

Key Issue 2: Why Are Situation Factors Important?

- **Situation** is defined as the location of a place relative to its surroundings and other places.
- **Factors** included in an area's situation include:
 - A) *the accessibility of the location*
 - B) *the extent of a place's connections with another*
 - C) *how close an area may be to raw materials if they are not located specifically on the site.*

What Are “Inputs”?

- Manufacturers need **inputs** in order to produce goods.
- Inputs include: machinery, raw materials, energy, labor, etc.



Proximity to Inputs:

*Where
should I build
my factory?*




- Industrial Location concerns itself with:
 - a. where is the **raw material**?
 - b. where is the **consumer** or market?
 - c. where do I place the factory so that transportation **costs are minimized**?

Bulk-Gaining Industry

- What is a Bulk-Gaining Industry?
an industry in which the final product gains volume or weight during production.
- Examples: **Soda/Beverages, Fabricated Metals**

Proximity to Inputs:



*OK, I'll build
my steel
factory near
the mines!*

The optimal (best) plant location is as close as possible to inputs if:

the cost of transporting raw materials to the factory exceeds the cost of transporting the product to consumers.

Bulk-Reducing Industry

- What is a Bulk-Reducing Industry?
an industry in which the final product weighs less or comprises a lower volume than the inputs.
- Examples: **Copper, Steel**

Proximity to Inputs:

*OK, I'll build
my factory
near the
customers!*

The optimal (best) plant location is as close as possible to the consumer if:

the cost of transporting product exceeds the cost of transporting inputs.

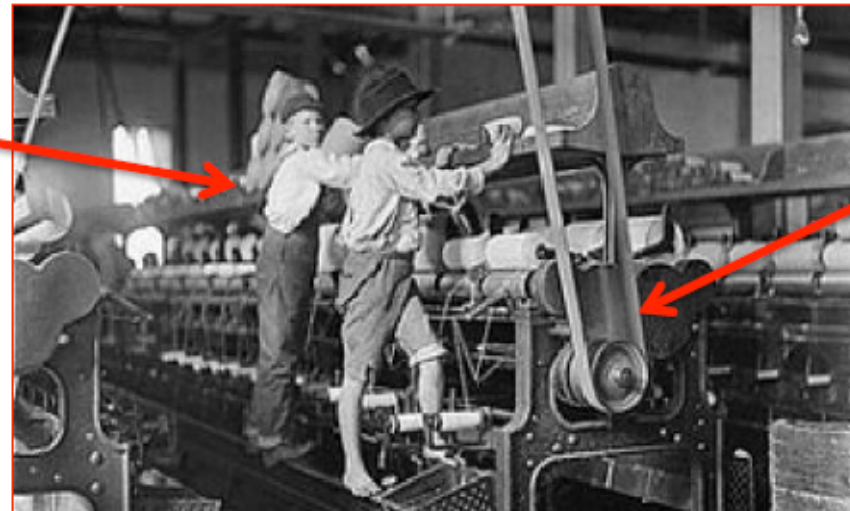


Delivery?

Key Issue 3: Why Are Site Factors Important?

- **Site Factors:** *location factors related to the costs of factors of production inside the plant, such as **land**, **labor**, and **capital**.*

Labor



Capital



Labor:

