

# Assignment Submission

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## Case study

If an industry is labor intensive, we expect that countries with low wage levels will tend to have comparative advantage in that industry over those with high wages, all else being equal. Industries that are not relevant to international trade, for example foodservice and retail; and a long-term, global trend towards mechanization and automation in manufacturing will tend to reduce labor intensity in these sectors also.

However, wage differentials are still a reason for manufacturing to move from developed economies with high wages to emerging economies with much lower wages. This is particularly true for labor-intensive production. Whereas processes such as spinning fibers and weaving cloth have been mechanized for a long time, permitting the enormous productivity gains and economies of scale of the Industrial Revolution, garment production cannot yet be mechanized in the same way. Some stages, such as cutting, can be automated to an extent, but sewing, inspection, and finishing require large numbers of workers. Apparel manufacturing originally based in Western Europe and North America, apparel manufacturing began to move into Japan in the 1950s and eventually to China today, in the mid-twentieth century Japan was a low-wage economy, with 1930s wage levels around 10% those of the US. As its economy soared, wages rose and shifted towards Hong Kong, Taiwan, and South Korea during the 1970s and early 1980s. During the period from the 1980s to early 1990s, China began to become important, with additions from the Philippines, Thailand, and also Sri Lanka. The most recent shifts in production have been to Indonesia, Vietnam, Cambodia, and Bangladesh. Turkey, India, and Mexico are

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## Answer Section

**Q.No 1: Why Retailers get their products made from low cost countries**

Enter ...

**Q.No 2: How items sourced from many thousand miles away are profitable to retailers**

Enter ...

**Q.No 3: List down the name and advantage low cost countries have in producing items.**

Enter ...

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