

МІЖРЕГІОНАЛЬНА
АКАДЕМІЯ УПРАВЛІННЯ ПЕРСОНАЛОМ
Економіко-правовий технікум при МАУП



МАУП

**НАВЧАЛЬНІ ЗАВДАННЯ З ЧИТАННЯ
АНГЛІЙСЬКОЮ МОВОЮ
ДЛЯ СТУДЕНТІВ-ЕКОНОМІСТІВ**

Навчально-методичний посібник

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Рецензенти: *Л. П. Дарійчук*, канд. пед. наук, доц.
С. М. Мартиненко, канд. пед. наук, доц.

Упорядник: *Н. В. Белканія*

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Навчальні завдання посібника містять тексти економічного змісту, словник і вправи до кожного з них для закріплення лексики. Тематичний зміст текстів присвячено огляду окремих розділів економіки у світі, в Україні зокрема.

Для студентів технікумів, які вивчають економіку і англійську мову.

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I. Introduction

ВСТУП

Навчальні завдання з читання англійською мовою призначені для самостійної та аудиторної роботи студентів II і III курсів факультету “Економічні спеціальності”.

Практичний курс англійської мови “Reading Tasks on Economics” є складовою навчально-методичного комплексу дисципліни “Іноземна мова професійного спрямування”. Він побудований на матеріалі текстів з фаху “Економіка”. Їх тематична спрямованість цілком відповідає вимогам загального курсу вивчення економіки.

Кожний запропонований текст присвячений окремому явищу або розділу економіки, його доцільно використовувати як самостійну тему для обговорення.

Термінологічний словник і вправи до текстів розраховані на задоволення студентською аудиторією термінів і мовних одиниць. Вони сприятимуть формуванню навичок читання, усного мовлення і перекладу літератури економічного змісту.

Головна мета навчальних завдань з читання англійською мовою — комплексне навчання студентів самостійної роботи з фаховою літературою для подальшого поглиблення знань англійської мови у сфері професійно орієнтованого спілкування.

II. Reading Tasks on Economics

Text 1. MODERN WORLD ECONOMY

The world economy is increasingly becoming a single economic unit. Individual national economies are developing closer linkages through trade, capital investment, and financial institutions. Multinational corporations spread their activities across national boundaries, and the international banking system carries on banking activities throughout the world.

As nations engage in world trade, some of them end up with a favourable balance of trade, in which exports exceed imports, and others have unfavorable balance of trade, in which imports exceed exports. There is a correlation between the economic development of a nation and the status of its balance of trade. Developing countries are generally heavy importers — especially of machinery, equipment, and various types of finished goods. Exports in a nation's early stages of economic growth generally consist largely of raw materials from the nation's natural resources.

Buying raw materials from the developing countries, the industrially developed nations process them and then sell the manufactured goods back to the original suppliers for prices ten times higher than the materials cost.

When mobilizing resources for its development, a country must rely on transfers of foreign resources until it achieves the capacity for self-sustaining growth. Besides the capital flows in the form of foreign aid, the transmission of technology, ideas and knowledge are other special types of resource transfer.

The recent expansion in exports of manufactures from the newly industrializing countries has been closely related to foreign investment by multinational or transnational corporations (TNCs).

The United States is the largest home country for TNCs and the second largest host country for foreign direct investment.

A variety of forms of participation of TNCs in foreign economies are: joint ventures, licensing, management contracts, franchising, turnkey operations, international subcontracting and a number of other contractual arrangements.

Vocabulary

a single economic unit	єдине економічне ціле
to develop linkages	розвивати зв'язки
capital investment	капіталовкладення
to spread activities	розширювати діяльність
to engage in world trade	займатися світовою торгівлею
to exceed	перевищувати
favourable	сприятливий
a correlation	співвідношення
raw materials	сировина
to process	переробляти
manufactured goods	готові вироби
to rely on	покладатись (на кого-небудь)
a transfer	переказ (грошей), передача
to achieve	досягати
self-sustaining growth	самопідтримуюче зростання
capital flow	потік капіталу
foreign aid	іноземна допомога
a recent expansion	нещодавне розширення
to be closely related to	бути тісно пов'язаним із (чим)
parent company	материнська компанія
home country	батьківщина
joint venture	спільне підприємство
management contract	контракт на управління виробництвом
franchising	договір франшизи (особлива угода)
turn-key operation	контракт на здачу об'єкта "під ключ"
contractual arrangements	договірні угоди

Comprehension Check

I. Answer the following questions:

1. What are the terms characterizing the world economy at the present time?
2. What influences relations between the developed and the developing countries?
3. How does a developing nation mobilize resources for its self-sustaining growth?

4. What is a TNC? What is its role in the world trade?
5. What are the forms of TNCs' participation in foreign economies?

II. Match the terms with their definitions:

- | | |
|-----------------------------|---|
| 1. economy | a) to move from one place to another |
| 2. corporation | b) financial funds used to build factories, buy raw materials, hire workers |
| 3. to transfer | c) the system for management resources and production of goods |
| 4. capital investment | d) a business owned by many investors |
| 5. self-sustaining | e) a mutual relationship |
| 6. to exceed | f) able to provide enough of what sb/sth needs in order to live or exist |
| 7. a correlation (with sth) | g) to be greater in number or in size than sth |

NOTES:

Essential Idioms

To make capital out of something — to use a situation.

To (be/hang) in the balance (of a decision, result) — to be uncertain or at a critical stage.

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Text 2. FOREIGN AID

Every year rich countries give or lend \$60 billion in aid, either directly or through multinational institutions, to install water supplies, buy seeds, train farmers in developing countries.

Since 1960, about \$1,4 trillion in aid has been transferred from rich countries to poor ones. Yet relatively little is known about what that process has achieved. Has it relieved poverty? Has it stimulated growth in the recipient countries? Has it helped the countries that give it? Such questions become more pressing as donor governments try harder to curb public spending.

Now a growing number of governments and some of the banks and agencies that rely on their contributions are freezing their aid programmes. Some are cutting back. Most official aid programmes have been driven by the desire to get something in return: usually, national security or commercial gain. Japan's approach has at least the merit of simplicity: its development assistance goes mainly to countries that are most likely to become its future customers.

