EXERCISE 3

Towards the end of the last decade, a great many companies packed their bags, so to speak. It is estimated that 40% of European companies with more than 50 employees relocated all or part of their production abroad. The most common destination was low-wage countries where wages were up to ten times lower than in European countries.

We take the Belgian handbag company Delvaux as an example.



Delvaux is world-renowned as the oldest leather goods house in the world and produces luxury handbags.

The company has set up a factory in Ho Chi Minh City (the capital of Vietnam) to manufacture handbags and luggage.

What is the **English concept** for the process whereby a company relocates its operations from its home country to a location abroad?

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Avoiding high labour costs; this immediately highlights the first and most important reason for relocating to another country.

Apart from *labour costs*, name **three other reasons for relocation**:

It was not only Delvaux that set up operations in Vietnam; other Western companies (both manufacturing and service companies) also established themselves there.

This brought economic benefits to the country. Vietnam is an emerging economy.

In addition to *economic growth and rising wealth*, name **three different positive effects of relocation for an emerging economy**:

But every coin has two sides.

Vietnam enjoyed a record year in 2024, with more than 38 billion USD in F_____ D_____ I _____ .

However, like any developing country, it is facing the negative effects of relocation.

Apart from *environmental pollution*, name **three different negative effects of relocation for a developing country:**



Delvaux's relocation was symbolically significant because it is one of Belgium's oldest luxury brands. Although production was moved abroad, design, innovation and brand management remained in Belgium. Job losses in our country were therefore limited to labour-intensive functions.