



**ALFRED NOBEL UNIVERSITY,
DNIPROPETROVS'K**

A. ZADOIA, I. DIADKO, L. KUHTII

INTERNATIONAL ECONOMIC ACTIVITY OF UKRAINE

SELF-STUDY ASSIGNMENT BOOK



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До збірника завдань з дисципліни «Міжнародна економічна діяльність України» включено питання для самопідготовки, тестові завдання, завдання для обговорення та задачі. Збірник завдань може бути використано протягом терміну вивчення дисципліни, а також для проміжного та підсумкового контролю знань.

Для студентів спеціальності «Міжнародна економіка».

Zadoia A.

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This self-study assignment book is designed for students major in International Economics according to the «International Economic Activity of Ukraine» course curriculum. There are homework questions, tests and assignments for group discussions included. This self-study assignment book could be used through the ongoing course training as well as for intermediate and final knowledge control.

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TOPIC 1
THE NATURE AND MAIN CHARACTERISTICS
OF INTERNATIONAL ECONOMIC ACTIVITY

Items to study:

1. The concept of the world economy and international economic activity
2. The theory of international economic integration
3. The modern theories of international economic activity
4. The role of international economic activity in the socio-economic development of Ukraine

Exercise 1. Find a corresponding term or concept for each of the statement listed below:

1. the comprehensive system of economic relations between national economies of various countries and international organizations, which has unique inter-relations, regularity and realizes specific interests.

2. the executive right for the foreign economic activity at the territory of the country in accordance with its laws.

3. the subjects' right to enter voluntarily into foreign economic relations of any forms not prohibited by the current legislation of Ukraine.

4. the equality before the law of all subjects of foreign economic activity regardless of ownership.

5. the inadmissibility of dumping when importing and exporting goods.

6. the dynamic system combining sellers and buyers of different nationalities, manufacturers and consumers into a single economic mechanism due to the consumer price and exchange criteria.

Terms and concepts:

- a) Equivalent exchange principle;
- b) Free international economic activity principle;

- c) International economic activity;
- d) Ukrainian people's sovereignty principle;
- e) International market;
- f) Principle of legal equality and non-discrimination.

Exercise 2. Find a correct answer

1. The role of the Ukrainian International Economic Activity course in economist and international relations expert training:

- a) an opportunity to operate in such economic domains as international direct and portfolio investment, international currency and financial transactions, international trade and etc. through the Ukrainian state focus;
- b) a good understanding of today's cultural cooperation under the provisions of the USA Ombudsman;
- c) a possibility to apply the foreign language knowledge in the field of economic relations;
- d) an opportunity to enhance your status as an economist and international relations expert due to the previous INCOTERMS conditions study.

2. What is NOT the main area of Ukraine's strategic integration policy into the world market and the foreign trade development?

- a) the absolute rejection of foreign trade state regulation to increase the negative balance primarily with CIS (Commonwealth of Independent States) countries;
- b) market diversification of energy inputs and other strategic raw materials (the search of alternative suppliers);
- c) the practical implementation of economic collaborative engagement (collaborative engagement) with foreign countries for mutually beneficial use of goods, services, capital and labor movement;
- d) the creation and improvement of the legal, economic, organizational and technical conditions to increase the Ukrainian goods competitiveness.

3. Japanese economist K. Ohmae, who published his book "The Borderless World" in 1990, thinks that the world economy is now determined by the interdependence of the three centers – 'triads':

- a) the EU, the USA, Japan;
- b) Germany, China, Singapore;
- c) India, China, the USA;
- d) the Benelux countries, Great Britain, Finland.

4. *The necessity of international economic activity for the socio-economic development of Ukraine focused on:*

- a) providing economic and political stability of the country and improving the investment climate;
- b) creation of closed economy due to established regional links;
- c) promoting national consciousness and patriotism for native land unlike the European countries, where the erasing of cultural difference is;
- d) prohibiting the entry of third- countries residents to Ukrainian territory to avoid the social conflicts threats and assimilation of cultures that differ from the Slavonic ones.

5. *Who was the first scientist used the term “globalization” in 1983:*

- a) American T. Levitt in his article, published in the Harvard Business Review;
- b) J. Ridderstrale from Sweden in his book “Funky Business”;
- c) Japanese F. Fukuyama in his first book “The End of History and the Last Man”.

6. *What has come before the globalization historically?*

- a) Internationalization;
- b) Informatization;
- c) Integration;
- d) Incotermization;
- e) Importization.

7. *The internationalization is:*

- a) a process of intra-group market creation through the organization of the subsidiary enterprises branches and taking over the existing firms in supply-production-sale cycle;
- b) the highest level of international economic relations;
- c) a set of national economies interconnected by the system of international division of labor, economic and political relations;
- d) market “unification” of economic development.

8. *What are NOT the types of foreign trade, carried out in Ukraine by economic entities (according to Foreign Economic Activity Act of Ukraine)?*

- a) the provision of logistics, insurance, military equipment and explosives transportation;
- b) the provision of manufacture, freight forwarding, insurance and consulting services;

- c) marketing, export, intermediary and brokerage services;
- d) agency, consignment, management and accounting services;
- e) accounting, legal and tourism services.

9. The principle of free external economic entrepreneurship does NOT consist in:

- a) the duty of foreign activity subjects to engage in foreign economic relations;
- b) the right of foreign activity subjects to implement foreign economic activity of any forms not prohibited by the current legislation of Ukraine;
- c) the obligation to observe the order established by the laws of Ukraine in international trade procedure;
- d) the executive right of foreign activity subjects in all results of external economic activity.

10. According to Foreign Economic Activity Act of Ukraine the foreign economic activity is:

- a) the activity of Ukrainian business entities and foreign ones based on relationships between them in Ukraine and abroad as well;
- b) any type of activity, including the business one, connected with production and exchange of material and non-material values considered as goods to sell;
- c) all kinds of property and intellectual values invested by foreign business entities in Ukraine, resulting in incomes (profit) or achieving of social effect;
- d) the implementation of individual or collective actions aimed at the limiting the competition and monopolization of production, distribution, exchange, consumption of goods and obtaining profits.

11. The development of international economic integration process is NOT driven by the following factors:

- a) unequal income distribution in the world;
- b) economic development of countries, groups of countries and regions in terms of resources unequal distribution;
- c) regularities of scientific and technical progress;
- d) availability and necessity of the global problems solution.

12. The main forms of international integration at the macro level are NOT:

- a) the joint capital raising zone;
- b) preferential trade zone;

- c) free trade zone;
- d) customs union;
- e) common market.

13. *Three groups of national economies (so-called mega systems) include:*

- a) industrialized countries, countries with emerging economies and developing ones;
- b) mono-national, bi-national and multinational groups;
- c) groups focused on the import, export and balanced ones;
- d) mini-state, midi-state and mega countries.

14. *Horizontal integration is:*

- a) the merging of firms that produce similar goods with the purpose of further goods disposal through a common system of distribution and obtaining an additional income;
- b) the merging of firms operating in different production cycles;
- c) discrimination of foreign partners in each of the national economies;
- d) the development of the privatization.

15. *The integration as a process is indicated in:*

- a) boundary-spanning between economic individuals – representatives of different countries;
- b) the development of terrorist organizations in the world;
- c) the development of inflationary expectations;
- d) the merging of firms that produce completely different goods.

16. *Vertical integration involves:*

- a) association of firms that operate in different production cycles;
- b) the merging of firms that produce similar goods with the purpose of further goods disposal through a common system of distribution and obtaining an additional income;
- c) development of international political integration processes;
- d) discrimination of foreign partners in each of the national economies.

17. *How many levels the world economy has:*

- a) two ones: international and transnational;
- b) three ones: regional, international and transnational;
- c) one transnational level;
- d) the world economy isn't divided into levels.

18. *What led to the emergence of the world economy?*
- the development of productive forces and the growth of financial capital;
 - the diversity of climatic conditions;
 - moral and ethical standards;
 - export-oriented production.

19. *The most common definition of global economy (world economy) is:*
- a set of national economies interconnected by the system of international labor division, economic and political relations;
 - the amount of internationalized (international) goods and services production and the rates of its growth in comparison with the volume and rate of the gross domestic product growth;
 - system of economic relations in the country in terms of product life cycle;
 - system of economic relations, connected by cooperation processes and division of labor.

Exercise 3. The questions for discussion at practical lessons

- What kinds of economic activities are international by its nature?
- What are the opportunities and threats for Ukrainian economy globalization?
- What principal characteristics of an open economy have already formed in Ukraine, but should be developed in future?
- What are the prerequisites for Ukraine's participation in international cooperation and international labor division?

Exercise 4. The problems for independent solving

1. Ukraine has bought dried potatoes in Poland, made by joint Ukrainian-Polish enterprise. What forms of international relations have been used in this agreement?

2. In Russia could be grown 3 tons of beets, 1 ton of potato during a resource day. In Ukraine could be grown 4 tons of beets, 0.8 tons of potato. Assume that the Russian and Ukrainian producers specialized in goods, which have the advantage of producing, trading it with each other while maintaining the same level of consumption in the country. Prices in Russia and Ukraine are proportional to the costs.

The related of costs are:

Index number	opportunity cost	
	Russia	Ukraine
1 ton of beets	1/3	1/5
1 ton of potato	3	5

Benefits from international trade are:

Index number	Russia	Ukraine
1. Volume of production and consumption for 2 days of specialization	1 ton of potato 3 tons of beets	0,8 tons of potato 4 tons of beets
2. Volume of production for 2 days after specialization	2 tons of potato 0 tons of beets	-4 tons of potato + 1,3 tons of beets
3. Exports (-) and imports (+)	-1 ton of potato 5 tons of beets	1,3 tons of potato 4 tons of beets
4. The consumption as a result of international trade	1 ton of potato 5 tons of beets	1,3 tons of potato 4 tons of beets
5. Gain in consumption from trade specialization	0 tons of potato + 2 tons of beets	+0,5 tons of potato 0 tons of beets

Identify the benefits derived from the international division of labor and trade. What are the possible consequences for both countries?

TOPIC 2

THE ACTORS OF INTERNATIONAL ECONOMIC TRANSACTIONS

Items to study:

1. Factors of Ukraine's integration into the world economy.
2. Ukraine's external-economic situation main indicators.
3. Ukraine's directions of international economic activity.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. the resulting sum of all international monetary transactions and payments carried out between residents of a country and appropriate agents abroad;
2. a country's international subaccount that reflects goods, services and transfer payments movement abroad and from abroad;
3. a country's international subaccount that reflects loans and financial assets movement abroad and from abroad;
4. individuals, legal persons, individuals associations, businesses ones, individuals and businesses one, the structural units of foreign undertakings, joint ventures.
5. individuals who have permanent residence in Ukraine, including those who are temporarily staying abroad.

Terms and concepts:

- a) capital movement account;
- b) foreign economic activity subjects;
- c) residents;
- d) current operations account;
- e) payment balance.

Exercise 2. Find a correct answer

1. The payment balance:

- a) is the list of agreements concluded during the year between individuals, businesses and government organizations of one country and relevant institutions of other countries;

b) is the materially executed agreement between two or more actors of economic activity and their foreign counterparts aimed at establishing, modification or termination of their mutual rights and obligations in foreign trade;

c) is non-interest bearing account payments by economic activities subjects in banks on the territory of Ukraine for the moment when agreements (contracts) become effective till the time when goods supplied in accordance with those agreements (contracts) pass the Ukraine's customs border;

d) cannot play the role of macroeconomic model which informs about economic transactions between the national economy and the economies of other countries.

2. The main indicator of national economies development is (through the practice of relative macroeconomic analysis):

- a) GDP per capita;
- b) internationalization ratio of the national economy;
- c) human development index;
- d) country's net profit.