All DAC (Development Assistance Committee) countries — 21 rich countries plus the European Union tie some aid to the purchase of their own goods and services. One problem with tying is that it forces countries to pay over the odds for imports; on average, some estimates suggest, recipients pay 155 % more than prevailing prices.

Aid was seen as a transitional device to help countries reach a point from which their economies would take off of their own accord. Yet the fact remains that badly designed aid is likely to be a waste of money — or worse. In many of the countries that have received the most aid and have the highest level of capital investment, growth has been negligible. But some third world countries have enjoyed fast economic growth with relatively little aid per head. In particular, some Asian success stories, such as China or Vietnam, had little or no aid at a time when donors were pouring money into African countries (although China is now the World Bank's largest single customer).

Where aid did not work, the reason was sometimes that donors failed to start the projects that would become self-sustaining; and sometimes that a recipient country failed to make the most of what was offered to it.

Vocabulary

to lend	позичати кому-небудь щось
multilateral	багатосторонній
to install	встановлювати, проводити (системи водопостачання та ін.)
relatively	відносно
to curb	стримувати, тримати під контролем
to relieve	полегшити
to freeze	заморожувати
to cut back	зменшувати, скорочувати
commercial gain	комерційна користь
to get something in return	отримати щось у відповідь
approach	підхід
customer	покупець, клієнт
to tie	зв'язувати
purchase	покупка
to pay over the odds	сплачувати різницю
assistance	допомога, сприяння
to estimate	оцінювати; визначати вартість
recipient country	країна, що приймає; країна-одержувач
prevailing prices	пануючі ціни
to take off	стати успішним, досягти успіху самостійно за короткий термін
negligible	незначний
per head	на душу населення
to fail	бути неспроможним (щось зробити)
to make the most of something	здобути якнайбільше переваг у чомусь

Comprehension Check

I. Agree or disagree with the following statements. Support your choice:

1. Developing countries have to borrow money from rich countries in order to strengthen their economies.
2. Basically donor countries are always satisfied with their aid programs' results.
3. All DAC countries expect to find new customers in recipient countries.

4. Foreign aid was designed to support the countries with weak economies.
5. All recipient countries managed to make the most of what they had received.

II. Match the synonyms:

- | | |
|----------------|-------------------------|
| 1. to buy | a) to reduce |
| 2. to tie | b) assistance |
| 3. to cut back | c) to link |
| 4. to force | d) to purchase |
| 5. aid | e) to make sb do sth |
| 6. to fail | f) to get or accept sth |
| 7. to receive | g) not to succeed |

NOTES:

Essential Idioms

He who pays the piper calls the tune- the person who provides the money for sth should control how it is spent.

To pay the penalty (for sth)- to suffer because of bad luck, error or wrongdoing.

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Text 3. WORLD TRADE

The General Agreement on Tariffs and Trade (GATT) is not an institution that wins hearts and minds of popular opinion. Yet the fact is GAAT has been a great success. Thanks to the lowering of trade barriers after the Second World War, American firms became exporters to the world, and everybody gained as a result.

In many of the industries likely to grow fastest in the year ahead, America remains the strongest and the most competitive producer in the world — precisely because its companies are obliged to test themselves in the global market place. In this sense GAAT built America. It also built prosperity that much of the world now takes for granted.

In trade policy, almost every government succumbs to pressure from special interests demanding protection from foreign competition: losses may outweigh gains, but those, who stand to gain are usually vocal and well-organized. Whereas those who stand to lose are not. This protectionist logic works every way. America has resisted it better than most. For years it championed the cause of free trade through GAAT. Decades of American leadership after 1945 opened markets worldwide.

America is insisting on further changes. One of the choices of America's trade policy is to build a regional trade block on the American continent. The United States has already negotiated a free trade agreement (FTA) with Canada; an extension of that accord, to include Mexico, is under discussion. In the longer term this North American FTA might spread southwards, eventually encompassing much if not all of Latin America.

A free trade area will make the world better off in the short term, if, roughly speaking, the amount of trade it creates exceeds the amount it diverts. To counter the risk of trade diversion, the GAAT's rules allow FTAs to be formed only if the members set "duties and other regulations of commerce" that are not "higher or more restrictive" with respect of outsiders than the ones previously in effect. Yet a better rule would be to insist that members of an FTA set a common external tariff (and thus form a customs union). Besides, the common external tariff for any item should be set equal to the lowest tariff applied to that commodity by any members of the FTA before the union was formed.

Vocabulary

to lower the trade barriers	знижувати, зменшувати торговельні обмеження
to gain	одержувати, здобувати
to remain	залишатися
precisely because	саме тому що
to insist on	наполягати на
to be obliged	бути зобов'язаним
prosperity	процвітання
to take for granted	вважати за належне
to succumb to pressure	поступитися, не витримати тиску
to demand	вимагати
losses may outweigh gains	втрати можуть переважити надбання
competition	змагання
to champion the cause	підтримати справу
further	подальший
to negotiate	вести переговори
extension	розширення
accord	угода
southwards	у південному напрямку
to encompass	оточувати
the amount of trade	обсяг торгівлі
to divert	відхиляти
diversion	відхилення
to set	установлювати, визначати
restrictive	обмежувальний
to counter the risk	запобігати ризику
common external tariff	загальний зовнішній тариф
thus	таким чином
item	питання, пункт, окремий предмет
commodity	товар

Comprehension Check

I. Answer the following questions:

1. What helped American firm become exporters to the world after the Second World War?

2. What matter of trade policy did America champion for many years?
3. What are the prospects of North American FTA?
4. Under what condition will a free trade area have a positive influence on the world trade?
5. Do the GAAT's rules regulate FTAs?

II. Match the words with their definitions:

- | | |
|---------------|--|
| 1. trade | a) a tax paid on imports |
| 2. prosperity | b) a formal agreement between groups of people |
| 3. protection | c) the action of turning something aside or changing its direction |
| 4. extension | d) the exchange of goods or services for money or other goods |
| 5. accord | e) the system of protecting an industry by taxing foreign goods |
| 6. commerce | f) the state of being successful (especially financially) |
| 7. tariff | g) trade (especially between countries) |
| 8. diversion | h) the action or process of making something longer or larger |

NOTES:

Essential Idioms

to gain ground — to begin to have more support; to make progress;
 to play the market — to buy and sell stocks and shares in order to make a profit.

