions occur.
- D** To avoid any need for inventory.

21 What criticism is made of the term “deglobalisation”?

- A** It ignores the role of export controls entirely
- B** It proves that cross-border investment is collapsing everywhere
- C** It overstates the rise of efficiency as a business priority
- D** It can mislead because some cross-border flows continue to grow



22 What future pattern does the passage most strongly suggest?

- A** Global integration becomes more regional and more shaped by politics
- B** Supply chains return to a single worldwide hub
- C** Governments withdraw from trade policy and allow markets to decide
- D** Specialisation gains rise as rules become more uniform

Questions 23–26

Complete the sentences below. Choose **NO MORE THAN TWO WORDS** from the text for each answer.

23 Firms may “.....” production to countries seen as politically aligned.

24 Disruptions showed that supply networks can fail when delays occur.

25 The use of subsidies to accelerate local production ecosystems is a form of

26 Some governments may negotiate new “trusted” trade

Answer Key

14. FALSE

15. TRUE

16. FALSE

17. TRUE

18. TRUE

19. B

20. C

21. D

22. A

23. friend-shore

24. tightly coupled

25. industrial policy

26. blocs