3. In accordance with the structure of world economy, Ukraine belongs to:

- a) the countries with transition economy (Central and Eastern European countries);
- b) developing countries (about 140 countries in Asia, Africa, Latin America, Oceania and Europe);
- c) developed countries (include 24 countries, the U.S., the core is Japan, Western Europe);
- d) countries with centrally planned economies.

4. The international policy is:

- a) a set of methods aimed at achieving the goals and objectives arising from the interests of the International Economic Relations system partners;
- b) external factors in relation to the actors of International Economic Relations system;
- c) the adaptation of population behavior and legislation to the market system;
- d) the choice of ways and forms of integration into the world economy.

5. *Socio-cultural environment of International Economic Relations system comes down to factors arising from:*

- a) human behavior;
- b) the combination of government regulation and religious values;
- c) legal practice and ethics;
- d) EU directives on the citizens' rights protection.

6. *The main world economy subjects are:*

- a) countries, multinational enterprises (or transnational companies) and international organizations;
- b) companies and organizations, individuals (households) and State;
- c) government and its agencies, households and supranational government;
- d) international organizations, State and legal entities.

7. *What answers do NOT show the main world economy actors:*

- a) regional organizations;
- b) companies and organizations;
- c) individuals (households);
- d) State.

8. *The economic environment of International Economic Relations system is:*

- a) a single economic space of free goods, services, capital and labor movement, information across the borders of nation-States one and free mutual exchange of national currencies;
- b) a set of methods aimed at achieving the goals and objectives arising from the interests of the International Economic Relations system partners;
- c) a group of developed countries.

9. *How many sections are there in Ukrainian payment balance according to International Monetary Fund instructions?*

- a) two: the balance of current operations and capital, financial resource movement one;
- b) three: the balance of current operations and capital, financial resource movement one, and the position «below the line»
- c) one: state reserves;
- d) Ukrainian payment balance isn't divided into sections and presented in an aggregated form.

10. Which country is NOT the part of ones with the highest gross domestic product?

- a) Ukraine;
- b) Germany;
- c) Italy;
- d) Canada;
- e) Great Britain.

11. One of these items can NOT be specific to the newly industrialized countries. Which one?

- a) import – oriented production;
- b) export – oriented production;
- c) gradual transition to the development of capital-intensive and knowledge-intensive industries;
- d) the active use of foreign direct investment;
- e) increasing participation in the export of capital.

12. Ukraine's hryvnia exchange rate is:

- a) the price of the national currency unit expressed in foreign currency units;
- b) the expression of the price per unit of national currency through a certain number of foreign currency units;
- c) the unit price of the foreign currency through a certain number of national currency units;
- d) it is impossible to define the notion.

13. Please identify the factor that does NOT affect the hryvnia's exchange rate:

- a) patents international transactions data;
- b) market forces (supply and demand);
- c) State economic policy;
- d) payment balance condition.

14. The payment balance is based on:

- a) accounting;
- b) international finance;
- c) logistics;
- d) econometrics.

15. The payment balance schemes are usually published:

- a) in aggregated form and analytical one;
- b) in expanded and reduced form;

- c) in printed and electronic form;
- d) Balance schemes are usually NOT published.

16. *The calculation system of payment balance is unique because:*
- a) it reflects real financial flows between the country and the rest of the world;
 - b) it shows exactly what processes are developing in a right way and what aren't;
 - c) it provides an opportunity to make a detailed market analysis for all companies entering the market of the country;
 - d) it corresponds to the norms of international law.

17. *One of these items can NOT be specific to the developing countries. Which one?*
- a) independent position in the world economy;
 - b) their population is over 80% of the world's one;
 - c) they occupy almost 70% of the Earth's territory;
 - d) their GDP is about 20% of the total world volume.

18. *Please identify the problem that is NOT specific to countries with emerging economy:*
- a) absolute compliance with production facilities and infrastructure;
 - b) people behavior and law adaptation to a market economy;
 - c) international debt;
 - d) necessity of economic structures changing.

Exercise 3. The questions for discussion at practical lessons

1. What criteria can be used to classify the subjects of country's foreign economic activities?
2. What main indexes can be used to characterize the external economic situation of the country?
3. Does positive payment balance always have good consequences for the national economy development?
4. In what way the payment balance is connected with the exchange rate?

Exercise 4. The problems for independent solving

1. According to the national accounts in the reporting year, Ukrainian national economic development process was characterized by such rates (in billions of hryvnias):

GDP	2 745
fixed assets depreciation	268
net factor income	– 126
net current transfers	12
consumption	2 075
domestic investments	652

Please calculate:

- GDP;
- Savings;
- Net export;
- Current payment balance.

What value does the calculation of payments for the balance of international economic activity of Ukraine have?

2. Answer the following questions going out from the given payment balance data (in billions of dollars):

commodities export	+ 80
commodities import	– 60
services export	+ 30
services import	– 20
net income from investments	– 10
net transfers	+ 20
capital inflows	+ 20
capital outflows	– 80
official reserves	+ 20

- a) What is the value of trade balance?
- b) What is the value of current operations?
- c) What is the value of capital flows?
- d) What is the net balance of official settlements?

TOPIC 3
FOREIGN ECONOMIC DEVELOPMENT STRATEGY
OF UKRAINE

Items to study:

1. Theories of competitive advantages.
2. Ukraine's competitive advantages at the international market.
3. Ukraine's foreign economic strategy developing and implementing.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. the production performance and marketing activities when the country has better production and can control the market by setting the lowest prices;
2. the production performance and marketing activities when one country uses more favorable costs ratio in the production process of certain goods in comparison with other countries;
3. a sufficient amount of skilled labor, favorable geographical location, rich natural resources;
4. the system of measures aimed at achieving long-term external strategy goals.

Terms and concepts:

- a) Ukraine's competitive advantages;
- b) absolute advantages;
- c) foreign economic strategy;
- d) comparative advantages.

Exercise 2. Find a correct answer

- 1. The main task of Ukraine's foreign activity is:***
- a) to have the correct steps, forms and means of international strategy implementation;
 - b) to manage State Trust Funds in a right way;

- c) to carry out measures for cross-cultural cooperation of people from different countries;
- d) military strategy development to provide political security of the EU.

2. *What is NOT the main task of Ukraine's foreign activity strategy?*

- a) certain maintenance functions performance of production and non-production purposes;
- b) strong export sector creation;
- c) strengthen and support the currency conversion;
- d) foreign funds attraction through the establishment of joint ventures.

3. *Who was the founder of the competitive advantage "DIAMOND" model?*

- a) M. Porter;
- b) M. Treacy and F. Wiersema;
- c) J.F. Moore;
- d) G. Hamel and C.K. Prahalad.

4. *The DIAMOND model involves the following factors:*

- a) "factor conditions", "demand conditions", "related and supporting industries" and "firm strategy, structure and rivalry";
- b) "factor conditions", "demand conditions", "related and supporting industries" and "industries conditions";
- c) "industries conditions", "demand conditions", "related and supporting industries" and "firm strategy, structure and rivalry";
- d) "industry conditions", "offering conditions", "quantitative composition of personnel" and "international treaties".

5. *According to the DIAMOND model the "demand conditions" means:*

- a) domestic market demand of goods and services offered by the certain industry;
- b) foreign market demand of goods and services offered by the certain industry;
- c) regional market demand of goods and services offered by the certain industry;
- d) the model does not include this factor.

6. *The DIAMOND model advantage is the pointing on:*

- a) the role played by business environment institutions, politics, cultural values and the nation's leaders in ensuring the success of

country's companies in certain niche markets and specific economic sectors;

b) the intellectual leadership that is the main advantage in global competition in future developments;

c) the fact that in addition to competition between companies at the international market there is also cooperation and so-called co-competition;

d) that everything is developing according to the laws of nature and so called «entrepreneurial ecosystems».

7. What is NOT related to the competitive advantages of Ukraine in foreign relations?

a) sufficient infrastructure;

b) territorial and environmental conditions;

c) raw materials;

d) availability of qualified and, at the same time, cheap labor (compared to developed countries).

8. The competitiveness of a country or company can be determined:

a) as the ability of a country or company to develop and produce the goods and services at higher prices than in other countries or lower ones than the competition;

b) as the ability of a country or company to develop and produce the goods and services that have been traditionally produced in there for a long time;

c) as the ability of a country or company to develop and produce the goods and services with the best professionals available in the industry;

d) as the ability of a country or company to develop and produce the goods and services despite the discrepancy in structure of world export and import.

9. What points cannot be related to the main parameters of competitiveness:

a) population in the country;

b) economic growth;

c) price stability;

d) unemployment;

e) foreign trade balance.

10. Who does create the competitive advantages of the country?

a) producers

- b) the State
- c) consumers
- d) international organizations evaluating the countries' competitiveness.

11. *Who does put forward the idea that the usage of the term "national competitiveness" is false and even dangerous?*

- a) American economist P. Krugman;
- b) American-born Japanese economist Robert Kiyosaki;
- c) American economist H. Ford;
- d) American economist Lee Iacocca.

12. *The impact made by the idea of wrong usage of the term «national competitiveness» lie in the fact that:*

- a) it can lead to protectionism and trade wars;
- b) in constant to the companies, the State isn't competitive and cannot disappear as a result of its destruction;
- c) the standard of living is increasing with productivity growth at the same time but cannot be compared with other countries;
- d) an emphasis on international competitiveness CANNOT lead to the national economy unproductive sectors support and living standards reducing;
- e) the answers a, b, c, are correct.

13. *Please check one box which is NOT the main element of Ukrainian international strategy:*

- a) embargo on imports;
- b) strong export sector development;
- c) currency conversion provision and intensification;
- d) external management system formation.

14. *Please check one box which is NOT the main road for Ukraine's foreign economic strategy implementation:*

- a) incompleteness support of the production cycle to create high export goods;
- b) industrial policy that meets current market trends and technologies;
- c) competitiveness improvement of the labor force and labor resources;
- d) financial system development and infrastructure funding provision.

15. *According to Foreign Economic Activity Act of Ukraine the unfair competition in foreign trade activity is:*

- a) dumped import (in case of anti-dumping measures application);
- b) quotas establishment according to the amount of subsidies;
- c) application of measures in response to discriminatory or hostile actions of other states, customs unions or economic groups;
- d) there is no such a notion in the Foreign Economic Activity Act of Ukraine.

16. *Is the State capable of establishing a monopoly on the export and import of goods according to the Foreign Economic Activity Act of Ukraine?*

- a) Only for goods specified by law, such as weapons, nuclear materials, precious metals and alloys, precious stones, narcotic and psychotropic drugs, pieces of art and antiques from museum collections of Ukraine;
- b) yes, if they are socially necessary goods;
- c) no, no matter what kinds of goods;
- d) only for those kinds of the goods which are prescribed by the Law on State Budget for current year.

17. *Foreign Economic Activity Act of Ukraine a restrictive business practice is:*

- a) the implementation of individual or collective actions aimed at restricting competition and monopolization of production, distribution, exchange, consumption of goods and obtaining profits;
- b) the interaction of two or more business entities, among which at least one is a foreign entity providing a joint development and production;
- c) the regulation of issues related to the establishment of tariffs and customs duties, customs inspection processes and organization of customs activity in Ukraine;
- d) the limit amount of certain goods categories that are allowed to export from Ukraine (import into the territory of Ukraine) within the time limit and defined in natural or monetary indicators.

18. *According to the DIAMOND model Ukraine's military-industrial complex is absolutely non-competitive by the following determinants:*

- a) strategy, structure and competition;
- b) factor conditions;
- c) demand conditions;
- d) related and supporting industries.

19. *What competitive advantage theory is the last and most conceptual?*

- a) intellectual leadership theory;
- b) M. Porter's theory;
- c) co-competition theory;
- d) industrial ecosystems theory.

