

TESTS ON "INTERNATIONAL ECONOMIC RELATIONS"

1. THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF INTERNATIONAL ECONOMIC RELATIONS

1. International economic relations represent:

- a) foreign trade of all countries of the world;
- b) a set of economic relations between countries, their subjects, associations and groups;
- c) a part of national markets related to foreign markets;
- d) the aggregate exports and imports of all countries.

2. The object of the study of international economic relations is:

- a) the economics of foreign countries;
- b) a set of one-time international economic relations;
- c) the system of standard and typical international economic relations forming certain patterns;
- d) international trade between countries.

3. The science of international economic relations studies:

- a) economic integration of domestic firms;
- b) international trade regulation;
- c) actual international economic relations and mechanisms of their realization;
- d) international labour division.

4. Subjects of international economic relations at the supranational level are:

- a) individual countries and their subjects, international economic organizations and megalopolises;
- b) international economic organizations and supranational institutions;
- c) transnational and global corporations;
- d) small and medium enterprises, cooperatives, individuals.

5. The mechanism of implementing IER includes:

- a) multi-level complex of economic relations between countries;
- b) international transport and international customs relations;
- c) legal norms and instruments for IER fulfilment;
- d) international monetary-financial and credit relations.

6. Subjects of international economic relations at the micro level are:

- a) individual countries and their subjects, international economic organizations and megalopolises;
- b) transnational and global corporations;
- c) small and medium enterprises, cooperatives, natural persons;
- d) international economic organizations and supranational institutions.

7. The main object of international economic relations is represented by:

- a) international trade in goods and services;
- b) international transport relations;
- c) the economic ties between economic entities of different countries and mechanism for implementing those links;
- d) the exchange of goods and services between countries.

8. Subjects of international economic relations at the macro level are:

- a) small and medium enterprises, cooperatives, natural persons;
- b) individual countries and their subjects, international economic organizations and megalopolises;
- c) transnational and multinational corporations, states;
- d) international economic organizations and supranational institutions.

9. The main specific features of modern IER are:

- a) low degree of mobility of production factors;
- b) emergence and development of the closed national economies;
- c) nationalization of production and capital;
- d) global character of international exchange of commodities, capital flows, migration and information.

10. The primary condition for the development of economic relations is:

- a) intensification of globalization and migration of capital;
- b) the geographic and historical uneven global allocation of labour, natural resources, capital, scientific and technical potential;
- c) accelerating and expanding the process of economic integration;
- d) transformation of bilateral international economic relations into multilateral ones.

2. THE WORLD ECONOMY AND FEATURES OF ITS DEVELOPMENT

1. The world economy is:

- a) a global economic organism, a set of national economies, which are in close cooperation and interdependence;
- b) a foreign trade of developed countries;
- c) a complex of socio-economic relations between countries and their unions;
- d) trading of one country with another one.

2. The international labour division is:

- a) the highest degree of socio-territorial labour division between countries based on a cost-effective specialization of individual countries;
- b) the form of labour division between countries in which increasing concentrations of homogeneous production is based on the differentiation of national production;
- c) the relationship between the states in the exchange of labour products of different industries;
- d) joint efforts of several manufacturers in the production of certain goods to sell them on the world market.

3. International production specialization by the production direction includes:

- a) specialization of individual countries, groups of countries, regional specialization in the production of certain goods and their parts for the global market;
- b) technical and production, trade and economic, service specialization;
- c) creation of joint ventures;
- d) intersectoral, intra-sectoral specialization and specialization of individual enterprises.

4. Detailed specialization provides:

- a) production of parts and product components by a country;
- b) implementation of certain specific technological processes by a country;
- c) production of certain finished products by a country;
- d) relations between states in the exchange of high-tech products.

5. International production specialization is:

- a) the form of labour division between countries in which increasing concentrations of homogeneous production is based on the differentiation of national production, separation into independent (separate) processes in certain sectors of manufacturing production over domestic needs;
- b) the highest degree of socio-territorial division of labour between countries based on a cost-effective specialization of individual countries;
- c) joint efforts of several manufacturers in the production of certain goods to sell them on the world market;
- d) the relationship between the states in the exchange of labour products of different industries.

6. Contracting specialization involves:

- a) implementation of specific work by contractor by order of a customer;
- b) production management improvement, standardization, unification and certification of production programs;

- c) distribution in production programs among participants-competitors;
- d) capital combining of several participants to implement mutually agreed goals.

7. International production cooperation is:

- a) international labour division between countries through national production differentiation, allocation in separate technological processes;
- b) consolidation of efforts of several manufacturers in the production of certain goods to sell them on the world market;
- c) the highest degree of socio-territorial division of labour between countries, based on a cost-effective specialization of individual countries;
- d) complex of relations between states in the exchange of production factors.

8. International production cooperation includes such forms as:

- a) after-sales service engineering, industrial and technological cooperation, trade and economic processes associated with the implementation of co-products;
- b) product, detailed and technological cooperation;
- c) international production specialization and cooperation;
- d) implementation of joint programs, creation of joint ventures and contract type specialization.

9. Product (subject) specialization involves:

- a) production of parts and product components by a country;
- b) production of certain finished products by a country;
- c) implementation of certain specific technological processes by a country;
- d) specializing in the developing and manufacturing high-tech products.

10. Intersectoral specialization is:

- a) specialization in the manufacturing of product components;
- b) specializing in the implementation of R&D;
- c) consolidation of efforts of several manufacturers in the production of certain goods to sell them on the world market;
- d) relations between states in the exchange of labour products representing different industries.

11. The international labour division differs from domestic labour division in:

- a) scale of coverage of objects involved in international economic processes;
- b) equitable distribution of resources among countries;
- c) specialization of some national economies;
- d) relationship between the states in the exchange of labour products of various industries.

12. Implementation of the co-contracting production provides:

- a) distribution in production programs among participants-competitors;
- b) implementation of specific work by contractor by order of a customer;
- c) production management improvement;
- d) capital combining by several participants.

13. Stepwise specialization involves:

- a) production of certain finished products by a country;
- b) production of parts and product components by a country;
- c) implementation of certain specific sequential technological processes by a country;
- d) relationships between the states in the exchange of labour products of different industries.

14. Through the creation of joint enterprises:

- a) several participants combine their capital to implement mutually agreed goals;
- b) specific work is performed by the contractor by order of the customer;
- c) production management improvement, standardization, unification and certification of production programs are carried out;
- d) production programs are distributed.

15. According to the ecological interdependence theory by K. Nuvenhuze:

- a) developed countries depend on developing countries in raw material and cheap labour issues; developing countries depend on developed countries in modern equipment, technologies, capital;
- b) structural interdependence, interdependence in economic policy goals;
- c) newly industrialized countries depend on developed countries in production issues;
- d) ecological situation in the country depends on the location of production units of global corporations.

16. According to the theory of international labour division by R. Cooper, there are, in particular, such types of interdependence between countries:

- a) developed countries depend on developing countries in raw material and cheap labour issues;
- b) interdependence in internal factors of economic development;
- c) structural interdependence, interdependence in economic policy goals;
- d) interdependence in production cooperation and specialization.

3. INTERNATIONAL TRADE IN THE SYSTEM OF INTERNATIONAL ECONOMIC RELATIONS

1. Foreign trade is:

- a) exchange of goods and services between households from different countries;
- b) trading of one country with another one;
- c) foreign trade of all countries of the world;
- d) exporting of goods from one country to another one.

2. The global trade is:

- a) the exchange of goods and services between households from different countries;
- b) the export of goods from one country to another one;
- c) foreign trade of all countries of the world;
- d) trading of one country with another one.

3. International trade is:

- a) the exchange of goods and services between households from different countries;
- b) foreign trade of all countries of the world;
- c) trading of one country with another one;
- d) exporting of goods from one country to another one.

4. Imports is:

- a) exchange of goods and services between countries;
- b) moving goods abroad to sell them in other countries;
- c) moving of foreign goods in the country to sell them;
- d) trading of one country with another one.

5. In the structure of international trade prevails:

- a) trade in services;
- b) trade in raw materials;
- c) trade in goods;
- d) sale of components.

6. The world market is:

- a) part of national markets that is directly linked to foreign markets;
- b) part of the internal market which focuses on foreign buyers;
- c) the scope of stable commodity-money relations between countries formed on the basis of international labour division and other production factors;
- d) the exchange of goods and services between the national holdings.

7. Firms are encouraged to enter in the international market due to the following main interests:

- a) getting preferences in conducting export-import operations;
- b) obtaining bigger profit than in the home country;
- c) conducting market researches on the international market;
- d) the desire to find a new partner company.

8. International commodity exchange involves:

- a) competitive way of selling goods;
- b) selling goods in specialized trades between buyers;
- c) a method of selling bulk goods through special institutions based on trade;
- d) selling goods at special trades which are held periodically.

9. International commodity auction provides:

- a) a method of selling bulk goods through special institutions based on trade;
- b) a method of selling previously examined products at special trades between buyers;
- c) competitive way of selling of goods or delivery of contracts to perform specific work under certain conditions;
- d) exchange of goods or services directly for other goods or services without the use of money.

10. International exhibitions represent:

- a) a method of selling bulk goods through special institutions based on trade;
- b) a method of selling previously examined products at trades between buyers;
- c) competitive way of selling of goods or delivery of contracts to perform specific work under certain conditions;
- d) a method of demonstrating products but not actual sales.

11. International tenders represent:

- a) selling goods in specialized trades between buyers;
- b) competitive way of selling of goods or delivery of contracts to perform specific work under certain conditions;
- c) a method of selling bulk goods through special institutions based on trade;
- d) selling goods at special trades, which are held periodically at the same time in the same place.

12. The main peculiarity of auction trade is:

- a) advance payment;
- b) preliminary examination of goods;
- c) mandatory insurance;
- d) supply of goods to the buyer.

13. The total volume of international trade in value terms is:

- a) the sum of exports and imports of all countries;
- b) the amount of trade balance of all countries;
- c) the amount of exports of all countries;
- d) trade of one country with other ones.

14. The foreign trade balance is:

- a) the sum of exports and imports values;
- b) the difference in exports and imports values;
- c) the export of goods from one country to another one;
- d) the share of exports and imports values in GDP.

15. The trade turnover is:

- a) the export of goods from one country to another one;
- b) the difference in value of exports and imports;
- c) the share of exports and imports values in GDP of a country;
- d) the sum of exports and imports values.

16. Fair trade provides:

- a) a method of selling bulk goods through special institutions based on trade;
- b) selling goods in specialized trades between buyers;
- c) competitive way of selling of goods or delivery of contracts to perform specific work under certain conditions;
- d) selling goods at special trades which are held periodically at the same time in the same place.

17. One of the main provisions of mercantilism:

- a) the source of wealth of the state is the sphere of circulation;
- b) the source of wealth of the state is the sphere of production;
- c) a source of savings is the import of foreign goods;
- d) the main exporting object for state is money.

18. Essence of the absolute advantage theory by A. Smith:

- a) international trade is caused by relative differences in prices of goods arising from the provision of various production factors;
- b) countries export goods for production of which they possess respectively excess production factors;
- c) countries specialize in manufacturing goods for which exceeding the average level of costs will be minimal;
- d) countries specialize in manufacturing goods production costs on which are the lowest compared with the production costs for the same product in other countries.

19. The essence of the comparative advantage theory by D. Ricardo:

- a) countries specialize in producing goods by which production costs are the lowest than by other products in this country;
- b) countries export goods for production of which they possess respectively excess production factors;
- c) countries specialize in manufacturing goods for which exceeding the average level of costs will be minimal;
- d) countries specialize in manufacturing goods production costs on which are the lowest compared with the production costs for the same product in other countries.

20. The essence of the Heckscher-Ohlin model:

- a) international trade is caused by the relative differences in prices of goods arising from the provision of various factors of production;
- b) countries specialize in manufacturing goods production costs on which are the lowest compared with the production costs for the same product in other countries;
- c) countries specialize in manufacturing goods for which exceeding the average level of costs will be minimal;
- d) countries export goods for production of which they possess respectively excess production factors.

21. By the Heckscher-Ohlin theory international trading should grow rapidly between such countries:

- a) countries with similar economic structures;
- b) economic structure does not matter;
- c) countries with the most different economic structures;
- d) geographically close countries.