Text 4. MONOPOLY AND COMPETITION

A holder of a monopoly is a single seller who has exclusive control of the supply and marketing of some product or service. Monopoly is a market situation in which there are no competitors. Some monopolies are unavoidable. Most public utilities, such as natural gas, electricity are potential monopolies. The government can regulate such companies by controlling the prices.

Other monopolies may be artificial, brought about through manipulation by firms. Here governments intervene with competition laws, seeking to make competition more vigorous and to prevent monopolies or other attempts to control supply.

Market power is the term economists use to describe the ability to hold control over prices and profits. A monopoly has the greatest market power. According to American economists Edward H. Chamberlin and Joe S. Bain, a firm's power will be greater if it shares an industry with few competitors, if it is shielded almost completely from the threat of entry by new competitors. When a "big three" or "big four" dominates an industry, that situation is called a shared monopoly.

In practice, "pure" monopoly is seldom found in real life. When one producer may dominate the supply of a good or group of goods, he is said to be a "monopolist" — a single seller. But what we really have is a number of small "monopolists" competing with one another — "monopolistic competition".

Vocabulary

to hold	тримати, утримувати щось
to supply	постачати
competitor	конкурент
unavoidable	чого не можна уникнути
public utilities	комунальні послуги
artificial	штучний
to intervene	втручатися
to seek	добиватися
vigorous	жвавий, енергійний
attempt	зусилля
profit	користь, вигода; прибуток

to share
to shield
threat of entry by
new competitors
to dominate
pure

ділити(ся), розподіляти
захищати, прикривати

загроза вступу нових конкурентів
панувати, переважати
чистий

Comprehension Check

I. Give definitions of the following terms:

monopoly
market power
shared monopoly
monopolistic competition

II. Write a brief summary of the text:

NOTES:

Essential Idioms

to hold the field — not to be replaced by smb/smith; to remain dominant;

to be sold on sth/sb — to be enthusiastic about smth/smb.

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Text 5. THE EUROPEAN UNION

In 1957 the European Economic Community was set up by the Treaty of Rome. Since that time the Community has grown from its original members (Belgium, France, Germany, Italy, Luxembourg and the Netherlands), to include Denmark, Ireland and the United Kingdom in 1973, Greece in 1981 and Spain and Portugal in 1986.

The population of the Community increased by 18 million with the reunification of Germany in 1990, and in 1993 what had been the European Community became the European Union. Finally in 1995, Austria, Finland and Sweden joined the Union, bringing together 370 million inhabitants, a land area of 3 337 000 km² and 15 member countries.

To manage the policies concerning such a large population, the Union has a system of institutions that work in collaboration with each other, undertaking the principles of safeguarding peace and promoting economic and social progress.

The European Union has a prominent role to play globally. Already the world's leading trade power, it shares practices and aims with other major trading blocks such as the United States of America and Japan, but is also their rival commercially and technologically. As the EU is such a strong economic power, it has a particularly influential bargaining position during talks on trade.

A single market is of great importance to all the citizens of the European Union. There have been no customs duties within the Community since 1968, and common rates of duty have been applied to imports from non-member countries. On 1 January 1993 the plan for a single European market came to fruition. Border checks were removed. Only in rare cases are random checks still carried out. It is now easier for firms to offer their goods and services in other EU countries. The free movement of capital makes it possible to invest money anywhere in the Union. The introduction of cash EURO prevents the possibility of exchange rate crisis in the member countries.

The European Investment Bank is the Union's financing institution and provides long-term loans for capital investment promoting the Union's balanced economic development and integration.

Vocabulary

community	громада; спільнота
treaty	міжнародний договір; угода
to include	містити (в собі); включати
to increase	зростати
inhabitant	житель
concerning	стосовно, щодо
collaboration	співробітництво
to safeguard peace	охороняти, гарантувати мир
to promote	сприяти; допомагати
rival	суперник, конкурент
to bargain	укласти угоду (торговельну)
customs duty	митний збір
within	у межах, усередині
common rate of duty	загальний курс оподаткування
border check	перевірка на кордоні
to come to fruition	успішно втілюватися (планам)
random check	виняткова перевірка
to prevent	запобігти; перешкоджати
cash	гроші, готівка
exchange rate	обмінний курс
loan	позика

Comprehension Check

I. Answer the following questions:

1. What organization was set up by the Treaty of Rome in 1957?
2. What countries are the members of the European Union?
3. What are the objectives of the EU institutions?
4. What are the EU's positions in world trade?
5. Are there any advantages of having a single market for the EU member countries?
6. What is the function of the European Investment Bank?

II. Complete the sentences:

1. In 1993 what had been the European Community...

2. The Union has a system of institutions that...
3. The EU has a particularly influential...
4. There have been no customs duties...
5. It is now easier for firms...
6. The introduction of cash euro in the member countries presents...

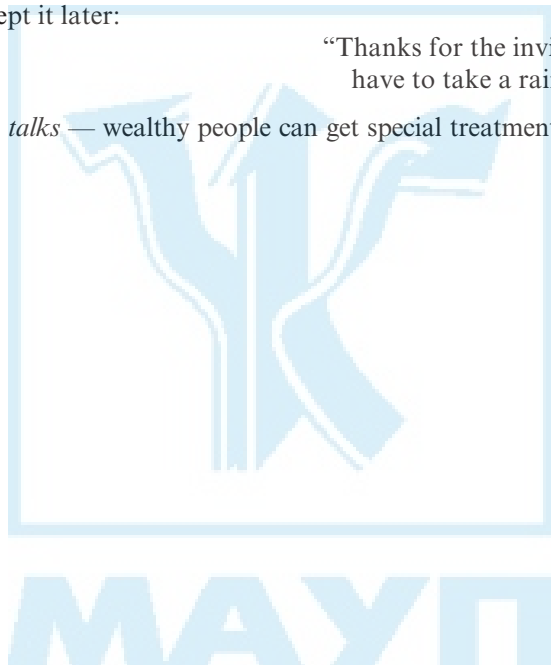
NOTES:

Essential Idioms

To take a rain check — to refuse an invitation or offer but say that one might accept it later:

“Thanks for the invitation, but I’ll have to take a rain check on it”.