20. *What determinant was NOT included into the DIAMOND model description but play a significant role for competitiveness of any market entity, especially Ukrainian one?*

- a) State;
- b) Consumers;
- c) Marketing;
- d) World Bank.

Exercise 3. The questions for discussion at practical lessons

1. Why does the international competitiveness of the national economy depend on the domestic demand and its trends?

2. If the country has lower prices for any goods comparing to the world ones, is it possible to get benefit from international trade?

3. What is the difference between natural and obtained competitive advantages?

4. What type of the Ukrainian economy international image, in your opinion, is the most prospective?

5. Please identify the main lines for Ukrainian foreign economic strategy to bring our country closer to the «center» of the world economy?

Exercise 4. The problems for independent solving

1. Ukrainian enterprise must purchase 50,000 pieces of goods at a price of 10 dollars for 1 piece. The cost associated with purchasing process is equal to 2000 dollars for each lot, costs associated with creating trading stock (as a percentage of the average value of inventory) is 20%. Calculate the optimal amount of goods to be purchased.

2. Meat price is 5,4 dollars per 1 kilogram. Ukrainian farmers produce 20 thousand tons for this price, while demand at Ukrainian market is 60 thousand tons. In neighboring countries exporting meat to Ukraine the price is equal to 3.6 per 1 kilogram. Ukrainian farmers could produce 5 thousand tons for this price and the demand will increase up to 65 thousand tons. Ukraine introduces import quota to protect the internal market. The price of license is equal to the

difference between the domestic price of meat and the price in neighboring countries. The price is 1.8 dollars per 1 kilogram.

Please answer the questions:

1) What is total import of meat in case of free trade and in case of protecting the domestic market by import quotas?

2) How will the introduction of quotas affect the consumers and producers?

3) What is the importers income in case of getting allowance for import within the quota?

TOPIC 4

EXPORT AND IMPORT OF GOODS AND SERVICES

Items to study:

1. Dynamics and commodity structure of Ukrainian foreign trade nowadays.
2. Ukrainian foreign trade with Former Soviet Republics (CIS).
3. Ukrainian foreign trade with industrial countries and developing ones.
4. Indexes of effectiveness of Ukrainian foreign trade.
5. Ukraine as a member of GATT / WTO.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. The kind of trade between countries or different contractors including export and import of goods and services;
2. The complex of administrative, organizational, legal and economic measures in order to prevent, limit and control the certain goods and services export from the territory of a country (countries group);
3. The low availability of national economy comparative with certain production factors or their comparative lack in the ratio with other ones for appropriate factor proportions in other countries;
4. The high availability of the national economy with certain production factors compared with other ones for appropriate proportions in other countries;
5. The sale and export of goods that used to be imported from outside to another country without their processing.
6. The import of goods previously removed from the country abroad and were not processed there.

Terms and concepts:

- a) export control;
- b) relative scarcity factor;

- c) re-import;
- d) international trade;
- e) re-export;
- f) relative factor's deficit.

Exercise 2. Find a correct answer

1. According to the interpretation rules of INCOTERMS commercial terms there are the following ones in group E:

- a) only one term;
- b) several terms;
- c) franco border condition;
- d) free carrier (FCA) condition.

2. To assess the scope, pace, trends and areas of international trade development Ukrainian economists use the metrics that consists of 6 groups, which do NOT include:

- a) indicators of compliance with international standards;
- b) absolute indicators: export (re-export) and import (re-import), foreign trade turnover;
- c) structural indicators: commodity structure of export and import and geographical one;
- d) indicators of trade intensity: export, import and foreign trade turnover per capita; export, import or foreign trade quota;
- e) summarizing indicators: trade balance, services and non-commercial transactions one, current account balance, "terms of trade" index.

3. Leading positions in Ukrainian export is given to:

- a) steel products (40%);
- b) high-tech products (50%);
- c) services (60%);
- d) oil (30%).

4. Ukraine's foreign trade balance is defined as:

- a) export / import ratio value for a certain period of time;
- b) a country's trade with other ones including export and import of goods and services;
- c) the sale of goods by Ukrainian foreign trade subjects to the foreign economic entities (including non-monetary payment) with or without exporting these goods across the customs border of Ukraine, including their re-export.
- d) goods purchase (including non-monetary payment) by Ukrainian foreign economic activity subjects from foreign business

entities with or without importing the goods into the territory of Ukraine, including the purchase of goods for own consumption by Ukrainian institutions and organizations located outside the country.

5. The international trade importance for the country lays in fact that:

a) foreign trade allows countries to specialize in those activities in which they have a comparative advantage, and organize the domestic producers to follow discipline needed in competition with foreign companies;

b) the possibility for Ukrainian entrepreneurs to make more money by dumping on world markets;

c) the transformation processes support in Central and Eastern Europe and the Former Soviet Union countries;

d) to promote poverty reduction and alignment welfare of the world in a global scale.

6. Define the countries which are NOT the main trade partners of Ukraine in export operations:

a) Australia (pork, beverages);

b) Russia (sugar, electricity) · Turkey (electricity)

c) Italy (grain) · the USA (metallurgy, IT, grain)

7. Define the countries which are NOT the main trade partners of Ukraine in import operations:

a) Madagascar (animals for zoological parks and preserved areas);

b) Russia (oil, gas, grain) · Turkmenistan (gas);

c) Germany (cars, beer, cattle);

d) China (textile products, machinery, equipment, chemicals and other industry products).

8. Who is the biggest trade partner of Ukraine?

a) the EU;

b) Russia;

c) the USA;

d) China.

9. Which one is NOT strong point for Ukraine according to SWOT-analysis of Ukraine's accession to the GATT / WTO?

a) unavailability of certain domestic producers to compete in fierce international competition;

b) prospective decline in commodity prices (for consumers);

c) facilitate access to global markets of goods, services, capital, internationally recognized rights to protect national interests in these markets(for producers);

d) free access to the markets with price competition (raw materials, semi-processed materials, standardized, ready-made products);

e) losses reduce from the discriminatory measures and threat of anti-dumping investigations (for export-oriented sectors of economy).

10. Which one is NOT the opportunity for Ukraine according to SWOT- analysis of Ukraine's accession to the GATT/WTO?

a) trade liberalization will gradually increase the influence of the global economic situation on Ukraine's economy and lead to rising of economic risks in the time of global economic instability;

b) the further intensive integration into the world economy, in particular, into the EU;

c) the governance quality improvement and corruption reduction in the country;

d) increasing the volume of sales of Ukrainian goods and services in foreign markets;

e) structural adaptation to the priorities of the global economy.

11. Which one is NOT the weak spot for Ukraine according to SWOT- analysis of Ukraine's accession to the GATT/WTO?

a) the development of local services sector due to the advantages of local service providers over foreign ones because of better understanding of customers and traditions, legislative and administrative regulations, established relationships and language barrier nonexistence;

b) unavailability of certain domestic producers to compete in fierce international competition;

c) time complexity in the field of economic development state regulation through the transition to new, internationally agreed terms of economy state regulation and giving up the traditional instruments of economic policy;

d) the incompatibility of Ukrainian modern commodity export structure with the world trade one;

e) Ukraine's non-admission to the high-tech products markets, where transnational corporations minimally influenced by the WTO liberalization measures have the advantages.

12. Which one is NOT the Ukraine's threat according to SWOT- analysis of Ukraine's accession to the GATT/WTO?

a) the international image improvement of Ukraine;

b) multilateral dispute settlement could be deterred by the lack of certain number of well-trained, experienced experts in the field of international trade law in different economic sectors;

c) trade liberalization will gradually increase the influence of the global economic situation on Ukraine's economy and lead to rising of economic risks in the time of global economic instability;

d) possible deterioration of conditions for the following areas: metallurgy , automobile and coal industry, electronic one, agricultural machinery and fully agricultural sector, which is currently has a high level of protection from foreign competition.

13. Antidumping is:

a) a method of responding to the companies' aggressive pricing to capture market and forcing competitors out of it;

b) the importation of the goods at a price lower than the comparable price of similar goods inside the exporting country, which causes serious damage to domestic producers of similar goods;

c) the sale of goods by Ukrainian foreign trade subjects to the foreign economic entities (including non-monetary payment) with or without exporting these goods across the customs border of Ukraine, including their re-export.

d) goods purchase (including non-monetary payment) by Ukrainian foreign economic activity subjects from foreign business entities with or without importing the goods into the territory of Ukraine, including the purchase of goods for own consumption by Ukrainian institutions and organizations located outside the country.

14. According to Foreign Economic Activity Act of Ukraine, dumping is:

a) the importation of the goods at a price lower than the comparable price of similar goods inside the exporting country, which causes serious damage to domestic producers of similar goods;

b) the sale of goods by Ukrainian foreign trade subjects to the foreign economic entities (including non-monetary payment) with or without exporting these goods across the customs border of Ukraine, including their re-export;

c) goods purchase (including non-monetary payment) by Ukrainian foreign economic activity subjects from foreign business entities with or without importing the goods into the territory of Ukraine, including the purchase of goods for own consumption by Ukrainian institutions and organizations located outside the country;

d) a limited amount of certain goods categories that are allowed to export from Ukraine (import into the territory of Ukraine) within the time limit and defined in natural or value units.

15. Which of the following clause is *NOT* the reason for antidumping against any country, including Ukraine?

- a) certain determination by the Government of the accepting country;
- b) creation of situations when domestic producers suffer losses;
- c) deterioration of the production conditions of similar or substitute products in the importing country;
- d) substantial breach of the economic situation in one region.

16. Which of the following clause *DOESN'T* mean the negative effect of antidumping in Ukraine?

- a) increasing the rates of economic development;
- b) decline in exports, production efficiency, foreign exchange earnings and rising of foreign debt;
- c) forced restructuring of the economy by artificially reducing of market space;
- d) unemployment, living standards and other macro indicators decline;
- e) investment into export industries decline.

17. According to Foreign Economic Activity Act of Ukraine, goods transit is:

- a) a movement of goods produced abroad through the territory of Ukraine without any use of these products inside the country;
- b) a group of similar goods in Harmonized System of Commodity Description and Coding;
- c) an activity based on cooperation between Ukrainian economic entities and foreign ones jointly distributing the implementation outcomes and risks;
- d) a moment when all the obligations under the certain contract, including the clearance of exchange or making credit agreements, have been realized.

18. Which of the following clause *ISN'T* prohibited in Ukraine according to the According to Foreign Economic Activity Act of Ukraine?

- a) export and import any goods not specified in Article 17 of the Foreign Economic Activity Act of Ukraine;

b) export from Ukraine of items that are national, historical, archaeological or cultural heritage of the Ukrainian people and are determined in accordance with the laws of Ukraine;

c) import or transit of any goods, which can cause damage to public morals, health or endanger life, wildlife and plants, or cause damage to the environment, if the necessary measures to prevent such damage were not taken;

d) import of products and services that include promoting the ideas of war, racism and racial discrimination, genocide, etc., which are contrary to the Constitution of Ukraine;

e) export of exhausted natural resources, if the restriction is also applied to domestic consumption or production.

19. What kind of measures to the goods of other countries with non-free trade relations or economic agreements on granting MFN or national treatment, as well as the unknown origin goods, does Ukraine apply?

a) full customs tariffs;

b) reduced rates of customs tariff;

c) rates consistent with the GATT / WTO regulation;

d) double customs tariffs.

Exercise 3. The questions for discussion at practical lessons

1. What was the reason for the export and import convergence between the countries having the same economic development trends?