22. According to the theory of competitive advantage by M. Porter there are such major determinants of company competitiveness as:

- a) factor conditions, demand conditions, strategies and structures of competing firms, supporting industries;
- b) suppliers, customers, substitute products, potential competitors;
- c) capital, land, labour;
- d) factors of production, investment, innovation, wealth of the country.

4. INTERNATIONAL TRADE REGULATION

1. A country should choose such foreign trade policy for its economic development:

- a) free trade since it provides economic growth;
- b) protectionism because it protects domestic producers from foreign competition;
- c) isolationism because it is the best to protect domestic producers from the outer of competition;
- d) a reasonable balance between free trade and protectionism.

2. Protectionism is:

- a) a payment for goods crossing the customs border;
- b) selling goods on foreign markets at prices below the production cost of these goods;
- c) a state policy to protect the domestic market from foreign competition;
- d) a permission for export-import operations.

3. The free trade policy provides:

- a) national economic complex which is involved in the international labour division;
- b) trading caused by the relative differences in prices of commodities;
- c) optimizing the structure of the national and world economy due to the free capital transfusion;
- d) minimal government intervention in the foreign trade ensuring development on the basis of supply and demand.

4. Select arguments in favour of protectionism:

- a) inflation reduction;
- b) intensification of competition, elimination of monopoly, wider choice for consumers;
- c) development of young domestic industries with high potential;
- d) favourable development of highly developed countries.

5. Voluntary export restraints provide:

- a) quoting export by the exporter;
- b) quoting import by the importer;
- c) introduction of export duties by the exporter;
- d) quoting export by the importer.

6. Select arguments in favour of free trade:

- a) intensification of competition, elimination of monopoly, wider choice for consumers;
- b) inflation reduction;
- c) harmonious development of all countries;
- d) development of young industries.

7. Main disadvantage of the protectionism policy:

- a) threatens the national security of the country;
- b) dangerous for the young and weak competitive industries;
- c) eliminates free and fair competition, reducing alternative choices of consumers in selecting needed products;
- d) accelerates technological progress.

8. The duty is:

- a) selling goods on foreign markets at prices below the production cost of these goods;
- b) payment for goods crossing the customs border;
- c) permission for export-import operations;
- d) a state policy to protect the domestic market from foreign competition.

9. Restrictions in physical volume of exports of certain goods for a certain period is:

- a) licensing;
- b) quota;
- c) dumping;

d) tariff.

10. A license is:

- a) selling goods on foreign markets at prices below the production cost of these goods;
- b) a payment for goods crossing the customs border;
- c) a state policy to protect the domestic market from foreign competition;
- d) a permission for export-import operations.

11. Selling goods on foreign markets at prices below the production cost of these goods or lower than the existing prices in the market is named as:

- a) dumping;
- b) international trade operations;
- c) reexport;
- d) duty.

5. INTERNATIONAL CAPITAL FLOWS. INTERNATIONAL INVESTMENT ACTIVITY. FREE ECONOMIC ZONES

1. Investing is:

- a) investment of cash in certain activity for maximum profit;
- b) investing various resources in a certain activity to obtain economic benefit or another intended outcome (social, economic, political, etc.);
- c) investments in the purchase of equipment, buildings, vehicles;
- d) investments in the business, which give investors the right to control the object of investment.

2. The main forms of international capital movements are:

- a) direct investment, portfolio investment, economic assistance, medium and long-term international loans;
- b) creation of subsidiaries, branches, joint ventures;
- c) international trade and international labour division;
- d) purchase or privatization of national enterprises.

3. Investment activity is:

- a) a set of economic relations concerning functioning of money as world money;
- b) investing resources in securities (stocks, bonds, etc.);
- c) the process of withdrawal of capital from turnover in the country and moving it into production in another country;
- d) a set of actions of natural persons and legal entities putting their own and borrowed resources (material, financial and intangible) in order to obtain various kinds of benefits.

4. The export of capital is:

- a) direct investment in the economies of other countries;
- b) a counter flow of capital between countries, bringing its owners related revenue;
- c) the process of extracting the capital from the turnover in the country and moving it in the commodity or cash form in the business activity and rotation in another country;
- d) investing various resources in order to obtain economic benefit or other outcomes.

5. The causes of the capital export are as following:

- a) growing interconnection and interdependence of national economies;
- b) cheaper raw materials and labour represented in countries importing capital;
- c) the relative surplus of capital in this country, its over-accumulation;
- d) activities of international financial institutions directing and regulating the flow of capital.

6. Foreign direct investment is:

- a) direct investment in the business activity of the enterprise, giving investors the right to control the object of investment;
- b) investing resources in securities that are less than 5% of company shares;

- c) creation of joint ventures and subsidiaries;
- d) investment in foreign securities not giving investor the right to control the object of investment.

7. Foreign direct investments include:

- a) investment of companies' own capital abroad;
- b) profit reinvestment;
- c) international credits;
- d) investing in national securities.

8. Portfolio investment is:

- a) investing in the purchase of equipment, buildings, vehicles;
- b) direct investment in the business, giving investors the right to control the object of investment;
- c) investment in foreign securities not giving investor the right to control the object of investment;
- d) investment in securities accounted for 95% of company shares.

9. Factors stimulating the export of capital are represented by:

- a) liberalization of capital exports and imports;
- b) economic policies in developing countries to attract significant amounts of investment resources and creating a favourable investment climate;
- c) a relative surplus of capital in the country;
- d) cheaper raw materials and labour represented in countries importing capital.

10. The willingness of investors to invest in the economy of a country depends on:

- a) economic trends and conjuncture in the international market;
- b) production specialization of a country exporting investment;
- c) internationalization of capital and production;
- d) investment climate of a country attracting investment.

11. The investment attractiveness of country is represented by such factors as:

- a) potentially large market;
- b) inflation processes in the host country of investments;
- c) the legal and regulatory framework not regulating the relationship of the parties in the field of investment;
- d) legal provision of a favourable investment climate, including investment protection.

12. To improve the investment climate in the country the following measures should be implemented:

- a) reducing the base of tax incentives;
- b) establishing an effective system for foreign economic activity control in the country;
- c) ensure the dominance of national producers' rights respect to the rights of foreign firms;
- d) creation and effective use of free economic zones and stimulation of investment in key sectors of the economy.

13. Important stimulants directing and regulating international capital movements are as following:

- a) international organizations;
- b) small and medium enterprises;
- c) natural persons;
- d) joint ventures.

14. Availability of special investment regimes and the existence of free economic zones:

- a) reduce the capital turnover;
- b) intensifying international movement of capital;
- c) complicates the international movement of capital;
- d) does not affect the international movement of capital.

15. The internationalization of production leads to:

- a) worsening of the investment climate;
- b) accelerating the international movement of capital between countries;

- c) reduction of the capital movement between countries;
- d) transformation production into the national one.

16. Free economic zones are:

- a) separate zones, created on the territory with a special customs regime, where import-substitute products are produced;
- b) zones which purpose is to increase cargo turnover;
- c) separate zones where goods are considered as objects located outside the national customs territory;
- d) zones in which a particularly favourable regime for banking and insurance operations is introduced.

17. Economic objective of the creation of free economic zones:

- a) expansion of foreign economic activity, increase of national production competitiveness;
- b) transfer of domestic technique and technologies to other countries;
- c) creation of new jobs and improvement of the qualification level of employees;
- d) slowing down the development of social infrastructure.

18. The social goal of creating free economic zones:

- a) transfer of domestic equipment and technologies to other countries;
- b) expansion of foreign economic activity, increase of national production competitiveness;
- c) slowing down the development of social and domestic infrastructure;
- d) creation of new jobs and improvement of the qualification level of employees.

19. Foreign trade incentives in free economic zones include:

- a) lower prices for utilities, land lease;
- b) reduction or cancellation of export-import duties, quotas;
- c) simplification of registration procedures of enterprises;
- d) establishment of barriers to the import-export of freely convertible currency.

20. Fiscal incentives in free economic zones include:

- a) reduction of barriers to the import-export of freely convertible currency;
- b) reduction or cancellation of export-import duties;
- c) tax incentives for specific activities;
- d) lower prices for utilities, land lease.

21. Administrative incentives in free economic zones include:

- a) simplification of registration procedures of enterprises, regime of entry-exit of foreign citizens;
- b) lower prices for utilities, land lease, preferential loans;
- c) reduction of barriers to the import-export of freely convertible currency;
- d) reduction or cancellation of export-import duties.

22. Financial privileges in free economic zones include:

- a) reduction or cancellation of export-import duties;
- b) lower prices for utilities, land lease, preferential loans;
- c) simplification of registration procedures of enterprises;
- d) reduction of barriers to the import-export of freely convertible currency.

23. Free economic zones are characterized by:

- a) underdeveloped infrastructure and the presence of low-skilled labour;
- b) non-regulation by law;
- c) investment guarantees, absence or minimization of duties, preferential tax treatment;
- d) significant control over import-export currency by the state.

24. The main task of scientific and technological zones is:

- a) stimulation of export and import-substitution production;
- b) transfer of modern technologies to developing countries;
- c) implementation of regional policy aimed at the development of depressed regions;
- d) promoting the development of modern high technologies.

25. Offshore zones are:

- a) zones in which a particularly favourable regime for the implementation of banking and insurance operations in foreign currency for the servicing of non-residents is introduced;
- b) zones which purpose is to increase cargo turnover;
- c) areas in which tourism and recreational infrastructure are developed;
- d) zones where import-substitute products are produced.

6. TRANSNATIONAL CORPORATIONS IN WORLD ECONOMIC RELATIONS

1. The main features of transnational corporations (TNCs) are as following:

- a) annual turnover exceeding US\$1 billion;
- b) 5% of foreign assets in the total assets' structure;
- c) affiliates more than in six countries;
- d) 80% volume of products sold outside the home country.

2. At the first stage of TNC's evolution:

- a) the company begins to transfer production factors to other countries, taking on the characteristics international, acquiring international characteristics;
- b) the foreign economic activity has a little effect on the state of the company, foreign activity takes the form of export;
- c) the role of company foreign business is growing, domestic market loses a priority, the company becomes truly international;
- d) location of production in countries where production costs are lower than in the home country takes place.

3. Causes of TNCs' creation:

- a) activities of international organizations;
- b) internationalization of production and capital beyond national borders;
- c) a fierce competitive struggle on the global markets;
- d) the mismatch in demand for capital and its supply in different areas of the world economy.

4. The parent company of TNC as organizational and economic management centre:

- a) develops specific goals and general direction of the company operation and development on the whole and its business units in particular;
- b) does not control the organization and production activity of affiliates;
- c) always performs production functions;
- d) controls financial activities of all departments.

5. Affiliates of transnational corporations are:

- a) organizational, industrial, commercial entities engaged in production, sales and after-sales service that are partially subject to a parent company;
- b) structural units of transnational corporations;
- c) structures which are autonomous regarding parent companies;
- d) structural units of transnational corporations, almost 100% shares of which belong to the parent company.

6. The negative impact of transnational corporations (TNCs) on the economy of the host countries:

- a) mass unemployment of the local population;
- b) an increase in the external debt of TNCs' recipient country;

- c) opposition to the implementation of economic policy of the host countries by TNCs;
- d) establishment of monopoly prices, dictates of conditions affecting interests of the host countries.

7. Competitive advantages of transnational corporations (TNCs) are as following:

- a) highly centralized decision-making at the level of a parent company;
- b) the ability to use organizational and economic effect of production concentration;
- c) facilitating technology transfer and the ability of implementing a number of innovative projects;
- d) the autonomy of affiliates.

8. The main common features of TNCs:

- a) a single development strategy;
- b) the presence of foreign affiliates;
- c) production, trade and sales activities are carried out within the home country of TNCs;
- d) focus on the manufacturing of raw materials.

9. The main trends in the activities of TNCs are:

- a) strengthening of competitive struggle;
- b) shift to manufacturing and processing industries;
- c) diversification of activities nationwide;
- d) intensification of cooperation between TNCs to conduct R&D.

10. Multinational corporations are:

- a) national capital monopolies with foreign assets, production and sales activities of which go beyond one state;
- b) associations based on an investment of two or more IER subjects;
- c) complex of economic entities of different types on the basis of agreements between governments;
- d) international corporations combining a number of national states on the industrial and scientific-technical base.

11. Non-stock forms of TNCs' expansion of foreign markets:

- a) licensing, franchising and management contracts;
- b) marketing and financial management;
- c) personnel management, purchasing equipment and materials;
- d) production management and quality control.