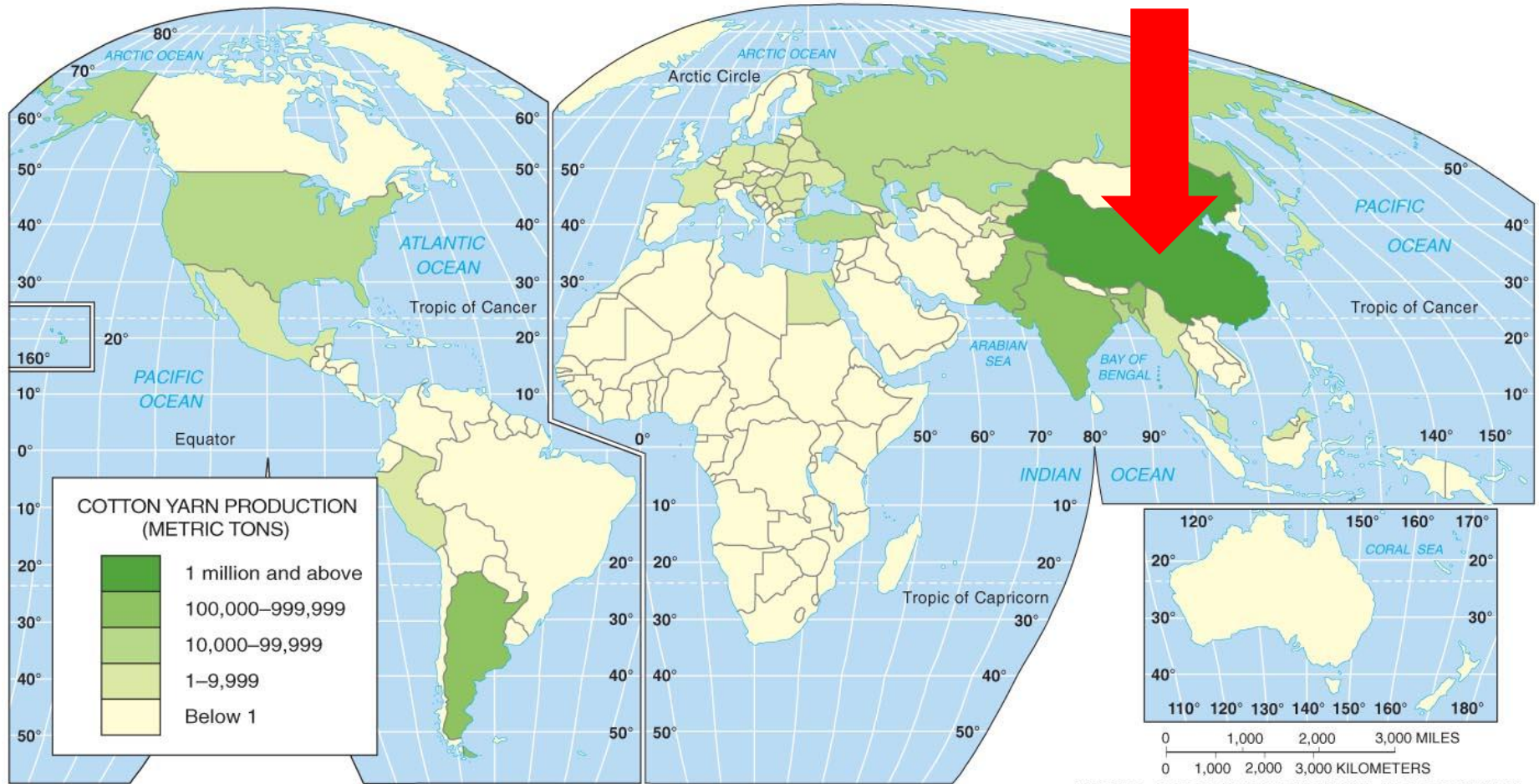


- The most important site factor is **labor**.
- There are around 500,000,000 industrial laborers worldwide.

China has $\frac{1}{4}$ of the world's manufacturing workers, India has $\frac{1}{5}$, and all MDCs combined have $\frac{1}{5}$!!!!!! WOAH!!!!!!

Cotton Yarn Production

2/3 of worlds cotton threads!!!



Assignment: With a partner your job is to determine the optimal situation and site factors for a new factory that is about to be built. Use your textbook (pp. 350-361) to help you. You may also want to reference an atlas or other information online. Complete the information below for your industry and explain thoroughly! **MAKE GOOD DECISIONS!**

TYPE OF FACTORY: _____

SITUATION FACTORS:

- Proximity to inputs:

- Proximity to markets:

- Ship, Rail, Truck, or Air?

SITE FACTORS:

- Labor:

Skilled or Unskilled labor?

How much \$ are you willing to pay?

- Land:

Urban or Rural?

Resources?

- Capital:

Are banks willing to make loans?

Private investors?

I need your help deciding where to build my new factory.



Plot your factory's location on the map below (city & country)



WHY DID YOU LOCATE YOUR FACTORY HERE???

Where are actual factories like yours located? (Provide 2 examples!).

1.

2.

Why are they there?