2. What factors lead to the strengthening of intra-industry international trade role?

3. What are the main problems of the Ukrainian export and import structure in trade with industrial countries?

4. Does anti-dumping policy contradict the principle of pricing freedom at world markets?

5. What new opportunities and threats are getting Ukraine after WTO entry?

Exercise 4. The problems for independent solving

1. The Rate of Ukrainian import tariff for foreign clothing is 10% and for the fabric is 1%. The fabric cost is 15 % of the clothing one. Please calculate the effective level of the tariff:

1. under the conditions mentioned above;

2. if the import duty on readymade garments will increase to 30%;

3. if the duty on fabric will increase to 10%;

4. if the duty on clothing reduce to 5%;
5. if the duty on fabric reduce to 0.3%.

2. This year the export price index in Poland was 109.7. The total export value increased by 9.7% comparing to the baseline in 2010, that was 100. On the other hand the import price index was 106.6, import prices increased by 6.6 % over the same period.

Please define the trade terms of the considered country. What does this economic indicator show?

TOPIC 5

DIRECT AND INDIRECT INTERNATIONAL INVESTMENTS

Items to study:

1. Foreign investment influence on the Ukrainian economy.
2. Foreign investment in Ukraine.
3. Ukrainian free economic zones.
4. Joint ventures in Ukraine.
5. Transnational corporations' strategies and activity in Ukraine.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. The values invested by foreign investors into real investment objects according to the Ukraine's legislation to get profits or gain social effect.

2. The company of any legal form, established under the laws of Ukraine, with foreign investment capital of 10%.

3. The purchase of companies, their shares (active interests) and assets or production facility construction abroad.

4. The introduction of capital into securities, long-term capital issues by the investee without any right of effective control.

5. The independent structure (department) within the enterprise (company) or even legally independent company controlled by the parent corporation.

6. The legally independent company which was founded by a parent company and has statute and credentials.

7. The legally independent firm which is connected by industrial and economic ties with the parent company and conduct a mutually coordinated unified corporate policy.

Terms and concepts:

- a) the sub-company;
- b) the enterprise with foreign investments;
- c) the affiliated branch;

- d) the associated company;
- e) foreign direct investment;
- f) foreign investment;
- g) portfolio investment.

Exercise 2. Find a correct answer

1. Which point reflects the role of foreign investments for Ukraine?

- a) For the most countries with transition economies the effectively used foreign capital becomes a key to their development, and investments abroad contribute to their organic integration into the world economy;
- b) The investments should be returned with the benefit to the investor. That's why Ukraine is dependent on foreign investors with negative influences on its economy;
- c) They don't play any role to Ukraine, because there are lots of financial resources for the successful economic development in our country;
- d) Foreign investments are spoiling Ukrainian companies that are unwilling to invest their own funds.

2. According to the sources origin the capital, transferring to the world market, is divided into:

- a) official and private capital;
- b) informal and regional capital;
- c) free and removed capital;
- d) free and convertible capital.

3. An official (state) capital consists of:

- a) state budget funds, transferred abroad or received from abroad by the government and intergovernmental organizations decision;
- b) state budget funds, transferred abroad or received from abroad by the ruling political party's decision;
- c) state budget funds, transferred abroad or received from abroad by the City Council decision of the region from / to where the money transfer;
- d) state budget funds, transferred abroad or received from abroad by a decision of the Embassy of Ukraine or the country from which the funds have been received.

4. A private (non-government) capital consists of:

- a) the funds of private (non-government) companies, banks and other non-governmental organizations transferred abroad or received from abroad by a decision of the governing bodies and associations;

b) state budget funds, transferred abroad or received from abroad by the government and intergovernmental organizations decision;

c) the funds of private (non-government) companies, banks and other non-governmental organizations transferred abroad or received from abroad by a decision of the Ukrainian Banks Association;

d) private (non-government) companies funds, banks and other non-governmental organizations ones transferred abroad or received from abroad by a decision of Ukrainian Tax Service.

5. According to the purpose of investment the capital is divided into such components:

a) direct and portfolio investment;

b) mid-term and long-term investment;

c) global and tactical investment;

d) feasible and transcendental investment.

6. International portfolio investments are classified by:

a) the way they are reflected in the balance of payments;

b) the same way they are reflected in the theories of internal financial control;

c) the same way they are reflected in construction financing funds;

d) the same way they are reflected in Pereshchepinska Stock Exchange.

7. How active in international portfolio investments Ukraine is?

a) More than 90% of foreign portfolio investments made between developed countries, and our country is not the one;

b) Ukraine is a quite developed country and actively involved in this process;

c) The most popular way for investment in Ukraine is the Government's Eurobond;

d) Ukraine usually invests free government money in European securities.

8. Find the point which CANNOT be the reason for the concentration of portfolio investment at the developed countries domestic markets:

a) undeveloped market infrastructure;

b) great clarity of national securities legislation;

c) strong guarantees availability for contractual obligations;

d) national securities high liquidity;

e) high costs for international transactions with securities.

9. *The first theory of foreign direct investment is the theory of:*

- a) capital movement, based on the concept of pure competition;
- b) market imperfection;
- c) internationalization;
- d) the eclectic OLI model.

10. *The acronym of OLI model of J. Dunning is expanded as:*

a) The benefits of ownership (ownership advantages, O), the benefits of dislocations (location advantages, L), the benefits of internationalization (internationalization advantages, I);

b) The benefits of ownership (location advantages, L), the benefits of internationalization, (internationalization advantages, I), the benefits of dislocations (ownership advantages, O);

c) The benefits of ownership (internationalization advantages, I), the benefits of dislocations (location advantages, L), the benefits of internationalization (ownership advantages, O)

d) it was named after Olia Yunakova, J. Dunning's favorite Ukrainian singer.

11. *The main countries-investors in Ukrainian economy (according to the 2011 data) are:*

- a) Cyprus – 15.3 % of total direct investment;
- b) the U.S. – 12.8% and the United Kingdom – 11.0 %;
- c) Virgin Islands, British ones – 7.4% and Germany – 6.6%;
- d) Japan – 6.2 % and Chile – 5.8%.

12. *Which item is the most favorable in a frame of foreign direct investment in Ukraine?*

- a) fast-payback industries;
- b) research and development;
- c) service sector;
- d) education;
- e) essential drugs invention and their implementation.

13. *Which of the following points ISN'T the main barrier to invest money in Ukraine?*

- a) very high rate of investments return;
- b) high level of corruption;
- c) indirect subsidies;
- d) weak legal protection of property rights;

14. According to Foreign Trade Act of Ukraine the foreign investments include:

a) all types of property, including intellectual one, invested by foreign business entities in Ukraine, as a result of which the entities get a profit (income) or achieve a social effect;

b) export from Ukraine of capital in any form (monetary funds, goods, services, works, intellectual property and non-property rights) in order to obtain profits from production and other forms of economic activity;

c) the sale of goods by Ukrainian foreign trade actors to the foreign economic entities (including non-monetary payment) with or without exporting these goods across the customs border of Ukraine, including their re-export;

d) goods purchase (including non-monetary payment) by Ukrainian foreign economic activity subjects from foreign business entities with or without importing the goods into the territory of Ukraine, including the purchase of goods for own consumption by Ukrainian institutions and organizations located outside the country.

15. According to Foreign Economic Activity Act of Ukraine the currency transfer outside of Ukraine is:

a) the transfer of money (currency) funds in favor (on account) of a foreign entity or banking / credit institution which is not a business entity of Ukraine;

b) export of capital in any form (monetary funds, goods, services, works, intellectual property rights and other moral rights) from Ukraine in order to obtain profits from production and other forms of economic activity;

c) an oral message to the recipient of the funds about his international account records;

d) a limited amount of certain goods categories that are allowed to export from Ukraine (import into the territory of Ukraine) within the time limit and defined in natural or value units.

16. Which of the following points ISN'T permitted in Ukraine as a way of making foreign investments?

a) in Polish Zloty exchange rate futures;

b) in foreign currency recognized as approved by NBU;

c) in Ukrainian currency while reinvesting at the Ukrainian territory;

d) in any movable and immovable property and related rights;

e) in securities and intellectual property rights.

17. *The transnational corporation (TNC) traditionally is defined as:*

- a) a company, which has branches in two or more countries;
- b) the name of the Russian oil company;
- c) a company, which has two or more branches;
- d) the name of the popular Ukrainian rock band.

18. *Define the economic sectors in Ukraine, which are NOT interesting for TNCs to invest in?*

- a) genetic engineering industry;
- b) food processing industry, agriculture, telecommunications;
- c) engineering, retail, catering;
- d) banking sector, consumer goods industry.

19. *According to Foreign Economic Activity Act of Ukraine the special economic zone is:*

a) the area where the special legal regime for business activity is set by applicable law of Ukraine with a specific order of the Ukrainian legislation application;

b) export of capital in any form (monetary funds, goods, services, works, intellectual property rights and immaterial rights) from Ukraine in order to obtain profits from production and other forms of economic activity;

c) a limited amount of certain goods categories that are allowed to export from Ukraine (import into the territory of Ukraine) within the time limit and defined in natural or value units;

d) the sale of goods by Ukrainian actors of international activity to the foreign economic entities (including non-monetary payments) with or without exporting these goods across the customs border of Ukraine, including their re-export.

Exercise 3. The questions for discussion at practical lessons

1. What effect do the capital exporting countries have through active foreign investment appeal?

2. Please demonstrate the viability or unviability of special economic zones creation in Ukraine.

3. How does the establishment of enterprises with foreign investments influence on the Ukraine's trade and payment balances?

4. Evaluate the positive consequences and threats associated with the expansion of global companies in Ukraine.

5. Determine the nature and specificity the economic activity globalization in particular unincorporated forms.

Exercise 4. The problems for independent solving

1. A foreign company builds an exhibition hall at the Kharkov Fairground. What kinds of products could be considered as trading and non-trading goods in frames of international mobility? Explain the possibility of two approaches.

1) Everything that crossed the border of Ukraine is a trade commodity. Thus, materials for construction, bought abroad by foreign company, in terms of the global economy are trade goods; Ukrainian materials and labor purchased on the spot are not trade ones.

2) Everything that could potentially be sold and exported abroad is an international trade commodity. Therefore, everything that is connected with the provision of services by a foreign company, and the building of the pavilion if it belongs to the company, is a trade commodity. Only maintenance services, insurance and building provision ones are not trade goods.

2. Explain which of the goods and services in terms of international mobility are traded, and which are non-traded goods? Why?

1. Gold;
2. Sand;
3. Sugar sand;
4. Insurance of personal property;
5. Machine – tools;
6. Rental housing;
7. Cereals;
8. Bread;
9. Wood;
10. Social Services;
11. Ships transportation;
12. City buses transportation;
13. Clothes;
14. Army uniform;
15. a Hotel building;
16. Hotel services.
17. Wine;
18. Milk;
19. Personal computers;
20. Lamp based electronic computing machine.

TOPIC 6
INTERNATIONAL CURRENCY EXCHANGE
AND FINANCIAL OPERATIONS

Items to study:

1. Ukraine as a subject of international monetary and financial system.
2. The monetary policy of the country.
3. Main foreign exchange markets operations.
4. Ukrainian currency regulation and control subjects.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. The kind of loan in cash or commodity provided by the lender from one country to the borrower from another one.
2. Currency exchange relations form in the global economy.
3. A special form of economic relations, connected with foreign currency transactions and payment documents.
4. International economic relations that lead to the formation, distribution, redistribution and usage of centralized and decentralized funds for expanded reproduction.

Terms and concepts:

- a) International Finance;
- b) Foreign exchange market;
- c) International loan;
- d) International monetary system;

Exercise 2. Find a correct answer

1. *The most important element of international monetary relations is:*
 - a) monetary system;
 - b) goods and services;
 - c) international loan;
 - d) distribution area.