12. The parent company of TNC as organizational and economic management centre:

- a) develops specific goals and general direction of the company operation and development on the whole and its business units in particular;
- b) does not control the organization and production activity of affiliates;
- c) always performs production functions;
- d) controls financial activities of all departments.

13. The strategy of TNC is global if:

- a) TNC directs basic part of its income on the purchase of raw materials;
- b) TNC considers market competition from the general, supra-market point of view;
- c) knows its competitors and methods of global competition;
- d) reviews its activities in national scale.

14. According to the market power theory TNCs have emerged due to:

- a) the evolution of the company, which seeks to increase its influence;
- b) reducing costs through process transferring goods from more developed countries to less developed ones;
- c) thinking and behaviour of the managers of these companies;
- d) the main advantages of the company.

15. Features of multinational corporations:

- a) multinational equity;
- b) national character of activity;

- c) the existence of branches of mainly national participation of the home country;
- d) existence of multinational management centre.

7. INTERNATIONAL TECHNOLOGY TRANSFER

1. International technology transfer is:

- a) investment in the purchase of equipment, buildings, vehicles, etc.;
- b) counter-movement of capital between countries which brings desired profits;
- c) transfer of scientific and technical achievements on a commercial or non-commercial basis between residents and non-residents;
- d) performance of certain work by the executor on behalf of the customer.

2. Providing information and experience, mainly non-patented inventions, is called:

- a) know-how;
- b) engineering;
- c) licensing;
- d) franchising.

3. International technology exchange within internal corporate channel includes:

- a) transfer of technologies along with the supply of machinery and equipment;
- b) transfer of technology by the parent company to subsidiaries and affiliated companies in the framework of transnational activities;
- c) concluding licensing, cooperative, management and other agreements with foreign firms;
- d) transfer of the rights to the invention to a third party.

4. Non-commercial forms of international technology exchange include:

- a) scientific and technical publications, fairs, exhibitions, symposiums, migration of specialists;
- b) engineering, franchising, patents and licenses;
- c) the transfer of industrial designs and design solutions;
- d) creation of new machines and mechanisms.

5. Commercial forms of international technology exchange include:

- a) conferences, fairs, symposiums and exhibitions;
- b) scientific and technical publications;
- c) engineering, franchising, patents, licenses, trademarks and design solutions;
- d) international migration of specialists.

6. A monopoly property right to an invention issued by a state is called:

- a) know-how;
- b) engineering;
- c) franchising;
- d) patent.

7. An exclusive license:

- a) the licensee freely sells the license without having the right to independently use the technology that is the subject of the license;
- b) the license is used only by the licensee in fixed time;
- c) the monopoly right of the licensee to use an invention or a commercial secret on a certain territory;
- d) transfer of the right to use a patent without the corresponding know-how.

8. A full license:

- a) the licensee receives all rights to use the know-how, and the licensor is deprived of the right to use the technology for the term established by the agreement;
- b) the licensee obtains the exclusive right to use the know-how without transferring it to third parties;
- c) the licensee obtains the right to use the know-how, and the licensee reserves the right to grant similar license terms to any other person;

d) there is a transfer of the right to use a patent without the corresponding know-how.

9. For a simple license:

- a) a well-known firm gives the buyer the right to use its trademark;
- b) the licensee obtains the right to use the know-how, and the licensor reserves the right to grant similar license terms to any other person;
- c) the customer is provided with the technologies necessary for the construction of industrial facilities and their operation;
- d) the licensee receives all rights to use the know-how, and the licensor is deprived of the right to use the technology for the term established by the agreement.

10. International technology transfer through an interfirm channel involves:

- a) transfer of technology by the parent company to affiliates and subsidiaries in the framework of transnational activities;
- b) transfer of technologies together with the supply of machinery and equipment;
- c) concluding licensing, cooperative, management and other agreements with foreign firms;
- d) transfer of the rights to an invention to a third party.

11. International engineering is:

- a) transfer of technology to the firm-client for the manufacturing of products on its territory;
- b) providing information and experience, mainly non-patented inventions;
- c) activity on providing a complex of services of industrial, commercial and scientific-technical character, carried out by specialized companies;
- d) transfer of goods for sale under the trademark of a well-known firm.

12. Franchising is:

- a) provision of services related to ensure production profitability;
- b) provision of information and experience, preferably unpatented inventions;
- c) services relating to the preparation of technological process and ensuring profitability;
- d) a form of cooperation in which the well-known company transfers the right to use its brand and its know-how to the buyer.

8. INTERNATIONAL LABOUR MIGRATION

1. Global labour market is:

- a) the mechanism of state regulation of migration;
- b) the totality of workforce at the global scope offered and sold in the international business arena;
- c) the movement of people in the territorial space to find a job;
- d) a form of IER which represents the overflow of labour from one country to another.

2. International labour migration is:

- a) entry of the working population in a country from abroad;
- b) exit of the working population of a country to certain region;
- c) relocation of working population from one country to another on the period of over a year due to economic or non-economic reasons;
- d) returning emigrants for permanent residence.

3. For developed countries to attract foreign labour from developing countries means:

- a) the emergence of mass unemployment;
- b) provision of infrastructure services with necessary work force, without which there will be no normal production process;
- c) reduction in knowledge-intensive production;
- d) increase of life standards in the country.

4. The main reasons for international emigration:

- a) low living standards and salaries;

- b) relatively high wages;
- c) the need for additional skilled labour force;
- d) the need for additional cheap labour.

5. Emigration is:

- a) entering of the working population in a country from abroad;
- b) relocation of the working population in certain region for term of more than one year;
- c) leaving one's resident country with the intent to work elsewhere;
- d) emigration flows excluding immigration to a country.

6. Immigration is:

- a) leaving one's resident country with the intent to settle elsewhere;
- b) entering of the working population in a country from abroad;
- c) relocation of working population from one country to another on the period of over a year, due to economic or non-economic reasons;
- d) totality of the workforce from all countries the world.

7. The re-emigration is:

- a) international migration of skilled labour;
- b) the difference between emigration and immigration from one country to another one;
- c) returning emigrants for permanent residence;
- d) the entry of the working population in a country from abroad.

8. The regulation of immigration is focused on the prevention of entry into the country of such migrant groups:

- a) employees who are willing to do hard cheap work;
- b) students and young families;
- c) specialists for new and promising sectors;
- d) criminals, drug addicts, HIV-infected, people with mental disabilities, immigrants from "third world" countries.

9. The main tasks of the International Labour Organization include:

- a) establishing immigration quotas;
- b) establishing appropriate visa rates;
- c) protecting the interests and rights of workers, improving working conditions;
- d) the regulation of workers' wages.

10. The positive effects of migration for the host countries:

- a) an increase in consumer demand in the host country;
- b) reduction of social tensions in the country;
- c) cost losses for education in case of staff migration;
- d) increase in needs for additional skilled labour force.

9. INTERNATIONAL MONETARY RELATIONS

1. Currency is:

- a) a special product that acts as a universal equivalent in exchange;
- b) a cash portion of money circulating from hand to hand in the form of banknotes and coins;
- c) one of the varieties of securities;
- d) collection of all payment instruments.

2. Currency, which is characterized by a stable exchange rate, is named as:

- a) hard;
- b) freely convertible;
- c) fixed;

d) reserve.

3. International collective currencies are represented by:

- a) US dollars;
- b) Special Drawing Rights (SDR);
- c) Japanese yen;
- d) pounds sterling, US dollars, Japanese yen.

4. The convertibility of a currency is:

- a) the ability to transfer currency abroad;
- b) the aggregate of all payment instruments;
- c) the ability of residents and non-residents to exchange freely the national currency to foreign one;
- d) the ability of residents and non-residents to exchange freely foreign currency to the national one.

5. Exchange rate is:

- a) a ratio of two world currencies determined by the gold content in them;
- b) a ratio of prices of consumer basket in one country to the consumer price basket in another one;
- c) content of gold in the national currency of a particular country;
- d) a price of one currency expressed in another currency price.

6. National monetary system is:

- a) a monetary system, in which the main role is played by gold;
- b) a form of organizing monetary relations within the world economy;
- c) a form of organizing monetary relations of the country set by its monetary legislation;
- d) an aggregate of the payment means kept by one country in the banks of other countries.

7. The elements of the national monetary system include:

- a) a set of international contractual and state legal norms, interstate organizations regulating the world monetary and financial relations;
- b) national currency and conditions of its convertibility;
- c) national bodies regulating currency relations of the country;
- d) answers b) and c) are correct.

8. The international monetary system is:

- a) a form of organizing monetary relations within the world economy;
- b) all payment means that one country is stored in banks of other countries;
- c) a form of organising monetary relations of the country due to its monetary legislation;
- d) monetary system in which the primary role is played by gold.

9. An exchange market is:

- a) a stock exchange;
- b) economic system which operates on the territory of the EU;
- c) a market on which loan capital is the sale object;
- d) centre where the buying and selling of foreign currencies to national is carried out according to the exchange rate set by demand and supply.

10. International monetary relations involve:

- a) relationships between creditor countries and the borrower on the loan receiving;
- b) determining the market value of the currency;
- c) a set of economic relations associated with the functioning of money as the world money;
- d) ties between IER subjects for buying and selling currencies.

11. The elements of the international monetary system are:

- a) national currency;
- b) regime of national currency market and gold market;
- c) a set of international contractual and national legal norms for the operation of foreign exchange instruments;

d) mechanism of currency parities and rates, forms of international payments.

12. The main characteristics of the gold standard:

- a) the convertibility of each currency to gold, hard support of ratio between own gold reserves and domestic money supply;
- b) banknotes are exchanged not in gold, but in special financial documents (notes, bills, checks) of other countries then exchanged for gold;
- c) currency exchange is based on the official exchange rate parities;
- d) the introduction of “floating rates” standard, input of “Special Drawing Rights”.

13. Main characteristics of the gold exchange standard system (Genoese monetary system):

- a) hard support of ratio between own gold reserves and domestic money supply;
- b) banknotes are exchanged not in gold but in special financial documents (notes, bills, checks) of other countries then exchanged for gold;
- c) currency exchange is based on the official exchange rate parities;
- d) the convertibility of each currency in gold is provided both inside and outside the borders of individual states.

14. The main characteristics of the gold monetary standard (Bretton Woods Monetary System):

- a) each country should maintain stable exchange rate of its currency against any other currency;
- b) currency exchange is based on the official exchange rate parities;
- c) banknotes are exchanged not in gold but in special financial documents (notes, bills, checks) of other countries then exchanged for gold;
- d) maintaining a hard ratio between own gold reserves and domestic money supply.

15. Main components of the Jamaican currency system:

- a) support of hard support of ratio between own gold reserves and domestic money supply;
- b) freedom of states in choosing the exchange rate regime;
- c) determine the US dollar as a reserve currency;
- d) the introduction of SDR standard (“Special Drawing Rights”).

16. The world financial centres are:

- a) places of concentration of banks, specialized credit and financial institutions, involved in performing international monetary, credit, financial operations, transactions with securities and gold;
- b) institutions where the buying and selling of foreign currencies is carried out;
- c) parts of the loan capital market;
- d) special institutions, where the sale of wholesale consignments of goods is carried out through trade.

17. Major securities (liabilities) at the international market include:

- a) eurobonds, euronotes, eurocommercial papers, equity securities;
- b) stocks and bonds;
- c) forward and futures contracts, warrants, options, swaps;
- d) forward contracts, warrants, options, swaps, main equity securities.

18. Derivative financial instruments include:

- a) forward contracts, warrants, options, swaps, main equity securities;
- b) eurobonds and euronotes;
- c) forward and futures contracts, warrants, options, swaps;
- d) stocks and bonds.

19. In the practice of international crediting the following contract types are mandatory for execution (binding):

- a) futures;
- b) swap;
- c) warrant;
- d) forward.

10. INTERNATIONAL CREDITS

1. International credit is:

- a) a form of loan capital movement in the sphere of international economic relations, subjects of which are lenders and borrowers from different countries;
- b) financial and credit relations of international organizations;
- c) a form of loan capital movement in the sphere of international economic relations, subjects of which are domestic lenders and borrowers;
- d) a credit given in the currency of the borrower.

2. International credits by the intended purpose are divided into:

- a) internal, external and mixed;
- b) commodity and monetary;
- a) loans in national and foreign currency;
- d) bound and financial.