Money talks — wealthy people can get special treatment and influence others.



Text 6. THE EUROPEAN UNION MEMBER COUNTRIES TYPES OF ECONOMY

Germany is experiencing a period of adjustment at the present time so that the enormous economic differences between the eastern and western parts of Germany, in particular the disparity in levels of salaries and standards of living, can be eradicated. Germany has a social market economy. Car production is one of the major industries as are mechanical engineering, electrical engineering, and the chemical and pharmaceutical industries. The iron and steel industry also has a large part to play in the economy.

Sweden

In the past 100 years Sweden has evolved from a largely agrarian country to one where less than 3 % of the labour force is employed in agriculture.

Manufacturing plays a dominant role in exports, accounting for more than 80 % of total merchandise and service exports in 1993.

Sweden is renowned as the birthplace of many well-known multinational corporations, which have helped it to become an affluent country. The state has the world's strongest trade union movement and a larger public sector than almost any other western country.

Finland's economy is based on private ownership. Forestry and forestry related industries such as the pulp and paper industries form the basis of Finland's economy. The biggest growth in recent years has been within the metal industry. This in itself owes a great deal to the forestry industry, as much of the expansion comes from the increased need for machinery and equipment for tree felling and paper production. Other important sectors are telecommunications and high-tech industries, which form a high percentage of exports.

Austria is a highly developed industrial country with a free market economy. Foreign trade has always played an important role for the Austrian economy. Since the fall of the Iron Curtain, Austria's role as gateway to central and eastern European countries has increased considerably.

Roughly 40 % of Austria's GNP is derived from commerce and foreign trade and services. After trade and industry, tourism — in summer as in winter — is one of the developed branches of the economy.

The Netherlands' position in the heart of Europe determines the character of the Dutch economy, which is highly international in its orienta-

tion. Trade and transport are two of its most important sectors. In terms of cargo handled, Rotterdam is the biggest port in the world. The Netherlands has major chemical, electrical, engineering and car industries in addition to a highly mechanised agricultural sector. Oil and natural gas production is of considerable economic importance.

The United Kingdom's economy is primarily based on private enterprise, and government policy is aimed at encouraging and expanding the private sector, which accounts for approximately 80 % of output and 75 % of employment. Older industries such as coal, iron, steel, textiles and ship-building are currently being reorganised to take account of shifting patterns in world trade. The 1980s saw the development of high technology industries and services. These new industries include satellite communications, robotics and information processing.

Vocabulary

adjustment	регулювання; приладжування
disparity	невідповідність, нерівність
to evolve	розвивати(ся), розгортати(ся)
labour force	робоча сила
dominant	панівний
to account for	складати особливу пропорцію
merchandise	товари, вироби
renowned	славний, знаменитий
affluent	багатий, рясний
trade union	профспілка
private ownership	приватна власність
forestry	лісництво, лісове господарство
pulp	деревна маса
to owe	бути зобов'язаним (комусь), завдячувати
great deal	багато
expansion	поширення, розширення
to fell trees	валити дерева
Iron Curtain	“залізна завіса”
gateway	ворота, вхід
considerably	значно

GNP (Gross National Product)	валовий національний продукт
to determine	визначати
cargo	вантаж
enterprise	підприємство
output	продукція; випуск
to take account of sth.	брати до уваги
shifting patterns	зміни
satellite	сателіт, супутник
information processing	переробка інформації

Comprehension Check

I. Analyse the text and determine the key points of each country's economy.

II. Match the synonyms:

- | | |
|----------------|--------------|
| 1) to develop | a) entrance |
| 2) affluent | b) to define |
| 3) force | c) goods |
| 4) determine | d) a lot of |
| 5) gateway | e) famous |
| 6) merchandise | f) to evolve |
| 7) renowned | g) power |
| 8) great deal | h) rich |

NOTES:

Essential Idioms

There is no accounting for taste — it is impossible to explain why different people like different things.

to deal sb. a blow — to give sb. a shock; to cause problems for sb.

Text 7. UKRAINE'S ECONOMY IN TRANSITION

The processes of transformation from planned-centralised to market economy are rather complicated, but there are all prerequisites for their effective accomplishment in Ukraine. As for its potential, Ukraine is an industrial-agricultural country. Industry is the most important area of Ukraine's economy. A great deal of industrial output is produced by heavy industry, especially the steel, machine building and coal industries. A considerable part is played by the food and light industries.

The machine-building industry is presently the largest branch of industry. It provides equipment for metallurgy, power stations and different plants. Shipbuilding and motor vehicle industry have a great impact on transportation within and outside Ukraine.

Despite the favourable natural conditions and convenient geographical position in terms of international trade exchanges, Ukraine's industries are unable yet to satisfy all consumers' wants because Ukraine is just integrating into the world process of economic, technological and scientific progress. Characteristically, the national industries show low standard in processing raw materials; out-dated and worn-out production equipment and lack of progressive techniques and approaches slow down economic reforms started in 1990s.

Nevertheless, economy-restructuring processes in Ukraine have created great opportunities for shaping an open, effective market type economy. Ukraine has succeeded in widespread small-scale privatisation (e.g., of shops and other small service units) and even more in large-scale privatisation. Price liberalisation and foreign exchange system reforms have brought notable results. The flow of foreign investments proves the fact that Ukraine has a promising economic potential which offers many business and investment opportunities.

Vocabulary

complicated	складний
prerequisites	передумови
effective	ефективний
accomplishment	виконання, досягнення
despite	незважаючи на
convenient	зручний, підходящий

impact	вплив
consumer	споживач
outdated	застарілий
worn-out	зношений
lack	нестача, брак
approach	підхід
nevertheless	проте
restructuring	перебудова
opportunity	сприятлива можливість
to shape	надавати форми, утворювати
scale	масштаб, розмір
notable	помітний
flow	потік
promising	багатообіцяльний
to prove	доводити

Comprehension Check

I. Write a short summary of the text.

II. Find in the text the opposites of the words given below:

inside; unfavorable; up-to-date; able; easy; ineffective; destroy; separating; high; disadvantage.