2. *An international loan is:*

- a) temporary use provision of monetary and material resources by one country to another one;
- b) official assistance by one organization to another;
- c) portfolio investments;
- d) direct investment.

3. *The mechanism of interaction between Ukrainian and international currency is based on:*

- a) national legislation;
- b) currency exchange market;
- c) banks and financial institutions regulations;
- d) world monetary system laws.

4. *What is the level of Ukrainian national currency convertibility?*

- a) Hryvnia is partly freely convertible;
- b) Hryvnia is freely convertible;
- c) Hryvnia is not convertible on the international currency markets at all;
- d) Hryvnia is partially unconvertible.

5. *Which point of the following is NOT connected with foreign exchange assets according to Foreign Economic Activity Act of Ukraine:*

- a) payment documents in local currency;
- b) foreign currency cash;
- c) securities in foreign currency;
- d) gold and other precious metals.

6. *What kind of currency mode is in Ukraine nowadays?*

- a) free floating;
- b) fixed;
- c) controlled floating;
- d) there is no correct answer here.

7. *In what way the mode of gold-currency reserves formation and usage to ensure a stability of national currency in Ukraine is presented?*

- a) in the form of strict peg of the national currency to the foreign one (national or collective) with the fixed exchange rate setting;
- b) in the form of the foreign exchange reserves usage to maintain the balance on the domestic foreign exchange market, to stabilize the internal and external value of money while maintaining the

independence of the central bank in the conduct of national monetary policy and performance of all the traditional functions;

c) in the form of «foreign exchange bureau» and the NBU is an part of this bureau;

d) in the form of a soft peg of the national currency to the foreign one (national or collective) with the floating exchange rate setting.

8. What is the national body which DOESN'T conduct monetary policy in Ukraine?

- a) The Parliament of Ukraine;
- b) The National Bank of Ukraine;
- c) The State Tax Administration;
- d) The State Customs Committee.

9. What factors AREN'T affecting the exchange rate of Ukrainian hryvnia?

a) particular currency utilization at the markets of neighboring countries;

b) rate of inflation;

c) payment balance;

d) interest rates variance in different countries.

10. How do international payments accelerating or delay influence on the exchange rate?

a) while waiting for a devaluation of the hryvnia importers seek to accelerate the payments in foreign currencies not to bear losses while increasing its rate;

b) in case hryvnia's stabilization the importers seek how to accelerate the payments in foreign currency not to bear losses while increasing its rate;

c) they do not influence on it;

d) they give an opportunity to operate according to the market mechanisms of currency regulation.

11. What factor is NOT influencing the degree of confidence in hryvnia at the national and international markets?

a) nominal rate and color;

b) economy condition;

c) country's political situation;

d) supply dynamics prospects and demand rate.

12. Which point is *NOT* connected with the main advantages of international trade financing compared with standard crediting?

- a) International trade financing is more risky for the client as a result of the foreign banks resources usage;
- b) It is usually cheaper for the customer due to the resource free financing;
- c) It is usually cheaper for the customer due to the foreign banks resources usage;
- d) It is usually cheaper for the customer due to the client credit risk changing by banks for lower credit risk of foreign bank.

13. *Ukrainian banks' activity in foreign payment area is an object for:*

- a) Government regulation;
- b) Regulation of the European Parliament;
- c) International Management;
- d) Interstate regulation.

14. *Most international payments are made directly through:*

- a) Banks by establishing correspondent relationships between credit institutions of different countries;
- b) The governments due to the treasurer's offices relationship;
- c) Non-profit institutions of different countries through postal money orders;
- d) Western Union system.

15. *According to the regulations of international payments «nostro» is:*

- a) Ukrainian bank account in other world banks;
- b) Other banks accounts in Ukrainian bank;
- c) The key concept in the fight against capitalism;
- d) There is no such a term in the system of international payments.

16. *Which type of the following payments ISN'T connected with international of settling payments?*

- a) salary payments;
- b) collection of payments;
- c) letter of Credit;
- d) bank transfer;
- e) bills of credit.

17. Which point ISN'T connected with the external financing sources of Ukrainian economy?

- a) Ruling families gifts of other states;
- b) Direct investments;
- c) Portfolio investments;
- d) International financial institutions loans;
- e) International financial markets borrowings.

18. Why the role of international credit in the Ukrainian economy is so crucial?

- a) Loans are more effective tools in market share competition comparing to the price, goods quality or delivery time;
- b) Because it is difficult to find a big amount of money immediately to pay for the international market goods;
- c) Because Ukrainian economic actors, operating in international markets, do not repay the loans. It makes their goods cheaper and competitive;
- d) The role of international lending is overrated.

19. What is a major disadvantage in getting loans from international financial institutions?

- a) While providing loans the international organizations put additional conditions in respect of the proceedings policy, which is not in the country's national interest and could undermine the foundations of development;
- b) While providing loans, international organizations need recommendations for Ukraine from neighboring countries;
- c) While providing loans, international organizations require repaying the loan ahead of schedule;
- d) While providing loans, international organizations send international observers to monitor the proper usage of credit.

Exercise 3. The questions for discussion at practical lessons

1. What is the particularity of the transformation type countries participation in foreign monetary and financial relations, including Ukraine?

2. What is the specific character of international finance transactions and what role does Ukraine play there?

3. What are the trends of Ukrainian economy funding in the ratio of external and internal sources?

Exercise 4. The problems for independent solving

1. Ukrainian importer enters into a contract to purchase equipment at the cost of 400 million USD. The payment is expected at the time of delivery. Moreover, the company – supplier provides a discount of 15% off the purchase at market rate for loans of 14% per annum. Another option is the purchase in credit for 100 % of the supply sum for a period of 4 years at a rate of 7% per annum. Here are the following dates of loan repayment:

31.12.2014	80;
31.12.2015	120;
31.12.2015	50;
31.12.2016	80;
31.12.2017	70.

Identify the most profitable payment way for Ukrainian importer.

2. Under the contract the credit payment delivery is provided. Medium loan term is 5 years. Credit is given for 85 % of delivery costs according to the National Bank of Ukraine credit interest – 20 % per annum. Cash operations are motivated by discount. The transaction amount is expected to be 200 million USD.

Please determine the way of contract price reduction using the existing payment forms.

TOPIC 7
**UKRAINE'S COOPERATION WITH INTERNATIONAL
FINANCIAL ORGANIZATIONS**

Items to study:

1. Ukrainian banks activity at international markets.
2. Ukraine collaboration with UN international financial organizations.
3. The role of the EBRD reform for Ukrainian business.
4. Ukraine's problems of external debt.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. The external debt service payments / exports of goods and services income ratio.
2. The informal organization of creditor countries governments to solve debt problems.
3. Non-governmental organization that brings together almost 600 largest private creditor banks.
4. Specialized UN institution created to regulate the monetary and credit relations between the members of the institution and providing them with financial assistance in case of currency problems caused by balance of payments deficit.
5. IBRD branch which was established to provide concessional loans to undeveloped countries.
6. The specialized UN institution created to encourage private capital investment into the developing countries industry.

Terms and concept:

- a) The London club;
- b) International Development Association;
- c) External debt service ratio;
- d) The IMF;
- e) International Finance Corporation;
- f) The Paris Club.

Exercise 2. Find a correct answer

1. Please choose the point which is NOT the assumption for the international financial institutions appearing?

- a) The development of the international division of labor;
- b) the old monetary system mismatch to requirements of modern times;
- c) The threats increasing of initiated by poor countries social conflict;
- d) The need for the sources of mutual crediting partner countries.

2. What kind of target was never financed by IMF in Ukraine?

- a) energy debt repayment to Russia;
- b) Supporting the national currency;
- c) Increasing the state reserves;
- d) Supporting active balance of payments.

3. What kind of assistance was never provided by IMF for Ukraine?

- a) medical;
- b) financial;
- c) consultation;
- d) technical;
- e) informational.

4. Which goal is NOT mentioned in the cooperation between Ukraine and the World Bank Group?

- a) the construction of social housing for underserved people;
- b) stabilization of the economy;
- c) economic reforms;
- d) the balance of payments stabilization;
- e) the social security system development.

5. Which of the points is NOT the main the goal of the World Bank in Ukraine?

- a) Issuing the target securities to refinance the World Bank funds;
- b) Credit for policy implementation;
- c) Investment credit;
- d) Grant funding;
- e) Donors' resources mobilizing.

6. Which basis allows Ukraine to start relationships with international intergovernmental economic organizations according to Foreign Economic Activity Act of Ukraine?

- a) The relevant international agreements and / or constituent acts of the abovementioned organizations;

- b) The electronic correspondence between the Government of Ukraine and intergovernmental economic organization;
- c) The agreement of Ukrainian President and the administration of the intergovernmental economic organization;
- d) Internal referendum decision.

7. *What kind of projects are provided by World Bank in Ukraine (depending on the WB goals):*

- a) System (public sector reform, structural and institutional changes in industries and sectors);
- b) Investment (development of certain industries, sectors, industries);
- c) Regional (development of certain regions of the country);
- d) A and b are correct;
- e) B and C are correct;

8. *The strategic direction of the EBRD in Ukraine does not include:*

- a) Ukrainian export subsidy;
- b) The development of the financial sector;
- c) Privatization and development of agricultural industry;
- d) Development of infrastructure;
- e) Piecemeal (selected) financing of business (private) sector;

9. *Which of the following famous projects in Ukraine was NOT financed by EBRD:*

- a) «MOST-CITY» center in Dnipropetrovsk;
- b) the quality of television and telecommunications improvement;
- c) River fleet modernization;
- d) Reconstruction of Dnipropetrovsk oilseed extraction plant «Oleina».

10. *When analyzing the differences between EBRD and Breton-Woods institutions please choose one of the following which is NOT connected to:*

- a) If Ukraine cannot pay down the debt, it is written off as in many other international financial institutions;
- b) Stringent requirements for the debtor to a number of structural and institutional changes to improve the investment climate and optimizing corporate governance;
- c) Financing on commercial principles, no «soft» loans for business sector and public sector;
- d) Unlike commercial banks can take political, pre-Project, commercial risks and risks of convertibility of currencies.

11. *In what currency were the highest debt according to gross external debt currency structure at the end of 2013?*

- a) USD;
- b) EUR;
- c) RUB;
- d) Ukrainian Hryvnia.

12. *Which of the following points is NOT connected with possible solutions to the problem of external debt of Ukraine?*

- a) Lending in other international financial institutions;
- b) Submission of export earnings to repay debt;
- c) public debt write-off;
- d) Securitization (debt securities in issue).

13. *What is the international financial institution appeared later than the others?*

- a) EBRD;
- b) IMF;
- c) The World Bank;
- d) The Club of Rome.

14. *Please chose the point which is NOT the reason for the foreign debt growth in Ukraine?*

- a) Accelerating the construction in the largest cities of Ukraine;
- b) Intensive long-term loans rising;
- c) Intensive short-term trade credits rising;
- d) Eurobonds and other debt securities issuing.

15. *What sector of economy is the main recipient according to Ukrainian foreign debt?*

- a) Banking sector;
- b) Manufacturing Sector;
- c) agricultural sector;
- d) The stock market.

Exercise 3. The questions for discussion at practical lessons

1. Outline the current state of relations between Ukraine and international financial institutions such as the IMF, World Bank and EBRD.

2. Describe the situation of the foreign debt obligations of Ukraine.

3. Why did Ukraine borrow money from foreign lenders during the economic transformation?

Exercise 4. The problems for independent solving

1. To balance the external accounts IMF provides short-term credit in the amount of 200 million under the terms «spot» for 4 months at interest rate of 5.2% per annum. Indicative transaction date is the end of December. How much money will be paid back to IMF after the loan maturing? When IMF will be get money back after the loan maturing?