3. International credits by the loan form are divided into:

- a) loans in national and foreign currency;
- b) internal, external and mixed;
- c) bound and financial;
- d) commodity and monetary.

4. International credits by the creditors are divided into:

- a) commodity and monetary;
- b) private, bank, government, loans of international financial and credit organizations;
- c) in the currency of a borrower, in the currency of a creditor, in the currency of a third country;
- d) cash, acceptance, deposit.

5. International credits by the form of credit provision are divided into:

- a) private, bank, government, loans of international financial and credit organizations;
- b) firm, bond, deposit, private;
- c) in the currency of a borrower, in the currency of a creditor, in the currency of a third country;
- d) deposit, acceptance, cash, bond.

6. International credits by common sources are divided into:

- a) commodity and monetary;
- b) bound and financial;
- c) internal, external and mixed;
- d) loans in national and foreign currency.

7. Factoring is:

- a) a type of crediting, in which specialized leasing company buys asset specified by the client and passes the asset to use for payment, with the possibility of transferring of ownership of the leased asset to the lessee at the end of the lease term;
- b) withdrawal of money from a bank account when the available balance goes below zero;
- c) purchasing of an exporter's receivables (the amount importers owe the exporter) at a discount by paying cash with the exception of recourse;
- d) financial transaction and a type of debtor finance in which a business sells its accounts receivable (i.e., invoices) to a third party at a discount.

8. International leasing is:

- a) financial transaction and a type of debtor finance in which a business sells its accounts receivable (i.e., invoices) to a third party at a discount;
- b) withdrawal of money from a bank account when the available balance goes below zero;
- c) a type of crediting, in which specialized leasing company buys asset specified by the client and passes the asset to use for payment, with the possibility of transferring of ownership of the leased asset to the lessee at the end of the

lease term;

d) purchasing of an exporter's receivables (the amount importers owe the exporter) at a discount by paying cash with the exception of recourse.

9. Forfaiting is:

a) purchasing of an exporter's receivables (the amount importers owe the exporter) at a discount by paying cash with the exception of recourse;

b) withdrawal of money from a bank account when the available balance goes below zero;

c) a type of crediting, in which specialized leasing company buys asset specified by the client and passes the asset to use for payment, with the possibility of transferring of ownership of the leased asset to the lessee at the end of the lease term;

d) financial transaction and a type of debtor finance in which a business sells its accounts receivable (i.e., invoices) to a third party at a discount.

10. The provision principle of international crediting implies:

a) a need to return received credit resources by a borrower with paying interest payments for its use;

b) a need to protect the property interests of the creditor with the possible violation of its obligations by the borrower through mortgage or financial guarantees;

c) establishing a specific purpose of loan for a surcharge;

d) a need for mandatory repayment in the period fixed in the loan agreement.

11. Foreign bonds are:

a) mechanisms of coordination of exchange rates around the world;

b) equity securities that generate dividends to their owner;

a) securities that are placed by the borrower in another country, but in its national currency;

d) debt obligations issued by the borrower in obtaining long-term loans at the euromarket.

12. Overdraft is:

a) withdrawal of money from a bank account when the available balance goes below zero;

b) purchasing of an exporter's receivables (the amount importers owe the exporter) at a discount by paying cash with the exception of recourse;

c) a type of crediting, in which specialized leasing company buys asset specified by the client and passes the asset to use for payment, with the possibility of transferring of ownership of the leased asset to the lessee at the end of the lease term;

d) financial transaction in which a business sells its accounts receivable to a third party at a discount.

13. Eurocredit is available in:

a) international reserve units;

b) US dollars;

c) foreign currency for the borrowing country;

d) national currency of the borrower.

14. The interbank market is:

a) a short-term lending market (from several hours up to 1-2 years);

b) a market, represented by revolving government treasury bills;

c) a mechanism of coordination of exchange rates around the world;

d) the actual market of securities.

15. The principle of term conditions in international crediting implies:

a) a need to return received credit resources by a borrower with paying interest payments for its use;

b) timely return of the funds obtained from a lender;

c) establishing a specific purpose of loan for a surcharge;

d) a need for mandatory repayment in the period fixed in the loan agreement.

16. The serviceability principle of international crediting implies:

a) timely return of the funds obtained from a lender;

- b) establishing a specific purpose of loan for a surcharge;
- c) a need to return credit resources by a borrower with paying interest for its use;
- d) a need for mandatory repayment in the period fixed in the loan agreement.

17. The principle of differentiation in international crediting implies:

- a) a need to return received credit resources by a borrower with paying interest payments for its use;
- b) a need to protect the property interests of the creditor with the possible violation of its obligations by the borrower through mortgage or financial guarantees;
- c) establishing a specific purpose of loan for a surcharge;
- d) various approach to different categories of potential borrowers.

18. The targeting principle in international crediting implies:

- a) a need to return received credit resources by a borrower with paying interest payments for its use;
- b) setting specific purposes of the loan and further monitoring compliance with these conditions by the borrower;
- c) establishing a specific purpose of loan for a surcharge;
- d) various approach to different categories of potential borrowers.

19. The International Monetary Fund is an international organization based on:

- a) foreign monetary funds of all countries of the world;
- b) the quotas of member countries;
- c) monetary funds of developed countries;
- d) the initial capital of the United Nations.

20. The purpose of the International Monetary Fund creation was:

- a) support the stability of exchange rates and facilitating creation of international payment system;
- b) promotion of integration processes in Europe;
- c) the development of legislation in the field of international monetary relations;
- d) protection of foreign investors' rights.

21. The size of the country quotas in the IMF depends on:

- a) the level of economic development of a country and its role in the world trade;
- b) the amounts of providing economic assistance to developing countries;
- c) own desire of a country (selected by a country);
- d) the country's participation in the European Union.

11. INTERNATIONAL ECONOMIC INTEGRATION

1. International economic integration is:

- a) qualitatively new stage of international labour division development, which involves gradual rapprochement and unification of all structures of national economies;
- b) expansion of the company activities over national boundaries;
- c) scientific and technical knowledge exchange, rapid development of services;
- d) a counter-movement of goods, services, capital and information between countries, bringing income to their owners.

2. One of the prerequisites for international economic integration is:

- a) promoting the structural economy transformation;
- b) outflow of resources from the less economically developed countries to more developed ones;
- c) proximity of economic development levels and economic maturity of countries being integrated;
- d) solving problems of the trade policy.

3. The main feature of international economic integration is:

- a) globalization;
- b) penetration of transnational corporations in all sectors of the international economy;

- c) interpenetration and interweaving of national economic structures;
- d) regionalization of economic activity.

4. Main objectives of international economic integration are:

- a) common economic and other problems, solving problems of the trade policy;
- b) creation of free trade zone, support of young national industry sectors, geographical proximity of countries;
- c) taking the benefits in economies of scale, facilitating restructuring of the national economy, creation of favourable foreign policy environment;
- d) increasing competition between manufacturers in other countries.

5. Horizontal integration provides:

- a) a union of companies producing similar or homogeneous goods;
- b) development of international economic relations at the level of each company, then expanding to the state level;
- c) a union of companies operating in various production cycles;
- d) formation of free trade zones.

6. Vertical integration provides:

- a) a union of companies that produce similar or homogeneous goods;
- b) development of international economic relations at the level of each company, then expanding to the state level;
- c) an association of companies operating in various production cycles;
- d) formation of preferential trade zones.

7. Joining of the plant manufacturing raw materials or semi-finished products to the company performing main production process is an example of:

- a) vertical forward production integration;
- b) vertical backward production integration;
- c) horizontal integration;
- d) non-production forward integration.

8. Acquisition of the company producing metal constructions by a steel plant is an example of:

- a) horizontal integration;
- b) vertical backward production integration;
- c) vertical forward production integration;
- d) non-production forward integration.

9. The most integrated structures at the micro level are:

- a) joint ventures;
- b) international organizations;
- c) transnational corporations;
- d) integration unions of countries.

10. Reduction of tariffs between two or more countries and maintaining the level of tariffs for trade with other countries includes:

- a) common market;
- b) free trade zone;
- c) customs union;
- d) preferential trade zone.

11. Consistent elimination of national customs tariffs and introduction of common external customs tariff and non-tariff uniform trade regulation system with third countries by a group of countries is called:

- a) customs union;
- b) free trade zone;
- c) common market;
- d) preferential trade agreement.

12. Integrating countries agree on the free movement of goods, services and production factors (capital and labour) on the stage of:

- a) preferential trade agreement;
- b) free trade zone;
- c) customs union;
- d) common market.

13. The process of economic interaction of countries, leading to the convergence of economic mechanisms, which takes the form of international agreements approved and regulated by intergovernmental bodies, is called:

- a) common market;
- b) economic union;
- c) customs union;
- d) free trade zone.

14. Transformation of single market space to complete the economic and political formation provides:

- a) common market;
- b) free trade zone;
- c) customs union;
- d) political union.

15. The system of supranational bodies coordinating activities of integration groupings is created on the stage of:

- a) free trade area;
- b) preferential trade agreement;
- c) customs union;
- d) political union.

16. One of the disadvantages of international economic integration is the following:

- a) reduction of monopolization of the market and the number of mergers;
- b) demographic effects;
- c) creation of a favourable foreign policy position;
- d) complications of relationships between countries that are not included in the integration union with the united ones (“domino effect”).

17. The opposite trend in its essence to the integration is:

- a) reintegration;
- b) globalization;
- c) internationalization;
- d) disintegration.

18. Extended reintegration includes:

- a) a union of countries representing the same region;
- b) a union of certain participants of integration groupings on the previous principles or all participants, but on qualitatively new foundations;
- c) restoration of an integration grouping in the previous composition on the same political and economic principles;
- d) inclusion of new participants to the restored integration association on specific principles.

19. Partial reintegration provides:

- a) restoration of an integration grouping in the previous composition on the same political and economic principles;
- b) a union of countries representing the same region;
- c) a union of certain participants of integration groupings on the previous principles or all participants, but on qualitatively new foundations;
- d) inclusion of new participants to the restored integration association on specific principles.

20. The full reintegration includes:

- a) a union of certain participants of integration groupings on the previous principles or all participants, but on qualitatively new foundations;
- b) restoration of an integration grouping in the previous composition on the same political and economic principles;
- c) a union of countries representing the same region;
- d) inclusion of new participants to the restored integration association on specific principles.

12. FEATURES OF REGIONAL ECONOMIC INTEGRATION

1. The most developed integration union in the world is:

- a) the Benelux;
- b) the NAFTA;
- c) the EU;
- d) the CIS.

2. The main aim of the NAFTA (North American Free Trade Area) was:

- a) proximity of economic development, geographical proximity, common economic and social challenges;
- b) taking advantages in economies of scale, facilitating restructuring of the economy, creation of favourable external economic environment;
- c) increased competition between producers in other countries;
- d) establishment of free trade area and support of young national industries.

3. The main goal of the ASEAN (Association of Southeast Asian Nations) creation was:

- a) support of young national industry sectors, geographical proximity of countries;
- b) common economic and other problems;
- c) taking the benefits in the economies of scale;
- d) creation of free trade area, solving problems of trade policy and removal of customs barriers.

4. A typical example of economic union is:

- a) the North American Free Trade Agreement (NAFTA);
- b) the European Free Trade Association;
- c) Free Trade Area “the US-Canada”;
- d) the European Union.

5. A typical example of a free trade zone is:

- a) the North American Free Trade Agreement (NAFTA);
- b) the EU;
- c) the Benelux;
- d) the CIS.

6. The North American Free Trade Agreement (NAFTA) is a union of such countries as:

- a) Argentina, Brazil, Uruguay, Paraguay;
- b) the United States, Canada, Mexico;
- c) the United States and Canada;
- d) Algeria, Libya, Tunisia, Morocco.

7. International regional integration is:

- a) process of subordination of internal movements to global trends and peculiarities in which the world is viewed as a unified system;
- b) creation of a single integration union based on the most developed countries;
- c) process of convergence of national economies through the creation of a single economic space for the free movement of goods, services, capital and labour across national borders;
- d) process of convergence and interdependence of national economies and setting appropriate mechanisms for regulating economic, social and political relations of countries representing particular region.

8. Factors stimulating development of regional economic integration include:

- a) activation of transnational corporations' activity and expansion of regional groups;
- b) development of global crisis phenomena;
- c) formation of powerful monopolistic inter-firm unions;
- d) development of export activity of individual national companies.