NOTES:

Essential Idioms

In progress — being done or made.

Example: The discussion is now in progress.

To go to the country — to decide to hold an election to choose (of a government) a new parliament.

Example: He went to the country over the issue and lost the general election.

Text 8. CURRENT ECONOMIC RELATIONS BETWEEN UKRAINE AND THE EU

The relations between Ukraine and the European Union are conducted within the framework of the “Partnership and Co-operation Agreement” (PCA) which was signed in 1994 and came into force in 1998. Ukraine was the first of the Newly Independent States to sign this kind of document with the EU to replace the former Agreement on Trade and Commercial and Economic Co-operation with the USSR. The aim of the parties to the document is to establish a free trade area between them. According to the Agreement, the parties grant to each other the most-favoured-nation treatment and the goods of the each party should not be subject to discriminatory direct or indirect taxation. The areas, in which the co-operation will concentrate, are close to the chapters for negotiation on the accession with the candidate countries:

- “industrial co-operation, investment promotion and protection, public procurement, mining and raw materials, science and technology, education and training, agriculture and agro-industrial sector, energy, civil nuclear sector, environment, transport, space industry, telecommunications, financial services, money laundering, monetary policy, regional development, social co-operation, tourism, small and medium-sized enterprises, information and communication, consumer protection, customs, statistical co-operation, economics and drugs” (Article 52 of the PCA).

The Agreement is concluded for ten years to be renewable on a year-by-year basis. Some progress toward Ukraine’s entrance into European community has been achieved. On December 1999 European Council adopted “the European Council Common Strategy on Ukraine”. In September 2000, the Program on Ukraine’s integration into the European Union was signed. The program prescribes Ukraine’s strategy in the following important areas: democracy and rule of law, court system, human rights, economic development of the country, internal market without borders, economic and fiscal questions, foreign economic activity, foreign and security policy, education and youth, financial issues.

The fact that Ukraine is a large transit country of oil and gas from Russia and other Asian countries to Western Europe takes not the last part in the economic relations between the EU and Ukraine. Moreover, the oil transit is continuously increasing over the last years.

In November 2000, Ukrainian lawmakers approved a program to harmonise Ukrainian legislation with the European one. The program is

aimed to induce attractiveness of the European economy in the eyes of investors.

In order to be eligible for the EU membership Ukraine has to fulfil listed by the EU requirements which include holding of transparent parliament and presidential elections, mass media reform, fighting corruption, stability of legislation, the financial system and the system of taxation to EU standards.

Vocabulary

to conduct	вести, керувати
within the framework of	у межах чогось
to sign	підписувати
party	юридична сторона
to grant	погоджуватися
most-favored-nation treatment	найсприятливіше ставлення до націй
accession	доступ; вступ
procurement	забезпечення
mining	гірничя промисловість
money laundering	відмивання грошей
enterprise	підприємство
consumer protection	захист споживача
to conclude	укладати (договір)
to be renewable	бути поновленим
to prescribe	приписувати
internal	внутрішній
fiscal	фінансовий
to approve	ухвалити
legislation	законодавство
legislature	особи, відповідальні за зміну законів
requirements	вимоги
to induce	викликати; спричиняти
attractiveness	привабливість
eligible	той, хто має право на що-небудь

Comprehension Check

I. Do the following:

1. Find the terms characterizing relations between Ukraine and the European Union.
2. Name the PCA's key points.
3. Determine areas of Ukraine and the EU cooperation.
4. Name the document adopted by the European Council in 1999.
5. Explain the advantages of Ukraine being an important oil and gas transit country.
6. Determine the aim of the program approved by Ukrainian lawmakers.
7. Name the requirement Ukraine has to fulfill to be eligible for EU membership.

II. Which word in each group has the meaning different from that of the other words in the group?

1. agreement, contract, taxation, deal
2. area, security, zone, region, space
3. approve, confirm, criticize, ratify
4. approach, gateway, relation, entrance
5. partner, stranger, colleague, friend
6. trade, business, commerce, force

NOTES:

Essential Idioms

the/an odd man out — a person or thing that is different from the others
“At school she always felt the odd man out”.

the rule of law — the condition in which every member of society, including its rulers, accepts the authority of the law.

Text 9. ECONOMIC GROWTH IN UKRAINE

At the time when economic system is in transition from stabilization to economic growth the main tasks of microeconomic policy in Ukraine are gradual structural and institutional reforms of economic environment.

Economic growth is a process by which a nation's wealth increases over time. Annual growth per capita is an empirical measure of economic growth. The main indicator of economic growth is the level of production that is measured by GDP (gross domestic product).

The level of GDP per capita in Ukraine in 2001 constituted about 800 USD accompanied by the 7 % rate of growth compared in the previous year. Even if such rate of growth will be maintained during all the next decade, then GDP per capita will be about 1570 USD in the year 2010, which is equal to the level of development of the least developed present claimants to entry EU.

Table 1. GDP per capita in 2001, current USD

EU Member Countries	GDP per capita	Claimant Countries	GDP per capita
Denmark	30 651	Slovenia	10 401
Austria	23 390	Czech Republic	5 448
Germany	22 671	Hungary	5 036
Sweden	23 428	Poland	4 656
Belgium	22 810	Slovakia	3 805
Finland	23 786	Estonia	3 652
France	22 485	Lithuania	3 210
Netherlands	23 987	Latvia	3 168
United Kingdom	23 783	Romania	1 696
Ireland	27 052	Bulgaria	1 504
Italy	19 386		
Spain	14 975		
Greece	11 801		
Portugal	10 967		

Evidence suggests that the most important factors contributing to economic growth are human capital, government expenditures and growth of small and medium scale enterprises. The latter can have positive outcome

on the condition of the state finance, banking system and the monetary situation in general. The increase in production in small businesses will create additional demand on real money balances. This will broaden the bases for emission by the CB/NB (National Bank) that will increase budgetary income without inflationary consequences. Stimulating education, especially professional, may have a direct positive effect on growth, and a reduction in government expenditures will lead to decrease in the fiscal burden on firms and households so they have more resources to direct into growth promoting investment.