2. Describe the role of IMF in an ever-changing global financial environment.

TOPIC 8

LABOR IMMIGRATION AND EMIGRATION

Items to study:

1. The main areas of migration processes in Ukraine.
2. Causes and consequences of exports and imports of human capital for the national economy.
3. Government regulation of international migration.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. Moving the employable workforce from one country to another within the international labor market for a period more than a year.
2. The employable population departure from the country.
3. The employable population arriving into the country.
4. The set of separate regional labor markets, the links between them are weaker than intra-regional.
5. The increasing of labor market flexibility through new forms of employment.

Terms and concepts:

- a) Immigration;
- b) The international labor market;
- c) Labor market;
- d) Emigration;
- e) International labor immigration

Exercise 2 Find a correct answer

1. Migration is:

- a) population relocation from one state to the other for more than one year, which is caused by economic and other reasons, and may also take the form of emigration and immigration;

- b) population relocation from one state to another for a period of less than one year, which is caused by political reasons;
- c) population relocation from one state to the other for a period of exactly one year, which is caused by the desire to gain entry into the country
- d) The massive flight of birds in autumn and spring.

2. *For legal and accounting features immigration is divided into two types:*

- a) Legal and illegal;
- b) Final and temporary;
- c) Voluntary and involuntary;
- d) Immigration is divided into many more varieties.

3. *The liberal policy towards Ukraine immigrants does NOT include:*

- a) Ukrainian commitment to the eastern people;
- b) Complex demographic situation in the country;
- c) The mass emigration of Ukrainian abroad;
- d) Strong family traditions of immigrants from third countries.

4. *A positive factor for Ukraine from the immigration process includes:*

- a) receiving the additional tax deductions;
- b) The largest “settling” for illegal immigrants to Europe;
- c) There is no inflow of skilled labor;
- d) criminal situation worsening;
- e) Differences of immigrants in the culture, religion, life.

5. *Analyzing the emigration the most massive phenomenon from Ukraine is:*

- a) “gastarbeiter”;
- b) Working of the Ukrainians in large MNCs ;
- c) The return of the Ukrainians in Ukraine after the previous forced emigration;
- d) Ukrainian departure to the gold and diamond mines.

6. *The economic factors of exports and imports of human capital in Ukraine include:*

- a) Differences in living standards;
- b) Natural disasters;
- c) War;
- d) The forced expulsion of people.

7. *Non-economic factors of exports and imports of human capital include:*

- a) War;
- b) The differences in living standards;
- c) Differences in salary;
- d) Differences in opportunities to find jobs in their field.

8. *The consequences of international labor migration in Ukraine do NOT include:*

- a) The housing problem resolving;
- b) Optimization of productive forces;
- c) The salary equalization;
- d) Impact on GDP.

9. *The disadvantages of importing labor in Ukraine include:*

- a) Pressure on social programs;
- b) Lower costs, which is turn to increase competitiveness;
- c) Importing labor quality results in cost savings for education professionals;
- d) Immigrants consumed goods and services and it leads to the multiplier effect which is stimulating employment.

10. *The disadvantages of exporting labor in Ukraine include:*

- a) labor supply fall at Ukrainian labor market;
- b) Major labor exporters took additional sources of foreign exchange income from exports of labor in the form of remittances(cash transfer) from emigrants (Example: Ukrainians in Russia, Italy, Portugal, Spain, etc.);
- c) In case of unsatisfactory economic conjuncture, with an increase in the number of unemployed migration becomes a kind of valve;
- d) returning migrants show significant activity in new activities and they participate in the development of new forms of economic.

11. *What is NOT the aim of the International Labor Organization (ILO)?*

- a) Resolving military conflicts;
- b) Full employment, rising living standards, promote economic and social programs;
- c) Respect for fundamental human rights, the protection of life and health of workers;
- d) Encouraging cooperation between employers and employees;
- e) Ensuring peace through social justice.

12. Which of the following points is *NOT* a part of the three methods of the ILO uses to perform its tasks?

- a) Ampere rule;
- b) establishment of international standards and monitoring their compliance;
- c) technical cooperation;
- d) research, documentation preparation and dissemination of information.

13. Common instruments regulating migration in Ukraine does *NOT* include:

- a) Face – control;
- b) Professional qualification;
- c) Personal restrictions (health);
- d) Quantitative quotas;
- e) Economic regulation (financial constraints).

14. State regulation of labor migration from Ukraine is *NOT* exercised through the use of the administrative machinery such as:

- a) Psychological help in adapting to the conditions of employment of other country;
- b) Adherence to multilateral international regulations to protect the rights of migrant workers and conclusion of bilateral agreements on labor migration;
- c) Creating favorable conditions for the movement of migrant workers across the border and stay in the country of employment;
- d) Creating favorable conditions for employment of Ukrainian citizens abroad through the development agencies of mediation in employment abroad.

15. What could be an example of establishing the International Labor Organization international standards and monitoring their compliance with?

- a) The International Labor Code;
- b) INCOTERMS;
- c) The Law on the State Migration Service in Ukraine;
- d) EU Directive on the protection of migrants.

16. Research, document preparation and dissemination of the International Labor Organization (ILO) means:

- a) The study of specific problems in order to solve them and the nomination of the proposals;

- b) Fieldwork;
- c) The development of information web pages;
- d) Projects by scientists from the countries where the problems of labor are most severe (Africa, China).

17. What does the phenomenon of “brain drain” mean in Ukraine?

- a) Emigration of scientists having poor salary at home country and as a result the inability to implement their developments;
- b) An epidemic of schizophrenia based on the longing for home;
- c) the rampant drug trafficking;
- d) Such definition is not existed in Ukraine.

Exercise 3. The questions for discussion at practical lessons

1. Describe the application of flexible and distance forms of employment in contemporary job market.
2. What are the components of the international labor migration regulation mechanism in Ukraine?
3. What role in the history of the Ukrainian people played international labor migration?
4. What are the main consequences of global migration for the countries, social groups, and people?

Exercise 4. The problems for independent solving

1. How does immigration into Ukraine affect to a model-specific factor of production?

Immigration affects:

- a) to the rate of interest and land rent (income from capital and land);
- b) to the average wage;
- c) to redistribution of income in Ukraine. (What should be done to prevent social tensions over immigration?);
- d) to terms of trade changing in Ukraine.

2. The corn is raised in Ukraine using two factors of production – land and labor. Marginal product of labor of each worker is expressed in dollars. Marginal product of labor of each worker is decreasing with increasing number of workers as follows (see table).

number of workers	1	2	3	4	5	6
marginal product	12	10	8	6	4	2

What does the real wage of worker determine? If the landowner hires three Ukrainian workers, what will be their total salary? How will the income of the land owner change if he hires three new immigrants from Moldova?

TOPIC 9

SCIENTIFIC AND TECHNICAL COOPERATION

Items to study:

1. International technology transfer. International Life Cycle of product theory.
2. The mechanism of scientific and technical ties.
3. Ukraine's participation in international scientific projects.

Exercise 1. For each of the statement listed below find a corresponding term or concept.

1. Knowledge that can be used to produce goods and services or scientific techniques to achieve practical goals of business.
2. The information about ways of organizing production, setting up production of specific goods or services, modern and efficient manufacturing methods, and intellectual product that has industrial importance transition across national borders.
3. The set of public policy measures and instruments, which aims to accelerate scientific and technological development level of countries, regions and groups of states.
4. The creation of a new product, introduction of process and the economic and organizational techniques that aim to improve the quality of consumer goods, improvement of production and the expression of scientific and technological progress.
5. Documented agreements contain the technical specifications or other precise criteria designed for continuous practical rules compliance, guidelines or clarification of the parameters in order to ensure that materials, products, and services to meet the requirements that are imposed on them.

Terms and concepts:

- a) The international movement of technology;
- b) Scientific and technical regulations;

- c) Standards;
- d) Technology;
- e) Innovation.

Exercise 2. Find a correct answer

1. Define the four stages that some product cycles consist of according to the theory of international product life cycle:

- a) Introduction, growth, maturity and decline;
- b) Growth, maturity, and decline introduction;
- c) Design, maturity, and decline introduction;
- d) Design, growth, deployment and decline.

2. What is typical for the first phase of the international product life cycle theory?

- a) Innovation is developing in response to identified needs;
- b) Country of innovation in parallel with domestic production of a new product can begin its production abroad;
- c) The global demand for a new product begins to flatten;
- d) Technology and equipment are improved that the production of the goods do not require special skills, and it moves in underdeveloped countries with an excess of cheap labor.

3. What is typical for the second phase of the international product life cycle theory?

- a) The country of innovation in parallel with domestic production of a new product can begin its production abroad;
- b) Innovation is developing in response to identified needs;
- c) The global demand for a new product begins to flatten;
- d) Technology and equipment is improved that the production of the goods do not require special skills, and it moves in underdeveloped countries with an excess of cheap labor.

4. What is typical for the third phase of the international product life cycle theory?

- a) The global demand for a new product begins to flatten;
- b) Innovation is developing in response to identified needs;
- c) The country of innovation in parallel with domestic production of a new product can begin its production abroad;
- d) Technology and equipment are improved that the production of the goods do not require special skills, and it moves in underdeveloped countries with an excess of cheap labor.

5. *What is typical for the fourth phase of the international product life cycle theory?*

- a) Technology and equipment are improved that the production of the goods do not require special skills, and it moves in underdeveloped countries with an excess of cheap labor;
- b) Innovation is developing in response to identified needs;
- c) The country of innovation in parallel with domestic production of a new product can begin its production abroad;
- d) The global demand for a new product begins to flatten.

6. *What weaknesses exist in the theory of international product life cycle?*

- a) There are many products that do not pass all stages of the life cycle (luxury) in addition; the theory does not apply to products TNC;
- b) Explain the patterns of trade by a group of products, including plastics, canned (in Argentina and Brazil), cotton fabrics and products (Pakistan, India), leather and rubber products, paper, electronics, technologically sophisticated products, petroleum products, office equipment;
- c) The economic burden of the world according to calculations is unnecessary and inappropriate;
- d) It is not to the standard of EU names.

7. *The International technical assistance (ITA) is:*

- a) Resources and services in accordance with international treaties of Ukraine, provided by donors for free to support Ukraine;
- b) Resources and services in accordance with the Constitution, provided by donors for free to support Ukraine;
- c) Resources and services, in accordance with the provisions of the Customs Service, provided by donors for free to support Ukraine;
- d) Resources and services, in accordance with the provisions of the Ministry of Communications.

8. *Which form of international technical assistance is forbidden?*

- a) prohibited by law resources;
- b) Any property necessary for the performance of tasks projects (programs) that are imported or acquired in Ukraine;
- c) Works and Services;
- d) Intellectual property rights;
- e) Financial resources (grants) in national or foreign currency.

9. *The largest Ukrainian donor is:*

- a) US;
- b) The Netherlands;
- c) Sweden;
- d) Switzerland;
- e) Japan.

10. *The technology is:*

- a) the knowledge used to produce goods and services in economic resources, or scientific methods used to achieve the practical goals of economic activity;
- b) The benefits of owning;
- c) The benefits of internationalization;
- d) The benefits of location.

11. *What is NOT the result of scientific and technological progress in economic relations?*

- a) Demographic problems in the world;
- b) Broadening the base of production cooperation and deepen the specialization of the countries;
- c) scientific and technical progress is ahead of the changes in the institutional sphere and changing understanding of the production factors such as the labor and the capital;
- d) international economic activity is converted into motion technology transfer;
- e) The increasing role of the country.