9. Integration processes in Latin America are characterised by:

- a) has a distinct centre – the United States
- b) significantly weaker regionalization of trade, implementation of the industrialization policy which was based on the development of import-substituting industries;
- c) orientation on expanding subregional trade ties;
- d) acceleration of political and social-economic integration of the continent.

10. Features of integration processes in North America:

- a) implementation of the industrialization policy which was based on the development of import-substituting industries;
- b) acceleration of political, social, economic and cultural integration of countries within the continent.
- c) development of common market for free movement of production factors;
- d) orientation on the intraregional trade within free trade zone.

13. INTEGRATION EXPERIENCE: THE EUROPEAN UNION

1. The initial goal of the EU creation was:

- a) formation of a single European area without internal customs borders;
- b) geographical proximity of the participating countries;
- c) formation of a customs union;
- d) establishment of an international bank with the rights to issue the single currency.

2. The main EU bodies are:

- a) the European Parliament;
- b) the Economic and Social Committee;
- c) the European Commission;
- d) the European Investment Bank.

3. The EU subsidiary bodies are represented, in particular, by:

- a) the Europol;
- b) the European Parliament;
- c) the European Court of Justice;
- d) the European Environment Agency.

4. The European Commission:

- a) verifies compliance with the order of performing payment transactions;
- b) implements the EU policy;
- c) appoints the judges of the European Court of Justice;
- d) executes court decisions taken by the European Court.

5. The authorities of the European Parliament include:

- a) the authority to participate in the legislative process;
- b) the budgetary authority;
- c) the right to appoint members of the European Commission;
- d) the execution of court decisions taken by the European Court.

6. The European Court of Auditors:

- a) executes court decisions taken by the European Court of Justice;

- b) verifies compliance with the order of performing payment transactions;
- c) appoints the judges of the European Court of Justice;
- d) appoints the members of the European Commission.

7. The authorities of the EU Council are:

- a) enforcement of law in the interpretation and application of the Treaty establishing the European Union;
- b) legislative authorities;
- c) the right to request initiation of new legal act from the Commission;
- d) coordinating authorities in the field of economic policy and employment policy.

8. The purpose of the formation of the European Central Bank was:

- a) the establishment of an international bank with the rights to issue the single currency;
- b) ensure price stability and support of the general economic policies of the EU;
- a) forming a free trade zone;
- d) the drafting of the EU budget.

9. The European Court of Justice:

- a) puts forward legislative initiatives;
- b) ensures compliance with the law in the interpretation and application of the EU Treaty;
- a) appoints members of the European Commission;
- d) verifies the procedure for performing all payments by the EU.

10. The EU – Ukraine relations were regulated in 1998-2008 by:

- a) Regulation “On the forms of foreign trade agreements (contracts)”;
- b) Law of Ukraine “On Foreign Economic Activity”;
- c) Partnership and Cooperation Agreement;
- d) Customs Code.

11. Since 2014 the legal relations between Ukraine and the EU have been coordinating by:

- a) Partnership and Cooperation Agreement;
- b) Law of Ukraine “On Foreign Economic Activity”;
- c) Association Agreement;
- d) these relations are not regulated by any document.

14. GLOBALIZATION AND GLOBAL PROBLEMS OF HUMANITY

1. Globalization is:

- a) a process of internationalization of domestic markets;
- b) a set of economic, social and other contradictions unresolving of which threatens the existence of mankind;
- c) a process in most countries that subordinates internal movements to the overall global trends and features in which the world is seen as a single system;
- d) an association of the world to solve local problems.

2. Global problems of mankind are represented by:

- a) a set of economic, political and other contradictions unresolving of which threatens the existence of humanity;
- b) a process of economic cooperation at domestic markets;
- c) a union of countries around the world to solve local problems;
- d) a process of increasing economic interdependence of national economies across the world through a rapid increase in cross-border movement of goods, service, technologies and capital.

3. Main features of global problems are:

- a) national nature of manifestation and action;
- b) their solution requires unaffordable costs for individual countries;
- c) a scale of the negative effects has a global nature;
- d) their impact has regional nature.

4. Some of main global challenges for humanity are:

- a) the issue of standardization of higher education in some countries;
- b) demographic problems;
- c) environmental pollution of certain regions;
- d) the problem of disarmament (preserve peace).

5. The population explosion (overpopulation) is:

- a) uncontrollable external and internal migration;
- b) critical reduction of human reproduction that threatens the humanity existence (birth rates are too low to sustain population);
- c) a sharp increase in the number of people not related with the objective requirements of social and economic development of society that exceeds the capacity of the region;
- d) uncontrolled urbanization in developing countries.

6. The main demographic problems of mankind are:

- a) demographic crisis in developed countries;
- b) mass exodus of urban population to the villages;
- c) population explosion in developing countries;
- d) controlled external and internal migration.

7. The demographic crisis exists in such countries as:

- a) developing countries;
- b) countries with transition economy;
- c) newly industrialized countries;
- d) developed countries.

8. Global demographic issues are regulated by:

- a) the Club of Rome;
- b) the World Trade Organization;
- c) the United Nations;
- d) the International Monetary Fund.

9. The demographic crisis (“aging of nations”) is:

- a) a critical reduction of human reproduction that threatens the existence of mankind (birth rates are too low to sustain population);
- b) a sharp increase in the number of people not related with the objective requirements of social and economic development of society that exceeds the capacity of the region;
- c) an uncontrollable external and internal migration;
- d) an uncontrolled urbanization in developing countries.

10. Global ecological (environmental) problems include:

- a) destruction of certain types of the living world;
- b) a population explosion in developing countries;
- c) waste and pollution of the world water systems by harmful substances;
- d) international labour migration.

11. Economic methods of environmental quality management are as following:

- a) subsidies for state environmental projects;
- b) tariff and non-tariff regulation of trade in services;
- c) ecological payments for environmental emission of hazardous substances;
- d) quoting and licensing of imported products.

12. The most urgent health problems are:

- a) fight against cancer, HIV/AIDS;
- b) an issue of thermonuclear war threat;

- c) demographic problems;
- d) environmental problems.

13. Elements of the global environmental safety system are:

- a) non-interference in conflicts between states;
- b) equal environmental safety;
- c) international cooperation in the field of environmental protection;
- d) regulation of migration flows.

14. Solving the problem of disarmament provides:

- a) carrying out nuclear tests;
- b) use of outer space for military purposes;
- c) demilitarization of armed conflict zones;
- d) reduction of military costs.

15. Unsolved global problems of disarmament related to:

- a) lack of necessary funds for this purpose;
- b) mismatching in geopolitical interests of individual countries;
- c) inability to control the process;
- d) failure to reorient production of weapons for other goods.

CASE STUDIES ON "INTERNATIONAL ECONOMIC RELATIONS"

Case study "Analysis of the IER environment"

Analyse the impact of international environment factors on the activities of the specific enterprise (free choice of the student) performing foreign economic activity and evaluate them on a scale by F. Hedouri (Table 1.1 and Fig. 1.3 respectively). Also perform SNW-analysis of the selected enterprise.

Finally, make a conclusion on possible strategic and tactic actions towards the development of the enterprise in international competitive environment.

Table 1.1

Assessing the impact of external factors on the activities of the enterprise

№	International environment factors	k, the importance of the influence of external factors (from -5 to +5) not important → very important	Y, values of the influence of external factors on the activities of the enterprise (from -50 to +50) very negative influence → very positive influence	$B = k*Y$, an indicator of the impact of external factors on the activities of the enterprise
1.	Economic			
2.	Political			
3.	Technological			
4.	Competitive			
5.	International			
6.	Social			

The scale for assessment of opportunities and threats in enterprise's international environment by F. Hedouri is represented in Fig. 1.4.

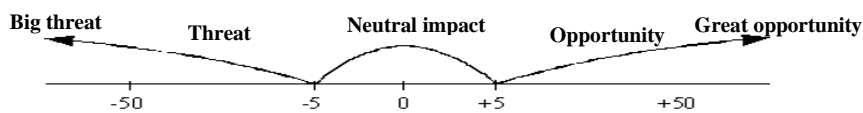


Fig. 1.3. The scale for assessment of opportunities and threats in international environment by F. Hedouri

The example of the external environment analysis of Ukrainian pharmaceutical corporation "Arterium" is given in Table 1.2.

Table 1.2

Assessing the impact of external factors on the activities of the
"Arterium" Corporation

№	Factors of the external impact	k	Y	$B = k*Y$
1	The level of STP	+5	+5	+25
2	The impact of inflation	+4	-20	-80
3	The stability of the national currency	+4	-15	-60
4	The legislation of the country market	+2	-10	-20
5	Attitude of different population groups to the corporation	+1	+4	+4
6	Ability of market penetration	+2	-15	-30
7	The distribution of segments	+2	+10	+20
8	Prospects of market development	+5	+20	+100
9	Income of consumers	+4	-20	-80
10	Educational level	+2	-10	-20
11	State regulation of the pharmaceutical market	+3	-10	-30
12	The volume of financing the health care system	+1	+20	+20
13	Changes in the population quantity	+3	-10	-30

Assessed opportunities and threats of the "Arterium" Corporation in the international environment using the scale by F. Hedouri are shown in Fig. 1.4.

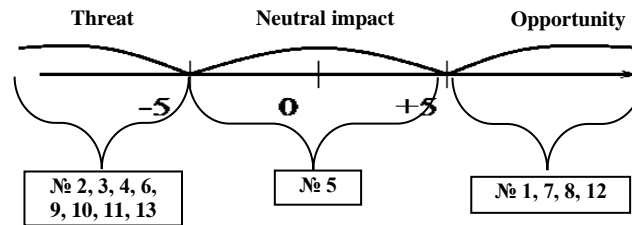


Fig. 1.4. Opportunities and threats of the “Arterium” Corporation in the international environment

SNW-analysis of the internal environment on the example of “Arterium” Corporation is represented in Table 1.3.

Table 1.3

SNW-analysis of the internal environment of the “Arterium” Corporation

Scope	Factors of internal environment of the corporation	Qualitative assessment of factors		
		S (strengths)	N (neutral sides)	W (weaknesses)
Personnel	Competence of human resources	x		
	HR policy		x	
	Motivation of work performance	x		
	Employee turnover		x	
	Leadership style			x
Marketing and logistics	Pricing policy			x
	Market share		x	
	The life cycle of products	x		
	Image and reputation	x		
	Channels of distribution	x		
	The range of goods	x		
	General organization		x	
	The level of logistical support		x	
	Distribution policy	x		
	Trading policy		x	
Organization of general management	The organizational structure		x	
	Information and communication system of the enterprise		x	
	The organizational culture and corporate ethics of the corporation	x		
	Social responsibility	x		
	Business planning system		x	
Production and innovation	Cost of raw materials			x
	Relations with suppliers		x	
	Location of production facilities	x		
	Production process monitoring		x	
	The quality of products	x		
	Production potential	x		
	Equipment state		x	
	Research and developments	x		
	Innovations	x		
Patents	x			
Finances	Financial stability of the corporation			x
	Control and accounting of costs		x	
	Paying taxes	x		
	The cost of capital			x
	The level of debt			x
	Financial dependence			x
	Profitability		x	

Case study “Features of Ukraine's participation in ILD”

Peculiarities of the participation of any country in the international labour division are determined by the combination of various natural-geographical, socio-economic and technological factors.

In Table 2.1 the commodity structure of Ukrainian exports in 2017 is shown.