Vocabulary

gradual	послідовний; поступовий
wealth	багатство; достаток
to measure	міряти, вимірювати
annual	щорічний; річний
per capita	на душу населення
indicator	показник
level	рівень
GDP (gross domestic product)	валовий внутрішній продукт
to maintain	підтримувати
decade	десятиріччя; декада
equal	рівний
claimant	заявник
the least	найменший
evidence	очевидність
expenditures	витрати
the latter	останній
to broaden	розширювати
emission	емісія, випуск грошей
income	прибуток; дохід
inflationary consequences	інфляційні наслідки
to lead	вести, проводити; спричиняти
reduction	зменшення; скорочення
decrease	зменшення, спад
burden	тягар
outcome	наслідок

Comprehension Check

I. Make a choice:

1. The main tasks of macroeconomic policy in Ukraine are gradual/rapid structural reforms.
2. Economic growth is a process by which a nation's wealth decreases/increases over time.
3. Small business development can have positive income/outcome on the condition of the state finance.
4. Additional demands on real money balance will narrow/broaden the bases for emission.
5. A reduction in government influence/expenditures will lead to decrease of the fiscal burden on firms.
6. Firms will have more resources to direct into growth hindering/promoting investment.

II. Fill in the blanks with noun, verb or adjective forms. Use your dictionary if necessary:

	<u>Noun</u>	<u>Verb</u>	<u>Adjective</u>
1.	growth	grow	growing
2.	...	...	economic
3.	development	...	...
4.	...	produce	...
5.	measure	...	...
6.	reduction	...	...
7.	...	...	structural

NOTES:

Essential Idioms

(Not) grow on trees — (not) to exist in large quantities and be very easy to obtain.

At any rate — whatever happens or may have happened.

“Well, that’s one good piece of news at any rate”.

Text 10. SMALL BUSINESS DEVELOPMENT OPPORTUNITIES

The transition from soviet era state enterprise and collective ownership to a new market-oriented era of private ownership and private business is most visible in the arena of small business. Liberalisation of the private enterprise has produced an immediate result in the number of small businesses that have sprung up everywhere in the cities of Ukraine. Despite an unfavourable tax regime and many complex bureaucratic controls which are imposed on small business people, small enterprises thrive on every sidewalk and street corner, in shop fronts and courtyards, in closed and open market places, and in the industrial zones of the city. The growth in private enterprise is evident in the number of cafes and restaurants, bakeries and sausage makers, clothing and appliance shops, travel agencies and construction companies, and kiosks on the sidewalk selling everything from hot dogs to pharmaceuticals.

The result is a far greater variety and availability of goods than was known previously under the soviet system, and a wide range of opportunity for entrepreneurship and employment. The consumer has been well served by this phenomenon, and it has become an important source of income and employment in the new economy.

The experience of open market societies suggests that the benefits that would result from privatisation of enterprises are numerous. Small business is a powerful engine of growth for the entire economy. It is a training ground for entrepreneurs of the future. Some small businesses will grow into larger firms, employing many people and contributing significantly to income and job creation of their local area.

The effort to become profitable leads to improved efficiency and competitiveness. The essence of the market system is “survival of the fittest”. Those businesses that provide the best goods and services at the lowest prices and still remain profitable will survive and grow. Those that cannot compete will fail.

Of course, it is inevitable that some businesses will fail. Where there is a competition, there are winners and losers. New investors or new owners can revive most businesses that fail, if they fail because of poor management or through some misfortune. This is the way the market system moves toward greater efficiency, by allowing change to occur where competition reveals inefficiency.

Vocabulary

to spring up (sprang, sprung)	з'являтися
sidewalk	тротуар
despite	незважаючи на
to impose	нав'язувати; оподаткувати
enterprise	підприємство
thrive	процвітати
evident	очевидний
appliance shop	майстерня
variety	різноманітність
availability	наявність
a wide range	широке коло
entrepreneurship	підприємництво
benefit	користь; вигода
entire	цілий; суцільний
to contribute	робити вклад
effort	зусилля
profitable	прибутковий
efficiency	дієвість; ефективність
competitiveness	конкурентоспроможність
essence	суть; сутність
survival of the fittest	виживання найсильніших
inevitable	неминучий
misfortune	невдача
to revive	відроджувати
to allow	дозволяти
to occur	траплятися
to reveal	виявляти; викривати

Comprehension Check

I. Give as much information as possible on the following key points of the text:

private ownership; small business; growth in private enterprise, source of income and employment; efficiency and competitiveness; risk of failure and the ways out of it.

II. Find the opposites of the following words in the text:

unemployment, to thrive, inefficiency, weak, winner, disadvantage, to hide, harmful, success, unavailability, public.

NOTES:

Essential Idioms

by fits and starts — by stopping and starting again;

without fail — definitely, always.

Example: I'll be there at two o'clock without fail.



Text 11. MACHINE BUILDING INDUSTRY DEVELOPMENT STRATEGY

The growth trends of machine production between 2000–2002 were marked by positive dynamics. A favourable situation on the global market and growth of incomes in export sectors — mostly metallurgy and chemistry, resulted in growth of the domestic demand for industrial products.

The main consumers of machine building products in 1990–2000 were ferrous metallurgy, 14,5 %; agro sector, 11,1 %; coal industry, 6,0 %; electric energy sector, 5,5 % and the machine building sector itself, 28,5 %.

At the same time, the foreign demand played a significant role in increasing exports. In 2001 exports included electric equipment, 26,2 %, transportation, 25,3 %, and machine building, 13,9 %. The destinations of exports were Russia, Belarus, Turkmenistan, Kazakhstan, Uzbekistan, Hungary, Poland, Czech Republic, Turkey, Germany, Australia, Italy, India and China. The basic machine building products for export were automobiles, aviation products and means for water transportation.