12. *The international transfer of technology includes:*

- a) Movement of scientific and technological achievements, design solutions, systematic knowledge and work experience on a commercial or free basis across national borders in order to better processing resources, increase the efficiency and maximize profits;
- b) A sale from one country to other countries, which consists of exports and imports of goods and services;
- c) The sale of goods by Ukrainian foreign trade to foreign entities (including non-monetary payment) with or without exporting these goods across the customs border of Ukraine, including re-exports of goods;
- d) The purchase (including non-monetary payment) Ukrainian subjects of foreign trade in foreign business entities goods with or without importing the goods into the territory of Ukraine, including the purchase of goods for own consumption institutions and organizations of Ukraine located outside.

13. *Who has offered the theory of international product life in 1966?*

- a) R. Vernon;
- b) A. Smith;
- c) D. Ricardo;
- d) M. Friedman.

14. *The structure of scientific-technical relations in Ukraine does NOT include:*

- a) International clustering;
- b) The establishment of coordination of international programs, general scientific – technical research;
- c) International licensing, exchange of scientific – technical documents, patents, licenses;
- d) International engineering.

15. *The priority directions of scientific-technical communication do NOT include:*

- a) The construction of a high-speed elevator to the Moon;
- b) electronification and automation of production processes;
- c) Secure the peaceful use of nuclear energy;
- d) Increasing the practical use of biotechnology and genetic engineering (cloning);
- e) Space research.

16. *The forms of technology transfer do NOT include:*

- a) invisible drawings at secret agent body by antiperspirant tools;
- b) In the information form (purchase of know-how and know-why, patents, information packets);
- c) In the form of high-tech goods;
- d) In case of supply of process equipment during the implementation of international production projects (usually in the form of contributions a participant in UV technology, know-how);
- e) In the case of migration of highly qualified scientific and technical personnel.

17. *The strategic direction of international technical assistance in Ukraine does NOT include:*

- a) more regulators invention to monitor the business environment for slowing the development of small and medium businesses;
- b) Improving the competitiveness of the national economy, providing a consistent economic growth, the introduction of an innovative model of the development;

- c) Ensuring Ukraine's accession to WTO, the implementation of European integration and Euro-Atlantic Integration;
- d) The deepening of democratic reforms, the formation of a developed civil society institutions.

18. The commercial channels form of technology transfer in Ukraine does NOT include:

- a) Family (from husband to his wife at the dinner);
- b) Intercompany (from the central-office company to the filial agency);
- c) Intercompany (through instruments licenses cooperative agreements);
- d) Foreign trade (export-import supplies of machinery, equipment and so on. industry products);
- e) International investment (motion technology is a condition of new firms or transfer of property to the donor Technology).

Exercise 3. The questions for discussion at practical lessons

1. How can be explained the fact that the developing countries could not get more often innovations in manufacturing home appliances from abroad (in the frames of the International Life Cycle product theory)?
2. It is known that unlicensed soft-ware is widely used in Ukraine. Please try to presume the effect after strict international enforcement to Ukrainian economy?
3. Please determine the most famous international engineering projects where have Ukraine been involved? What are the consequences of such international participation for Ukrainian economy?

Exercise 4. The problems for independent solving

1. The leased asset cost is 2 million USD. Lease term is 10 years. Interest rate (taking into account fee) is 10%. The lease payments reimbursement needs to be made in equal installments twice a year. Calculate the amount of payments on foreign equipment leasing.
2. Russian-Ukrainian manufacturing group Watch manufacturer «Sokol» is planning to export 500 units of watches at port delivery condition, for shipping and loading costs on ship board. The payment is expected in letter of credit. Calculation of the contract price is based on the supply characteristics of the similar products contractors in other countries. As a source of information, taken as a basis for comparison to determine the export price of watches «Sokol» were used:

– contract for the sale of 250 Swiss watches in the U.S. in 2012 at a price of 50 Swiss franc (CHF) per 1 unit of supply on the same terms and conditions of payment on a collection basis.

– the offer price of German firm «Timex» is 500 watches at a price of 15 Euro per 1 unit with delivery in 2011 on condition of port delivery, for shipping and loading costs, freight and insurance with the payment as follows: advancing in 2006 is 15%, payment of a collection is 50% in 2007 and the payment by installments on the debt is 35% of 4 years with a rate value of the loan at 2% per annum.

– sticker price of Japanese firms in the basic conditions similar to supply the German company «Timex» by cash based on the value of 7 thousand yen per 1 unit. Discounted price is 10% per 500 units and 6% per 250 units. Discount for sale is 40%

In 2008–2011’s the domestic prices increase was: Switzerland – 0.5%, Germany – 0.3%. The bank interest rate has reached 7% in 2011. Discount for sale external trade practice in companies of Germany was 10%. Characteristics of Russian watches «Sokol», other than foreign brands, listed in the table. Unlike with the excellent Swiss watches “Sokol” watches are not equipped with an additional power-generating unit with the cost 10% of the price.

Watches Specifications

Specifications	Russia	Switzerland	Germany	Japan
Exposure pressure, Pa	100	100	150	200
Economy, points	3	3	2,5	2

– Hryvnia exchange rate against the foreign currency registered with the NBU on the date of a competition:

1 Swiss franc (CHF) is 3.7

1 German mark is 5.2

100 Japanese yen is 2.88

– Expenses for freight, transit, insurance of foreign trade is 10% of the financial costs of basic conditions of delivery FOB.

– Discount factor is 0, 821

1. Identify the basic conditions of watches supply by exporters from Switzerland, Germany, Japan.

2. Make a competitive list and calculate the export prices.

3. Determine the pricing strategy of the Russian-Ukrainian Association «Sokol».

TOPIC 10

INTERNATIONAL PRODUCTION COOPERATION

Items to study:

1. The role of Ukraine in the international division of labor.
2. Types of specialization and cooperation.
3. Types of industrial cooperation.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. The activities of economic entities that combine their efforts in order to save costs, improve efficiency and profitability of production, productivity, quality of products produced, improving governance and terms of sales directly aimed at the production of material values and services.
2. The division of labor between countries and between their subjects in certain qualitative and quantitative correlations between indirect exchange of goods, services and other results of socially useful activity.
3. The process of different types of work separation, which interact with each other and complement each other, forming a coherent system of social reproduction mechanism.

Terms and concepts:

- a) The international division of labor;
- b) The social division of labor;
- c) Co-operation;

Exercise 2. Find a correct answer

1. *The specialization is:*
 - a) The distinction between different stages of production and concentration at only a certain group of goods or services;
 - b) A sale of one country to other countries, which consists of exports and imports of goods and services;

c) The sale of goods by Ukrainian foreign trade foreign entities (including non-monetary payment) with or without exporting these goods across the customs border of Ukraine, including re-exports of goods;

d) Purchase (including non-monetary payment) Ukrainian subjects of foreign trade in foreign business entities goods with or without importing the goods into the territory of Ukraine, including the purchase of goods for own consumption institutions and organizations of Ukraine located outside.

2. According to Foreign Economic Activity Act of Ukraine international cooperation is:

a) The interaction of two or more business entities, among at least one is a foreign, which the joint development and joint production, joint implementation of the final product and other products based on specialization in the production of intermediate goods (parts, components, materials, and equipment used in complex supply) or specialization of individual process steps (functions) of scientific research, production and sales co-ordination of relevant programs of economic activity;

b) The distinction between different stages of production and concentration at only a certain group of goods or services;

c) A sale of one country to other countries, which consists of exports and imports of goods and services;

d) The sale of goods by Ukrainian foreign trade entities (including non-monetary payment) with or without exporting these goods across the customs border of Ukraine, including re-exports of goods.

3. Which of the following point is NOT connected with classification types of the labor division?

a) Ad valorem (tax free);

b) The subject matter (the production of similar products);

c) Constituent part (semi-finished part) – manufacture of certain types of parts, semi-finished parts catalog;

d) Technological – perform a specific process;

e) Functional – perform certain maintenance functions of production and non-production purposes.

4. An indication of the depth of the country's international specialization is:

a) The share of exports of specialized products in total exports in the world market;

- b) The share of imports specialized products in total exports in the world market;
- c) The share of imports specialized products in total imports in the world market;
- d) The share of exports of specialized goods in total imports in the world market.

5. *How developed are constituent part specialization, main and semi-finished specialization in Ukraine?*

- a) Very weak because of problems raising product quality, but also due to non-compliance of standardization and harmonization of the requirements of the world market;
- b) Highly appropriate because the quality of Ukrainian goods standardization and harmonization pays the requirements of the world market;
- c) Completely undeveloped;
- d) There are not produced semi-finished parts in Ukraine.

6. *The process of separation of different types of work at the international level, which interact with each other and complement each other, forming an objective basis for international exchange of goods, services, and results of other activities:*

- a) The international circulation of labor;
- b) International labor migration;
- c) The international classification of work;
- d) International division of labor.

7. *What makes the development of types and forms of international cooperation?*

- a) The acceleration of international capital movements;
- b) the labor migration increasing;
- c) the international specialization deepening;
- d) A and C are correct.

8. *The formation of the international division of labor and the degree of involvement of the individual countries (groups of countries) do NOT influence the following factors:*

- a) Natural and geographic;
- b) The price revolution;
- c) Political;
- d) Scientific and technological progress;
- e) socio-economic.

9. *One of the easiest and historical patterns of international cooperation of labor is:*

- a) A multi-national followed by international exchange of goods;
- b) National specialization, followed by inter-ethnic exchange of goods;
- c) Regional specialization in the following exchange of commodities at the national level;
- d) All answers are incorrect.

10. *One of the basic documents for the regulation of industrial cooperation in the CIS is:*

- a) Agreement on cooperation and standardization in enterprises of the CIS;
- b) Agreement on General Terms and mechanism to support the development of industrial cooperation of small enterprises of the CIS;
- c) Agreement on General Terms and mechanism to support the development of industrial cooperation of enterprises and industries of the CIS;
- d) There is no correct answer.

Exercise 3. The questions for discussion at practical lessons

- 1. The value of international labor division.
- 2. What are the goals of international industrial cooperation?
- 3. Outline the current trends and characteristics of international industrial cooperation based on the scientific and technological progress.

Exercise 4. The problems for independent solving

- 1. Ukrainian enterprise need to purchase diesel engines by one-time cash payment upon delivery. Engines specification:
 - 1300 horsepower, 400 R.M.P., 3 units, delivery date is September 2014;
 - 2200 horsepower, 250 R.M.P., 5 units, delivery date is December 2014;
 - 800 horsepower, 900 R.M.P., 10 units, delivery date is March 2014

There are following offers from Western European and Japanese competitors to settle a draft document:

- 1) British company “Kelvin Diesels” from 04/20/13 for delivery in June 2013, 1 unit., 1000 horsepower diesel engine, 500 R.M.P., price is 110 thousand pound sterling per unit of production;

2) German company “MAN” – from 09/15/13 for delivery in September 2013, 15 diesel engines, 1 500 horsepower with different engines speed (taking into account engine speed the prices are differentiated). The cost of the first five diesel engines with 500 R.M.P. speed is 274 thousand euros, five others (750 R.M.P.) – 260 thousand euros, the last one (1500 R.M.P.) – 200 thousand euro;

3) Dutch company «Smit Bolnes” – from 06/15/13 for delivery in December 2013, 3 diesel engines, 2500 horsepower, 500 R.M.P. at the price of 220 thousand euros;

4) The Japanese company “YANMAR” – from 06/02/13 for delivery in March 2013, the three lots with 10 units. All of diesels are 2000 horsepower. The engine speed is 750 R.M.P. (cost 76 million yen) 375 R.M.P. (94 million yen) 125 R.M.P. (130 million yen).

According to the pre-agreements with companies from above mentioned countries there are following trade discounts: England – 8%, Germany and Holland – 5 %, Japan – 15%.

There are usual discounts for diesel engines series sales: for 3 units – 4%, for 5 units – 6% and for 10 units – 9%.