Table 2.1

Commodity structure of Ukrainian exports, 2017¹

Commodity code and title by Ukrainian Classification of Commodities in Foreign Trade	Exports		
	thsd. USD	in % to 2016	% of the total volume
Total	43264736,0	119,0	100,0
of which			
02 meat and meat preparations	531240,1	137,0	
04 milk and milk products; eggs; honey	494207,3	149,5	

07 vegetables	235369,3	154,2	
08 eatable fruits and nuts	195287,3	131,8	
10 cereals	6501134,3	107,0	
11 flour-grinding products	181891,4	131,2	
12 oil seeds and fruits	2060121,4	134,2	
15 animal or plant fats and oils	4605666,2	116,2	
17 sugar and sugar confectionery	417349,4	118,6	
18 cocoa and cocoa preparations	183736,2	113,3	
19 preparations of grains	296408,3	139,5	
20 products of vegetables processing	176497,5	125,8	
22 alcoholic and non-alcoholic beverages, vinegar	209235,6	127,7	
23 remains and wastes of food industry	1051170,0	106,9	
24 tobacco and industrial substitutes of tobacco	355728,8	110,5	
25 salt, sulphur, soil and stones	421766,4	128,7	
26 ores, slags, ashes	2735727,6	140,0	
27 mineral fuel, petroleum and petroleum distillation products	790227,9	177,0	
28 inorganic chemicals	780569,9	123,7	
30 pharmaceutical products	192111,3	104,3	
39 plastics and polymeric materials	465973,1	139,5	
44 wood and articles of wood	1204308,0	106,5	
48 paper, paperboard	450888,6	95,6	
62 textile clothes and textile articles of clothes	378721,2	106,7	
64 footwear	171325,5	110,9	
72 ferrous metals	8666248,4	119,6	20.03
73 preparations from ferrous metals	896540,2	130,0	
84 nuclear reactors, boilers, machines	1728053,5	110,7	
85 electric machines	2548778,6	122,7	
86 rail locomotives	219663,6	92,4	
89 vessels	244506,0	229,7	
94 furniture	542309,2	136,3	

¹ Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol and a part of temporarily occupied territories in the Donetsk and Luhansk regions.

Tasks:

1) Calculate the share of the total volume for each commodity exported by Ukraine, fill in calculated data in column “% of the total volume” in Table 2.2. Rank them from the largest share to the smallest one. For example, the group “72 ferrous metals” ranks first with 20.03% share.

2) By variants №1-30: identify the factors that mainly affect the formation of particular areas of national economy’s specialization according to the rank: variant №1 corresponds to the first rank by share, variant №30 corresponds to the 30th rank by share.

Case study “Ukraine's foreign trade with EU countries”

Foreign trade is extremely important in the national economy development. In Fig. 3.1 dynamics of Ukrainian GDP in 2008-2017 is represented.

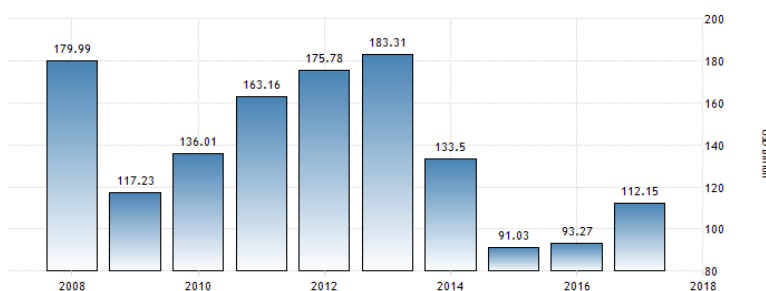


Fig. 3.1. Dynamics of Ukrainian GDP in 2008-2017

Table 3.1 shows basic indicators on Ukrainian GDP by main contributing industries.

Table 3.1

Ukrainian GDP: basic indicators

Ukraine GDP	2017	2016	Highest	Lowest	Unit
GDP Growth Rate	1.00	0.90	3.90	-4.70	percent
GDP Annual Growth Rate	3.80	3.10	14.30	-19.60	percent
GDP	112.15	93.27	183.31	31.26	USD Billion
GDP per capita	2,991.63	2,905.86	4,243.77	1,686.94	USD
GDP from agriculture	12,591.00	7,314.00	55,379.00	6,803.00	UAH Million

Ukraine GDP	2017	2016	Highest	Lowest	Unit
GDP from construction	7,308.00	3,831.00	11,152.00	2,757.00	UAH Million
GDP from manufacturing	28,619.00	25,362.00	41,074.00	22,049.00	UAH Million
GDP from mining	11,441.00	11,114.00	17,972.00	10,881.00	UAH Million
GDP from public administration	13,292.00	13,077.00	14,730.00	11,925.00	UAH Million
GDP from services	37,291.00	31,628.00	43,980.00	27,971.00	UAH Million
GDP from transport	21,757.00	18,654.00	24,464.00	16,741.00	UAH Million
GDP from utilities	774.00	650.00	2,063.00	650.00	UAH Million

Table 3.2 and Table 3.3 show data on trading partners of Ukraine, main of which is the EU-28 and data on the dynamics of imports and exports between the EU and Ukraine during 2014-2017 respectively.

Table 3.2

Total goods: top trading partners of Ukraine in 2017

Imports				Exports				Total trade			
Partner	Value Mio €	% World		Partner	Value Mio €	% World		Partner	Value Mio €	% World	
World	42,672	100.0		World	37,392	100.0		World	80,064	100.0	
1 EU 28	18,149	42.5	1	1 EU 28	15,126	40.5	1	1 EU 28	33,276	41.6	1
2 Russia	6,203	14.5	2	2 Russia	3,440	9.2	2	2 Russia	9,643	12.0	2
3 China	4,839	11.3	3	3 Turkey	2,098	5.6	3	3 China	6,563	8.2	3
4 Belarus	2,845	6.7	4	4 India	2,050	5.5	4	4 Belarus	3,823	4.8	4
5 USA	2,156	5.1	5	5 China	1,724	4.6	5	5 Turkey	3,163	4.0	5
6 Switzerland	1,293	3.0	6	6 Egypt	1,432	3.8	6	6 USA	2,856	3.6	6
7 Turkey	1,065	2.5	7	7 Belarus	978	2.6	7	7 India	2,521	3.1	7
8 Japan	580	1.4	8	8 USA	700	1.9	8	8 Switzerland	1,487	1.9	8
9 India	471	1.1	9	9 Moldova	615	1.6	9	9 Egypt	1,487	1.9	9
10 Azerbaijan	365	0.9	10	10 Saudi Arabia	568	1.5	10	10 Japan	752	0.9	10
1 EU 28	18,149	42.5	1	1 EU 28	15,126	40.5	1	1 EU 28	33,276	41.6	1

World trade: excluding intra-region trade
Top partners: excluding region member states
% Growth: relative variation between current and previous period

Source: IMF

Table 3.3

Ukraine – the EU: trade flows by SITC product grouping in 2014-2017

SITC Rev. 3 Product Groups	Imports Value Mio €				Exports Value Mio €			
	2014	2015	2016	2017	2014	2015	2016	2017
Total	13,734	12,844	13,159	16,740	16,992	14,034	16,576	20,215
Primary products	6,809	6,334	6,372	8,583	3,967	3,026	2,983	3,871
- Agricultural products (Food (incl. Fish) & Raw Materials)	4,359	4,517	4,586	5,930	1,915	1,515	1,760	2,082
-- Food	3,825	3,941	4,025	5,393	1,640	1,271	1,482	1,753
--- of which Fish	7	10	11	21	68	52	79	93
-- Raw materials	535	576	561	537	275	245	278	330
- Fuels and mining products	2,449	1,817	1,786	2,653	2,052	1,510	1,223	1,788
-- Ores and other minerals	1,374	1,187	1,179	1,684	53	68	50	75
-- Fuels	1,005	519	545	870	1,870	1,304	1,036	1,551
--- of which Petroleum and petroleum products	265	45	46	58	1,549	1,026	748	751
-- Non ferrous metals	71	111	62	99	129	138	137	163
Manufactures	6,374	5,967	6,318	7,542	12,744	10,666	13,317	15,949
- Iron and steel	3,161	2,696	2,696	3,222	288	242	265	299
- Chemicals	551	507	396	467	3,675	3,101	3,452	4,000
-- of which Pharmaceuticals	20	18	18	20	1,402	954	1,104	1,224
- Other semi-manufactures	561	633	797	958	1,745	1,358	1,581	1,766
- Machinery and transport equipment	1,419	1,429	1,586	1,985	4,928	4,245	6,027	7,567
-- Office and telecommunication equipment	225	198	223	253	705	554	601	804
--- Electronic data processing and office equipment	46	31	30	28	260	182	226	302
--- Telecommunications equipment	177	164	190	222	315	285	266	358
--- Integrated circuits and electronic components	2	3	3	4	130	88	110	144
-- Transport equipment	109	109	86	110	1,040	980	1,599	2,080
--- of which Automotive products	14	15	14	23	837	742	1,228	1,728
-- Other machinery	1,085	1,123	1,278	1,622	3,179	2,705	3,826	4,682
--- Power generating machinery	33	31	46	66	151	123	282	300
--- Non electrical machinery	222	219	213	256	1,863	1,488	2,252	2,815
--- Electrical machinery	831	873	1,019	1,300	1,165	1,095	1,292	1,567
- Textiles	54	61	77	91	436	429	482	552
- Clothing	310	288	321	349	445	329	363	421
- Other manufactures	318	353	444	570	1,225	962	1,147	1,345
-- of which Scientific and controlling instruments	24	24	15	31	220	198	256	322
Other products	35	36	61	48	91	92	185	267
Other	515	507	409	468	191	250	91	128

Source: Eurostat

Tasks:

- 1) Conduct a comparative analysis of dynamics of trade flows between the EU and Ukraine by SITC product grouping in 2014-2017. Identify key changes in the structure of exports and imports.
- 2) Justify the interdependence of GDP growth rates and foreign trade turnover of the country.
- 3) Describe the state of foreign trade relations of Ukraine with the EU countries.

Case study “Competitive advantages by M. Porter”

Competitiveness of the national economy is the basis of the level and quality of life in any country. American economist Michael Porter put forward the concept of “international competitiveness of nations”, according to which the competitiveness of a country’s economy is determined by the competitiveness of national companies.

Table 4.1 provides basic information about well-known companies from different countries of the world. According to the variant, explore the company's activities for four factors of competitiveness of M. Porter, collecting additional supporting information.

Table 4.1

Information about companies

Variant	Company	Country	Specialization of the company
1.	Boeing	US	aircraft manufacturing
2.	Procter & Gamble	US	consumer goods
3.	Toyota Motor Corporation	Japan	automotive industry
4.	IBM	US	cloud computing, cognitive computing
5.	Hewlett Packard	US	printing equipment, PCs, specialized equipment
6.	The Coca-Cola Company	US	food industry
7.	Nestle	Switzerland	food industry
8.	Samsung	South Korea	home and office electronics
9.	Ukraine International Airlines	Ukraine	air transportations
10.	Royal Dutch Shell	UK, Netherlands	oil refining products
11.	Xerox	US	copiers, electronic equipment
12.	Facebook	US	social networking service
	Volkswagen	Germany	automotive industry
13.	General Electric	US	electrotechnical and radio equipment
14.	Siemens	Germany	electrical engineering, electronics, energy, engineering, medicine, communication and lighting
15.	Amazon	US	online shopping
16.	Lufthansa	Germany	air transportation
17.	Unilever	UK, Netherlands	food products, cosmetic products
18.	Apple	US	consumer electronics, computer software and online services
19.	Marks & Spencer	UK	selling of clothing, home products and luxury food products
20.	Johnson and Johnson	US	cosmetic and sanitary products medical equipment
21.	Microsoft Corporation	US	computer software, consumer electronics, PCs and related services
22.	Philips	UK, Netherlands	electrotechnical equipment
23.	Exxon Mobil	US	energy: oil and gas
24.	Google	US	information technology and internet service providing
25.	Mars	US	food industry
26.	FedEx Express	US	cargo air transportation
27.	Antonov	Ukraine	aircraft manufacturing
28.	McDonald's	US	fast food
29.	Roshen	Ukraine	confectionery

On the basis of the analysis, draw conclusions about the competitiveness of the company and the national economy of the countries in which these firms operate.

Case study “Tariff and non-tariff tools in international trade”

Identify the main needs and implications of regulatory instruments in accordance with the following examples of tariff and non-tariff tools of international trade regulation.

Give your opinion on whether there is a need to use tariff and non-tariff instruments for regulating international trade in their combination. Justify your point.

Tariffs. Until recently, Mexico imposed a 150% tariff on Brazilian chicken. The United States has an 11% import tariff on imports of bicycles from the UK.

Table 5.1

European Union tariffs by selected product, %

Product group	EU Final bound import tariff (%)
Dairy products	54%
Fruit, vegetables, plants	10%
Sugars and confectionery	30%
Beverages & tobacco	21%
Minerals & metals	2%
Petroleum	2%
Clothing	11%

For many products the EU levies extra import tariffs when the world price of a product falls below the EU **market intervention price** paid to EU producers. A good example of this would be import duties on a number of different cereals.

In many cases, the EU allows a **quota of tariff-free goods** to come into Europe each year before an import tariff is applied. Changes in these quotas are important trade decisions.