But the current situation is rather precarious for domestic producers because import penetration is fairly high. Ukraine with its large export volumes, has an import penetration of 2–7 times more in terms of machines, equipment, than in developed countries. The Ukrainian machine building sector attempts to preserve its competitive position in only a number of sectors — aviation, space and water transportation equipment.

All other sectors require a financial support for preserving and developing their scientific-technical potential. Investments on research will help improve both quality and competitiveness of products. Also it is necessary to protect the domestic market from the import of the equipment of the same or even lower quality than certain domestic products.

Economic regulations aiming for industrial growth and development should include the following steps:

- setting up preferences for the import of technologies — but not products — in the high-tech-sector;
- transition to engineering production, assembly, installation and service;
- establishment of banks that will provide long-term loans for large enterprises against the fiscal interest, stimulating insurance of credits and state guarantees on the basis of collateral;
- decrease taxes for enterprises of the machine-building sector and implement sector taxes;

- support of Ukrainian producers through the preservation of the positions of the traditional foreign markets and the increase in the number of export destinations;
- promoting programs aimed at raising competitiveness on global markets under the condition of preserving the competition on the corresponding Ukrainian markets;
- protection of the domestic market in terms of certain traditional types of products;
- widening of the mutually beneficial co-operation between Ukraine and members of international unions in the sphere of competitive policy.

Vocabulary	
trend	напряж, тенденція
ferrous metallurgy	чорна металургія
destination	місце призначення
current	поточний
precarious	ненадійний, ризикований
import penetration	проникнення імпорту
export volume	обсяг експорту
attempt	спроба
research	дослідження
assembly	монтаж (<i>техн.</i>)
installation	установка (<i>техн.</i>)
insurance of credits	страхування кредитів
to implement	виконувати, впроваджувати
mutually-beneficial	взаєновигідний

Comprehension Check

I. Find words and phrases in the text that fall under the following categories:

export items; import penetration; consumers of machine building products; economic regulation of development; aviation products; protection of domestic market.

II. Match the words with their definitions:

- | | |
|-----------------|--|
| 1. consumer | a) a high standard or level; |
| 2. trend | b) having the same specified relation to each other; |
| 3. to promote | c) the action or process of fixing the equipment or furniture in position ready for use; |
| 4. mutual | d) a person who buys goods or services |
| 5. quality | e) general tendency or direction |
| 6. competitive | f) to help the progress of sth. |
| 7. installation | g) as good as or better than others |



Text 12. LIGHT INDUSTRY SURVEY

The uniqueness of Ukrainian light industry lies in the preservation of modern technologies and high levels of staff training, thus resulting in high quality. Equipped with the best western European equipment available, light industry was no worse off at the beginning of the 1990s, technologically speaking, than foreign counterparts. At that time, light industry earned Ukraine's budget 120 % in tax revenues. However, the mid-1990s brought a deep, sustained crisis.

Big, formerly state-owned enterprises specialising in mainly knitting and footwear largely went bankrupt or were restructured. They were often split into small enterprises using no more than 5–10 % of capacity. This was the fatal blow of the Ukrainian method of privatising, coupled with a liberalisation of foreign trade. Light industry was one of the first sectors to be privatised.

Manufacturers gradually mastered market conditions and began producing a stable variety of quality goods. This, however, proved more difficult for leather and textile enterprises than for sewing, knitted wear and footwear firms. Modernisation required more investments to improve the range of goods. Small firms began to emerge in the end of the 1990s, providing products for much lower prices than the giants.

It was not until 1999 that the sector began to burgeon, reporting an annual production growth of 35 %. This was due in part to the Russian default in 1998 — imported goods became more expensive and therefore, inaccessible to most of the population.

Another factor aiding the industry was the increase in quotas during 1999–2000 for Ukrainian light industry exports to the European Union. Later they were cancelled altogether. Light industry export was nearly US\$ 800mln in 2002.

Ukraine's light industry is likely to gain its former positions in production growth, but uncontrolled Asian imports threaten local enterprises with the prospects of bankruptcy in the near future.

Under the pressure of Southeast Asian mass imports, a decline in light industry manufacturing in developing countries has become a world-wide tendency. Chinese production, in particular, has moved into the Ukrainian domestic market in a manner similar to what has already occurred in Western Europe and North America. The country's imports exceed domestic production, accounting for three-fourths of clothes and shoes.

Moreover, volumes of second-hand products are currently imported in larger quantities than the domestic market is able to produce new goods. Second-hand is also in demand because it is inexpensive.

However, the industry anticipates that new laws adopted by the VR on standardisation and certification and decisive actions directed to the consumer market protection will improve conditions for the nation's manufacturers.

Vocabulary

uniqueness	унікальність
staff	штат, персонал
to be no worse off	бути не гіршим ніж колись
revenue	дохід (зокрема держави)
counterpart	копія; людина чи річ подібного типу
deep sustained crisis	глибока, тривала криза
split	розколюватись
to couple	з'єднуватись
to master	оволодівати
leather	шкіра
sewing	швейний
knitted	в'язаний
footwear	взуття
to emerge	з'являтися
giant	гігант
to burgeon	почати швидко зростати, розвиватися
default	невиконання зобов'язань, неплатіж
therefore	тому, отже
inaccessible	недоступний
quota	обмежена кількість чогось офіційно дозволеного
to cancel	скасовувати
to threaten	загрожувати
prospect	перспектива
under the pressure	під тиском
volume	обсяг
to be in demand	користуватися попитом
quantity	кількість

to anticipate
decisive

чекати
рішучі

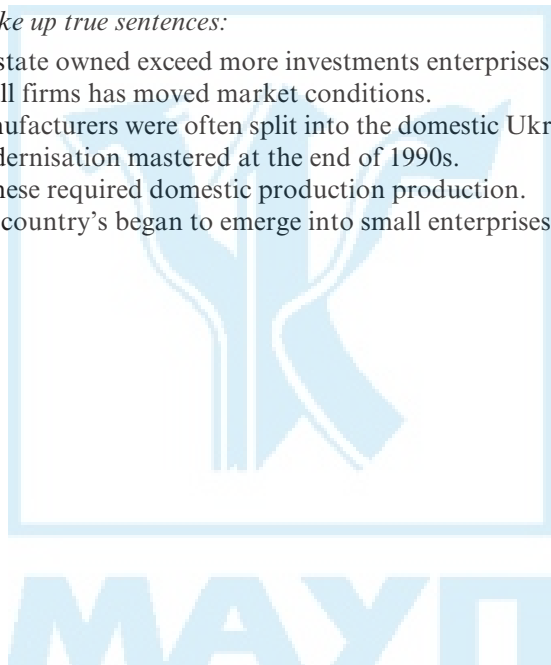
Comprehension Check

I. Find the facts in the text related to these dates:

At the beginning of the 1990s; the mid-1990s; the end of the 1990s; 1999; 1999–2000; 2002.