Average annual prices for diesel engines in the coming years are 12%, or 1% per month.

Terms of payment and completion of diesels are the same.

Calculate the average price of each type of diesel engines, which are subject to order.

2. Ukrainian importer enters into a contract for the purchase of equipment. The equipment price is 350 million USD. We have question about the choice of payment terms and method of payment. Contractor offers payment terms cash, which may provide a discount of 10% of the contract value. The market rate loan is 9% per annum and supply of credit at a rate is 6.5% per annum for up to 6 years.

Please calculate the most advantageous equipment purchasing options for Ukrainian importer.

TOPIC 11

INTERNATIONAL ECONOMIC ACTIVITIES REGULATION

Items to study:

1. The state regulation system of international economic activity in Ukraine.
2. Customs tariff and non-tariff trade regulation in Ukraine
3. Government regulation of international investment process.
4. Government regulation of intellectual property rights and technology transfer.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. The tax, which is set on import of goods to increase their price at the market of the importing country and providing direct government revenue.
2. The export / import limitation in physical or value terms for a specified period of time.
3. Government-issued permission for goods import / export.
4. The system of political and economic relations between international relations actors focused on targeted support the domestic entities at internal and foreign markets.
5. The government economic policy tools by which it was determined the specific features of economic activities and processes.
6. The influence to the cost ratio and the absolute prices measures in international trade to manipulate the exchange rate, customs duty, taxes, etc.

Terms and concepts:

- a) instruments of direct influence;
- b) protectionism;
- c) indirect action tools;
- d) establishment of quotas;

- e) licensing;
- f) duty rate

Exercise 2. Find a correct answer

1. Identify the two main criterions for the state impact on the international cooperation condition and effectiveness:

- a) system scale and nature of the impact;
- b) characteristic consistency and scale effects;
- c) large-scale and systematic influence on the character relationships;
- d) all answers are incorrect.

2. The state impact for international cooperation means:

- a) Regulation of international trade, capital flows, movement of people, technology, monetary and financial relations etc.;
- b) impact on the nature of international economic cooperation through regulation of the economy as a whole, resulting from the selection and use of complex tools overall socio-economic policy in the country;
- c) Regulation of regional trade, capital movements, movement of people, technology, monetary and financial relations etc.
- d) All answers are incorrect.

3. What direction does not apply to areas of international cooperation influence sphere on the national economy?

- a) The arrangements for national economy with goods and services are abnormal or unprofitable for the country;
- b) efficiency of the national economy through the development of specialization mechanisms;
- c) negative international markets impact on the national competitive system, which is possible due to the mutual penetration of product market and factor market;
- d) flow of technology and advanced methods of production.

4. What points do NOT apply to the types of classifications of public policy Robert Cooper?

- a) Passive response to the growing economic interdependence;
- b) Constructive nihilism;
- c) «Protective response»;
- d) Economic aggression;
- e) «Operational approach».

5. *Government policy, which is a common mode or set of measures, the purpose of which is to reduce the level of economic interdependence in different ways:*

- a) Economic aggression;
- b) Constructive nihilism;
- c) «Protective response»;
- d) «Operational approach».
- e) All answers are incorrect.

6. *Which of the following points is NOT an example of government trade promotion by tender:*

- a) Kharkiv association named after Malyshev (Production models of tanks T-84) was took a part in the tender in Turkey;
- b) Cooperation of enterprises in Simferopol, which makes assembling cars «Gazelle» and Russian JSC «GAZ»;
- c) attended CB «Southern» from the factory «Pivdenmash» and «HARTRON» in the tender for the creation Egyptian sensing satellite called «Idzhiptsat – 1»;
- d) Correct answers are A and C

7. *What points do not apply to the forms of tariffs, classified by means of penalties?*

- a) ad valorem;
- b) Specific;
- c) Progressive;
- d) Mixed.

8. *As a result of the GATT activity the tariff value:*

- a) Not changed;
- b) Increased in proportion to the growth of income levels;
- c) Increased in proportion to the growth level of external debt;
- d) It was significantly reduced during the last decades.

9. *The tools of direct export restrictions do NOT include:*

- a) Licensing;
- b) Establishment of quotas;
- c) Abolition of currency restrictions;
- d) The minimum import price;
- e) Import taxes;
- f) Import deposits.

10. *The types of dumping do NOT include:*

- a) Free and provoked dumping;
- b) Forward and reverse dumping;

- c) single, predatory and temporary dumping;
- d) Independent, subsidiary and currency dumping.

11. The export promotion instruments do NOT include:

- a) Slow depreciation;
- b) State export credit;
- c) Mixed export credit granting funds through the assistance;
- d) Direct export subsidies;
- e) State export credit insurance.

12. Summary of customs charges that apply for goods imported into the customs territory of the country means:

- a) General tariff;
- b) Export tariffs;
- c) Multilinear tariff;
- d) Import tariff.

13. Please name the tariff type which aimed to support domestic prices and world market prices?

- a) General tariff;
- b) Export tariffs;
- c) Multilinear tariff;
- d) Import tariff.

14. The limitation of import or export through the establishment of a number or a threshold for a certain period of time by state government is:

- a) Contingency;
- b) Establishment of quotas;
- c) Licensing;
- d) anti-dumping tariff.

15. What restrictions on the import of certain products in the country are NOT allowed in the following form according to the WTO classification?

- a) anti-dumping investigations and appropriate sanctions;
- b) deferred financial monitoring of the country;
- c) Measures against subsidized exports of foreign countries;
- d) The so-called «preventive measures».

Exercise 3. The questions for discussion at practical lessons

1. Describe modern forms of protectionism in Ukraine.
2. Consider the anti-dumping policies of other states focused at Ukrainian producers.
4. Identify the Ukrainian tax system key elements to improve.

5. Outline the current situation of the investment process in Ukraine.
6. Give the examples of successful or unsuccessful intellectual property rights protection with Ukrainian party participation.
7. Describe the process of technology transfer, taking into account the legislation of Ukraine.

Exercise 4. The problems for independent solving

1. The importer from Kyiv received the offer from two exporters at the same time to buy goods of equal quality in various environments.

Proposal 1:

- Terms of delivery: CIP Kyiv
- Payment terms: 20% at the time of delivery of goods;
40% in 3 months after delivery;
40% in 6 months after delivery;
- Suggested price: 250 thousand euros.

Proposal 2:

- Terms of delivery: FOB New York;
- Payment terms: irrevocable documentary letter of credit;
- Suggested price: 300 thousand dollars;
- Period of Transportation New York – Kyiv: 15 days;
- The cost of freight and insurance New York – Kyiv: 5 thousand Euros;
- Handling: 1 thousand euro;
- refinancing for 90 days for a discount rate of 7%;
- The use of the loan European marks market a maximum of 6 months at a fixed interest rate: 8.5 %;
- Exchange rate USD / EUR 1/ 0, 98;

Determine which of the two proposals is more advantageous for the importer.

2. There is expected equipment supply into Ukraine under the loan for 5 years at 100 million hryvnias for one of the following options:

- Loan currency is euro; the credit rate is 8% per annum;
- Loan currency is U.S. dollar; credit rate is 9%.

The market rate for the loans in Euro is 10%, in USD – 12%.

Identify the most profitable option for the Ukrainian side.

TOPIC 12

UKRAINIAN ROLE IN THE WORLD INTEGRATION PROCESSES

Items to study:

1. Prospects of Ukraine's cooperation with CIS states.
2. Establishment of free trade zones and the Common Free Market Zone.
3. Ukraine's cooperation with European Union.
4. Ukraine's relations with the Council of Europe and NATO.

Exercise 1. For each of the statement listed below find a corresponding term or concept

1. The territory of the European Union member countries reflecting the socio – economic life which is determined by the terms and condition of the integration process, the progressive abolition of restrictions in mutual trade, the creation of a customs union, economic union, the introduction of a common currency, the creation of common institutions of economic regulation.

2. The concept of the progressive creation of partnership institutions and integration is reflected in the international agreements signing and implementation, the creation of institutions to promote interaction and cooperation.

3. The trade cooperation model recovering which involves the usage of economic policy principles and regulatory instruments fundamentally different from those used before.

4. The case of certain business entities can control market segment and get the profit much higher than the average one in industry due to the new high-tech goods invention.

Terms and concepts:

- a) technological monopoly;
- b) reintegration within the CIS;
- c) European Economic Area;
- d) «EU reciprocity.»

Exercise 2. Find a correct answer

1. *Ukraine's trade relations with other CIS states are determined as:*

- a) administrative;
- b) based on the principles of tariff and non-tariff regulation;
- c) based on the terms of agreements between European states;
- d) abnormal.

2. *The largest and most diversified on the range at all post-Soviet space are bilateral export-import relations with Ukraine:*

- a) Belarus;
- b) Moldova;
- c) Russia;
- d) Georgia.

3. *An example of economic rather than geopolitical goals of Ukraine could be:*

- a) creation Payments Union;
- b) Ukraine's accession to the Customs Union of the CIS states;
- c) creation free trade zone;
- d) all answers are incorrect.

4. *The basis of Ukrainian exports to Russia is NOT:*

- a) engineering products;
- b) imports of synthetic rubber;
- c) metal products;
- d) Services for energy transit through Ukrainian territory.

5. *Ukraine does NOT import the following products from Belarus:*

- a) fertilizers;
- b) pharmaceutical products;
- c) petroleum products;
- d) grains.

6. *Ukraine does NOT import the following goods from Moldova:*

- a) pork;
- b) the wine;
- c) petroleum products;
- d) Equipment.

7. *The beginning of Western European economic integration can be considered in 1950, when it was created:*

- a) European Federation, based on an economic union;
- b) League of Nations, based on an economic union;

- c) military unit, based on political association;
- d) integration of Western Europe states began much earlier.

8. *In developing model of international integration inclusion of Ukraine in the world economy does NOT need to consider the following item that does not belong to the most significant phenomena of contemporary world development:*

- a) globalization and processes of regionalization;
- b) correlation between rates of national currencies;
- c) technological revolution;
- d) Transnational capital.

9. *The internal economic conditions hinder the process of Ukraine's integration into Western political and economic structures are:*

- a) Create legal conditions for entry of Ukrainian enterprises to international financial markets;
- b) improving the mechanism of privatization and the transition to monetary phase of privatization of state enterprises;
- c) closure of Chernobyl Nuclear Power Plant;
- d) measures against corruption.

10. *The short-term goal of foreign policy of Ukraine are:*

- a) Free trade zone with EU;
- b) acquiring the status of an associate member of the EU;
- c) reintegration of the CIS;
- d) Accession to the EU.

11. *The most common form of credit in international trade is:*

- a) corporate credit;
- b) financial credit;
- c) factoring;
- d) Forfeiting.

12. *When the forfeiting as a form of international settlements have appeared?*

- a) under the GATT;
- b) after the creation of the WTO;
- c) in trade between developing countries;
- d) between industrial and socialist countries.

Exercise 3. The questions for discussion at practical lessons

1. Describe the current situation of Ukraine's integration with the CIS countries.

2. Outline the main tasks and conditions of Ukraine's accession to the EU.

3. What problems arise in the relations between Russia and Ukraine over the last relations with NATO.

Exercise 4. The problems for independent solving

1. Trade balance of Ukraine is 110, the balance of current transactions are 105, an increase in official foreign exchange reserves are 5.

Answer the questions:

1) Official settlements balance is +5. Yes or no?

2) Net services and current transfers amount to positive number. Yes or no? What is their value?

3) The national savings exceed the domestic investment in Ukraine. Yes or no? What is the difference between national savings and domestic investment?

2. Does Ukraine have any benefits of joining the WTO? What are the advantages and disadvantages of Ukrainian membership in the WTO?

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