Quotas. Until 2014, South Korea maintained strict quotas on imported rice. It has now replaced an annual import quota with import tariffs designed to protect South Korean rice farmers.

Export subsidies. In Common Agricultural Policy in the EU and for the support of US cotton farmers subsidies are used. In 2012, the US government imposed tariffs of up to 4.7 per cent on Chinese manufacturers of solar panel cells, judging that they benefited from unfair export subsidies after a review that split the US solar industry.

Phytosanitary control:

- Philippine mangoes and bananas have to meet strict phytosanitary requirements from the US and Australia.

- McDonalds France in 1998, ran a print ad campaign featuring overweight cowboys complaining about the fact that McDonald's France refuses to buy American beef but uses only French, to guarantee maximum hygienic conditions. So, European efforts were targeted on blocking the import of hormone-laced American beef.

Case study “Factors of country’s attractiveness for foreign investors”

One of the main criteria for an open economy is the favourable investment climate in the country. The primary indicators of the openness of the national economy are the share of exports and imports in the gross domestic product of the country (export and import quotas respectively), as well as a complex indicator – foreign trade quota:

$$EQ = E/GDP * 100\% \quad (6.1)$$

$$IQ = I/GDP * 100\% \quad (6.2)$$

$$FTQ = FTT/GDP * 100\%, \quad (6.3)$$

where EQ – export quota, IQ – import quota, FTQ – foreign trade quota, E – volumes of exports in value terms, I – volumes of imports in value terms, FTT – volumes of foreign trade turnover in value terms.

Using data represented in Table 6.1, calculate the export, import and foreign trade quotas of different countries (transition economies and developing countries) at certain periods according to the variant. Based on these indicators, make a conclusion on the degree of openness of the country’s economy. Indicate other factors determining the level of attractiveness of the country’s economy for foreign investors.

Additional information. The value of the export quota indicates the country’s place on the world market as a seller. If $EQ > 10\%$, then the country’s economy is considered as open.

Table 6.1

GDP and foreign trade indicators of countries

Variant	GDP of the country, \$ mln.	Exports, \$ mln.	Imports, \$ mln.	Foreign trade turnover, \$ mln.
1.	12,223.8	997.2	1,015.1	2,012.3
2.	54,869.6	5,436.3	5,412.9	10,849.2
3.	48,048.7	4,125.7	4,098.5	8,224.2
4.	5,169.4	489.2	491.8	981.0
5.	10,565.2	754.6	748.3	1,502.9
6.	6,673.1	479.0	482.4	961.4
7.	165,227.1	19,925.2	19,912.8	39,838.0
8.	35,896.6	2,157.3	2,128.4	4,285.7
9.	21,400.0	3,845.4	3,789.4	7,634.8
10.	20,526.3	3,732.1	3,653.9	7,386.0
11.	31,000.1	5,636.4	6,125.2	11,761.6
12.	194,647.1	24,330.8	23,879.3	48,210.1
13.	12,000.3	2,182.3	2,196.4	4,378.7
14.	1,187.5	215.9	197.5	413.4
15.	12,525.2	1,043.8	1,057.2	2,101.0
16.	51,381.4	5,087.3	5,072.9	10,160.2
17.	45,805.6	3,948.8	3,893.1	7,841.9
18.	5,160.3	491.4	494.6	986.0
19.	11,147.1	796.2	791.0	1,587.2

20.	7,157.9	511.3	507.9	1,019.2
21.	166,803.7	20,341.9	20,329.8	40,671.7
22.	36,607.2	2,691.7	2,660.1	5,351.8
23.	19,428.6	3,532.4	3,491.3	7,023.7
24.	20,263.2	3,684.2	3,609.7	7,293.9
25.	31,315.8	5,693.8	6,045.4	11,739.2
26.	271,400.0	33,925.7	33,561.8	67,487.5
27.	12,888.9	2,343.6	2,360.5	4,704.1
28.	12,900.5	2,303.8	2,331.9	2,331.9
29.	10,162.5	832.9	811.7	1,644.6
30.	58,134.1	5,699.4	5,678.1	11,377.5

Import quota characterizes the dependence of the country on world markets, it can be regarded as a reciprocal characteristic of the national economic potential.

According to existing estimates, the foreign trade turnover begins to provide a stimulating or inhibitory effect on the national economy from the moment when it reaches the level of about 25-27% of GDP.

Case study “Transnational business development”

At present, transnational corporations are extremely influential forces on the world market, so it is advisable to explore the specifics of their activities.

Select a specific international corporation and explore various aspects of its activities: specialization, mission, strategic goals, forms of business organization abroad, competitive advantages, financial performance indicators, etc. Key information can be presented in the table form (the example is represented as Table 7.1) and in the form of presentation.

Table 7.1

Features of “Apple Inc.” business

Aspects of activity	Description
Founded	April 1, 1976
Location	California, the US (head office)
Specialization	computer hardware; computer software; consumer electronics; digital distribution; semiconductors; fabless silicon design; corporate venture capital.
Mission	Apple designs Macs, the best personal computers in the world, along with OS X, iLife, iWork and professional software. Apple leads the digital music revolution with its iPods and iTunes online store. Apple has reinvented the mobile phone with its revolutionary iPhone and App store, and is defining the future of mobile media and computing devices with iPad.
Strategic goals	to expand activity through intensive strategies for growth to ensure broad market reach.
Forms of foreign business	Subsidiaries: Shazam, Texture, FileMaker Inc., Anobit, Braeburn Capital, Beats Electronics, Beddit, Apple Energy LLC, Apple Sales International, Apple Worldwide Video, Apple Services.
Competitive advantages	brand, Apple fans, ability to simplicity, a good design heritage, capital, vertical integration, lock-in with products ()
Financial performance indicators	Number of locations in 2018 – 500 retail stores. Revenue = \$229.234 billion (2017) Operating income = \$61.344 billion (2017) Net income = \$48.351 billion (2017) Total assets = \$375.319 billion (2017) Total equity = \$134.047 billion (2017) Number of employees = 123,000 (2017).

Case study “Successful franchising”

Franchising has helped many companies conquer the market and become world-famous. The Coca-Cola franchise began with the fact that start-up entrepreneurs sold a franchise license to other entrepreneurs who were given the opportunity to bottle their own products.

The main area of activity of “The Coca-Cola Company” is the United States, in 2015 it accounted for US \$20 billion of US\$44 billion in revenue. In other countries, Coca-Cola is mainly represented by regional bottling companies acting as franchisees and buying concentrates from “The Coca-Cola Company”. Sales of concentrates and syrups under the Coca-Cola brand (and its variations) accounted for approximately 37% of the total revenue.

Franchising scheme of “The Coca-Cola Company” is shown in Fig. 8.1.

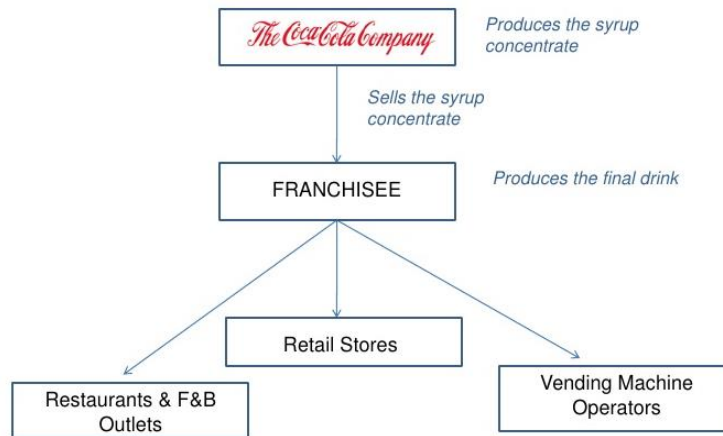


Fig. 8.1. Franchising scheme of “The Coca-Cola Company”

Tasks:

- 1) Analyse the features of “The Coca-Cola Company” franchising reflected in Fig. 8.1.
- 2) Identify and characterize the type of franchising used by the company.
- 3) Find out why even global corporations use contractual forms of entering foreign markets instead of active investment.
- 4) Study other examples of successful franchising.

Case study “Regulated migration flows”

Recently, due to the formation of a “united Europe” in the EU countries, the question about the possible consequences of this process on the labour market arose. The prospect of termination of employment of immigrants from “third world” countries is actively discussed. First of all, the governments of France, Germany and Great Britain, in which displaced persons from underdeveloped regions make up an absolute majority among immigrants, insist on the introduction of the most stringent restrictions.

State regulation of migration processes gives positive results, but has weaknesses. The control of foreigners’ entry level by all governments of immigration countries, of course, contributes to the dosage of their inflow depending on the production needs and the situation on the labour market. In this way, an outbreak of social tension, which could have arisen in the mass inflow of foreigners in conditions of their own mass unemployment, is being warned. Even taking into account the existence of two labour markets, for immigrants and for their employees, it would be difficult to avoid confrontation between them. The regulation provides organized and, to a certain extent, systematic hiring, distribution and use of the imported labour force.

At the same time, all laws and regulations of foreign consumer countries do not grant equal rights to immigrants in the economic, political and social areas, as required by the Universal Declaration of Human Rights and the decision of the ILO on Migrants. In the decisions of governments, national interests prevail over international norms and international principles of equality and freedom.

Tasks:

1. Identify the most effective measures to restrict migratory flows used by developed countries and integrational unions of countries.
2. Study features of the common EU immigration policy. Identify the prerequisites for joint regulation of migration processes by the EU countries.
3. Investigate the problems in the EU countries caused by the increase in flows of illegal migrants and refugees from underdeveloped countries.
4. Analyse main measures for labour migration regulation used in Ukraine. Characterise main problems connected with transit migratory flows through the territory of Ukraine.

Case study “Cooperation between Ukraine and the World Bank”

The World Bank is an important source of financial and technical assistance to developing countries all over the world.

The World Bank provides Ukraine with an active support in the transition to a market economy since the country joined the institution in 1992. The bank helped to modernize the budget system of Ukraine by creating a state treasury, eliminating barter payments and improving the overall financial and payment discipline. The Bank also played an important role in initiating the reform of the banking and financial sectors, improving the system of social assistance, facilitating Ukraine’s accession to the WTO and improving the business environment.

Over the years of cooperation, the World Bank has approved for Ukraine 50 loans totalling \$ 10.1 billion of which \$7.4 billion were received.

At present, 12 projects are under implementation, aimed at modernizing the infrastructure, in particular projects for the rehabilitation of hydroelectric power stations, electricity transmission, urban infrastructure development, road improvements and traffic safety, energy efficiency improvement, urban infrastructure development, modernization of the system of social support of the population of Ukraine, health care improvement.

Tasks:

1. Determine main contributions of projects supported by the World Bank in Ukraine.
2. Outline changes in directions of cooperation between Ukraine and the World Bank Group.
3. Analyse features of cooperation between Ukraine and other international monetary, financial and credit organizations, in particular the International Monetary Fund and the European Bank for Reconstruction and Development. Determine basic benefits and shortcomings of international lending for Ukraine.
4. Collect and analyse additional information on terms of crediting by international organizations.
5. Study the problem of Ukrainian external debt and outline its possible solutions.

Case study “Pricing of luxury brands in China compare to Europe”

The basic reason for such a large number of Chinese consumers choose to purchase luxury goods overseas is the greatly difference between the price in China and Europe. There are two major reasons why the luxury companies establish a higher price in China. Primarily, the high tax in China leads to the higher price on luxury goods (Table 9.1).

Table 9.1

Chinese luxury good taxation, %

Product	Tariff	Value-added tax	Consumption tax	Total
Jewellery	0-35	17	10	27-62
Watches	11-23	17	20	48-60
Clothes	14-20	17	N/A	31-37
Handbags	10-20	17	N/A	27-37
Cosmetics	6.5-15	17	30	53.5-62

Another reason for the high retail price is the majority luxury and affordable luxury brands charged a high premium to not only achieve a high profit but also maintain a luxury brand image for Chinese market. With the relatively low rent cost, cheaper labour cost and higher premium, luxury brands achieve a great profit to make up its loss in either European or the US market.

Fig. 9.2 stated the percentage of luxury brand’s price premium on Chinese vs. US site.