II. Make up true sentences:

1. Big state owned exceed more investments enterprises.
2. Small firms has moved market conditions.
3. Manufacturers were often split into the domestic Ukrainian market.
4. Modernisation mastered at the end of 1990s.
5. Chinese required domestic production production.
6. The country's began to emerge into small enterprises exports.



Text 13. UKRAINE'S AGRICULTURE

Ukraine has a favorable combination of climatic conditions, land and labor resources, well-developed transport infrastructure, and close foreign markets. This accounts for the high potential of its agricultural production. The agricultural sector produces 12,8 % of GDP, employing a fifth of the working population. Ukraine's arable and farming areas comprise 42 million square km, the largest in Europe after Russia. Planted crops account for 54,5 % of total agricultural output. Among the dominant crops are wheat, corn, sugar beets, sunflowers, legumes, tobacco, vegetables, and fruits. Ukraine ranks fifth in grain crops in the world. In 2001 Ukraine harvested almost 40 mln. tons of grain. Livestock farming includes cattle, pigs, sheep, horses, etc. Great progress has been made in poultry farming, fisheries, and apiculture. In agriculture restructuring began with the first years of independence.

Following President Leonid Kuchma's 1999 reelection, the drastic reforms came to the village: the land owned by collective farms is being divided among the peasants, who can not freely manage their lots; conditions are being provided for farmers to expand their farms, and agricultural enterprises are being arranged on a voluntary basis in a fashion chosen by the peasants themselves. 13,300 new agricultural units have been formed, including farms (46 %), cooperatives (25 %), private and leased businesses (21 %).

The infrastructure of the agricultural market is introduced most resolutely and consistently on the basis of the wholesale and exchange trade of agricultural produce. An alternatively owned network of processing and procurement businesses is being established. Ukraine is currently determined to re-establish its age-old reputation as the breadbasket of Europe.

Text 14. THE NEED TO RESTRUCTURE UKRAINE'S COLLECTIVE AGRICULTURAL ENTERPRISES

Although Ukraine possesses some of the best soil in the world, which had made it in the past “the breadbasket of Europe”, during the 1990s Ukrainian agriculture had been deteriorating. Cultivated land area and yields had been decreasing, aging machinery couldn't be replaced, affordable farm credit was not available, and most farms were in a deep financial crisis.

The root of this situation lies in the system of collective agricultural enterprises (CAEs), successors of the state and collective farms inherited from the Soviet past — a system motivated by ideological rather than profit-oriented considerations. This system created farms which were too large to be manageable, and which engaged in many different activities rather than specialize in a few profitable ones. Managers had to produce quantities specified by the national plan, without regard to cost considerations. There was no premium for quality production. Workers were not motivated since good performance was not rewarded. All members had a right to work, so there was no incentive to produce more with less workers. The farms had to support the costs of social infrastructure, and to maintain an aging population where the majority was often pensioners. The system was kept going by government subsidies. In the meantime in the rest of the world agriculture has made enormous progress in increasing efficiency, producing more with less workers and lower production costs. After the collapse of the Soviet Union, Ukrainian agriculture was suddenly exposed to world agriculture, and it could not compete. At the same time, the ability of the State to subsidize agriculture by providing cheap inputs and forgiving loans was sharply curtailed.

Conscious of this situation government has been moving toward a free market approach, in which land and property is privately owned and can be used to bring the highest returns. While the legislation is in a process of constant improvement, the existing legislation is sufficient to carry out farm restructuring that breaks up the existing collective resource ownership and management structure into private resource ownership and management relations.

Vocabulary

comprise	містити в собі
arable	орний; що обробляється
wheat	пшениця
corn	зерно
sugar beet	цукровий буряк
legumes	бобові
livestock	поголів'я худоби
poultry	свійська птиця
drastic	рішучий
peasants	селяни
lot	ділянка землі
deteriorate	погіршуватись
decrease	зменшуватись

Comprehension Check

I. Match the words in column A with their opposites in column B:

	A	B
1.	deteriorate	regression
2.	decrease	loss
3.	progress	state
4.	available	high
5.	profit	improve
6.	private	increase
7.	efficiency	inability
8.	low	unavailable

II. Make a short summary on Ukraine's agriculture.

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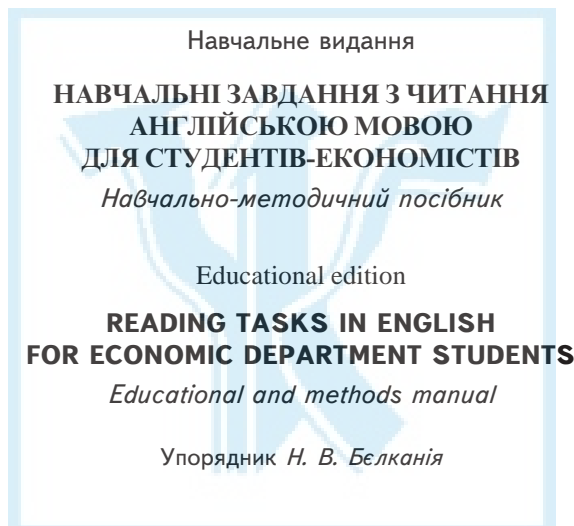
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МАУП

Reading tasks of the manual contain texts on Economics and vocabulary exercises. The texts give information on certain areas of world economy including Ukraine's one.

For Economic department students.



Відповідальний редактор *Т. М. Тележко*

Коректор *С. М. Толкачова*

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