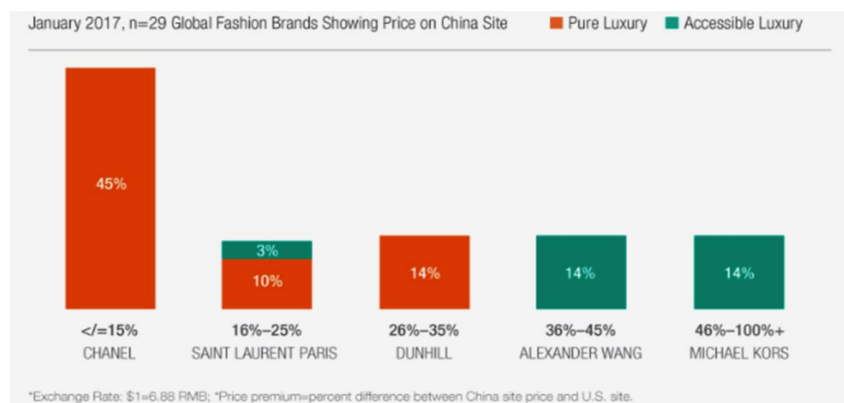


Fig. 9.2. Percentage of Brands showing price on China site at given price premium level

Almost 1/3 of the pure luxury brands charged at most 16% to 25% higher price in China compared to their US price. Famous accessible luxury brands especially Michael Kors and Calvin Klein charged at least 36% and at most 50% more premium on some specific item in Chinese market compared to US sites. To attract Chinese consumers to shop in local boutiques other than wait for overseas trip, it is essential for luxury brand companies to rebuild their pricing strategies.

Tasks:

1. Determine and characterise the pricing method used in pricing of luxury brands in China.
2. Study appropriate ways to attract consumers with luxury-brand products in Chinese market.
3. Study main features of luxury-brand pricing in foreign markets.



Case study “Adapted pricing strategies of IKEA to expand in China”

IKEA is known globally for its low prices and innovatively designed furniture. However, in China, it faced peculiar problems. Its low-price strategy created confusion among Chinese consumers while local competitors copied its designs.

In 1998, Swedish furniture giant IKEA started its retail operations in China. To meet local laws, it formed a joint venture. The venture served as a good platform to test the market, understand local needs, and adapt its strategies accordingly. It understood early on that Chinese apartments were small and customers required functional and modular solutions. The store layouts reflected the typical sizes of apartments and also included a balcony.

IKEA had faced similar problems previously when it entered the US. The company initially tried to replicate its existing business model and products in the US. But it had to customize its products based on local needs. American customers demanded bigger beds and bigger closets. IKEA had to make a number of changes to its marketing strategy in the US. The challenges it faced in China were sufficiently bigger than the ones in the US.

As the company opened more stores from Beijing to Shanghai, the company’s revenue grew rapidly. In 2004, for instance, its China revenue jumped 40% from the year before. But there was a problem – its local stores were not profitable.

IKEA built a number of factories in China and increased local sourcing of materials. While globally 30% of IKEA’s range comes from China, about 65% of the volume sales in the country come from local sourcing. These local factories resolved the problem of high import taxes in China. The company also started performing local quality inspections closer to manufacturing to save on repair costs.

Since 2000, IKEA has cut its prices by more than 60% since one of the main problems for IKEA was that its prices, considered low in Europe and North America, were higher than the average in China.

The company realized this and started targeting the young middle-class population. This category of customers has relatively higher incomes, is better educated and is more aware of western styles. This was an essential change in strategy, as IKEA was targeting the mass market in other parts of the world.

IKEA also had to change its marketing strategy. In most markets, the company uses its product catalogue as a major marketing tool. In China the catalogue provided opportunities for competitors to copy the company’s products and sell them at lower prices. IKEA decided to use Chinese social media and micro-blogging website Weibo to target the urban youth.

IKEA also adapt its store location strategy. In Europe and the US, where most customers use personal vehicles, IKEA stores are usually located in the suburbs. In China the company set up its outlets on the outskirts of cities which are connected by rail and metro networks since most customers use public transportation.

Since 1999, IKEA has been working on becoming more eco-friendly. But it was difficult to implement it in China. Price-sensitive local consumers seem to be annoyed when asked to pay extra for plastic bags and they did not want to bring their own shopping bags. Also, a majority of suppliers in China did not have the necessary technologies to provide green products that met IKEA's standards. IKEA decided to stick with low prices to remain in business.

IKEA, famous for its flat-pack furniture which consumers have to assemble themselves, understood that Chinese people really don't like the do-it-yourself concept.

Tasks:

1. Analyse main factors taken into account by IKEA in the development of pricing strategy for the expansion of its activity in China.
2. Identify key reasons for changing a low-price strategy of IKEA to emerging markets.
3. Make a comparison between IKEA's pricing and general strategy in Europe, China and the US.

Case study "Integration as a strategy of TNCs' development"

Companies engaged in international economic activity can use different integration options with other economic actors, primarily full integration variant through mergers and acquisitions:

1) "Starbucks" is the biggest coffee house company in the world operating through about 17,000 stores in over 50 countries. The mission is to supply the customer with the finest coffee in the world.

The past strategy of "Starbucks" was to buy beans from suppliers, ensuring quality via high price and quality control, bean roasting fully integrated into the supply chain, to grant top quality coffee.

New strategy of "Starbucks" was expressed in the purchase of a coffee-bean farm in China, development of training and educating employees, ensuring quality with own farms and know-how. This decision was caused by opening of the Chinese market and its continuous rapid growth, limited supply of high-quality Arabica beans, increasing prices for coffee beans, desire to obtain direct quality control in all production stages and to control the full customer experience.

2) "Ford Motor Company" has its own steel, glass and tire-manufacturing factories. Ford not only manufactures cars but also retails them. It also controls the production of tires and steel for car parts. In this way they are in greater control of the cost of production and the supply of raw materials.

The company has invested in supplier development and partner with particular key vendors but are able to keep the vendors in control through the threat of competition. Recently, Ford moves into China through joint ventures instead of wholly owned factories.

3) "Nestlé S.A." is a Swiss transnational corporation, the world's largest food producer. "Nestlé" produces soluble coffee, mineral water, chocolate, ice cream, broths, dairy products, baby food, pet food, pharmaceutical products and cosmetics. The main trademarks are KitKat, Maggi, Nescafe, Nesquik, Nestea.

The expansion of "Nestlé" is mainly carried out due to the acquisition of other firms. Its management believes that it would be more expedient to enter a highly competitive market by acquiring firms that are already operating on it and investing in them the necessary funds rather than organizing new divisions. Very often the products and the territorial location of these firms do not correspond to the structure of "Nestlé". For example, Nestlé became the owner of hotels. Since the management of "Nestlé" lacked experience in the hotel business, so the affiliate's level obtained the right to make significantly wider decisions than usual. Other examples are the acquisition of manufacturer of "KitKat" chocolate bars and others, buying the shares of "L'Oréal", Lviv Confectionery Factory "Svitoch", Lutsk company "Volynholding" specializing in the production of cold sauces under the trademark "Torchin".

Tasks:

1. Determine the type of micro integration in each case.
2. Explain the need to use integration for the development of enterprises on foreign markets.
3. Analyse main benefits and risks of such integration for "Starbucks", "Ford Motor Company" and "Nestlé S.A.".

4. Give other examples of best practices in the implementation of horizontal, vertical, diagonal and diversified integration by enterprises engaged in international business.

Case study “Integration of companies within strategic alliances”

One of main concepts of the management practices’ development in highly developed countries is an alliance theory. This concept is widely used in activities of firms providing financial and insurance services. Nowadays, the trend towards creation of alliances aimed at the development integrated proposals to meet individual needs of particular clients prevails.

The largest manufacturers of computers and software create alliances for the production of the most complex, integrated risk management systems.

Such an alliance was created by three American corporations:

1. “IBM” (facilities for creating and storing databases);
2. “PeopleSoft” (programs for comparing reporting);
3. “Algorithmics” (programs for data analysis).

Corporations of the alliance have developed programs allowing to estimate the amount of work and costs involved in introducing advanced methods into banking systems, they have created the corporate IT infrastructure necessary for the full use of systems. The alliance invited banks to acquire IT systems that address various aspects of risk management.

Competitors of the alliance of three American corporations in this area of activity are as following: consulting and audit companies (“Accenture”, “Bearing Point”, “Ernst & Young”, “McKinsey”, “KPMG”, “PwC”, etc.); specialized companies and rating agencies (“Erick”, “Fitch Risk Management”, “Mercer Oliver Wyman”, “Moody’s”, “Standard & Poor’s”, etc.).

Tasks:

1. Identify reasons and benefits of creating alliances for partner companies, in particular “IBM”, “PeopleSoft”, “Algorithmics”. Determine the type of micro integration.
2. Think how creating such a strong alliance can affect the redistribution of forces in the market and what can be the actions of competitors in response.
3. Determine and evaluate feasibility of applying alternatives for companies other than the creation of alliances.
4. Analyse main risks of integration within alliance for partner companies.
5. Study other examples of successful alliance partnerships.

Case study “The EU development”

1. Since 2004, 10 countries of Central and Eastern Europe have become members of the European Union, since 2007 two more ones (Bulgaria and Romania), in 2013 – Croatia. Study changes in the EU development due to these enlargements, positive and negative trends. Analyse how these EU’s enlargements have affected the development of bilateral economic cooperation between Ukraine and these states in the field of interstate trade, monetary and financial area, investment attraction, cooperation, labour migration.

2. Express your opinion on the qualitative characteristics of the integration processes in Europe, which are: a) favourable to Ukraine; b) unfavourable to its development. Conclude this information as a table. Suggest ways to eliminate the unfavourable aspects of European integration processes for Ukraine.

3. Try to determine the conditions under which Ukraine can enter into the integration groups of states with supranational regulation taking into account the existing economic and socio-political aspects of development. Determine the type of agreement that should be concluded between the member states of the European Union to regulate relations in all spheres instead of national legislation.

4. In recent years, cooperation between Ukraine and the EU in the field of energy, agriculture, and environment has markedly intensified. With the support of the EU, the reform of the Ukrainian gas transportation system, the modernization of the coal industry is underway. With this in mind, determine which sectors of the economy will be able to use effectively their benefits in cooperation with the European Union.

5. Brexit is the impending withdrawal of the United Kingdom from the EU. It follows the referendum of 23 June 2016 when 51.9% of those who voted supported withdrawal. The European Union (Withdrawal) Act 2018 defined “exit day” as 29 March 2019 at 11.00 p.m. It is believed that this can lead to both positive and negative consequences, can change the peculiarities of deepening integration within the EU. Analyse them and determine perspective directions of the EU development in this regard.

Case study “KOF Globalisation Index”

The KOF Globalisation Index measures the economic, social and political dimensions of globalisation. Those fields have been on the rise since the 1970s.

In 2015 globalization slowed down in areas of international trade, capital, information and labour flows but the depth of global connectedness didn't reduce (Fig. 10.1).

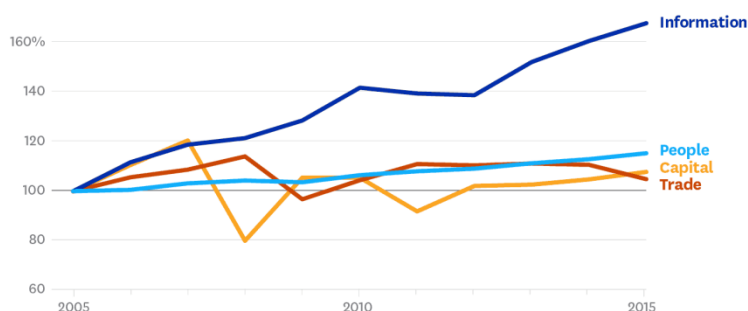


Fig. 10.1. Global Connectedness Index in international trade, capital, information and labour flows

KOF Globalisation Index is calculated on the basis of economic, social and political globalisation indexes. In turn, economic globalisation is evaluated through trade and financial globalisation, and social globalisation – through interpersonal, informational and cultural dimensions (Table 10.1).

Table 10.1

Structure of the KOF Globalisation Index

Economic Globalisation		
Trade Globalisation	Financial Globalisation	
<ul style="list-style-type: none"> • trade in goods and in services; • trade partner diversification; • trade regulations; • trade taxes; • tariffs. 	<ul style="list-style-type: none"> • foreign direct investment; • portfolio investment; • investment restrictions; • capital account openness; • international debt; • international reserves; • international income payments. 	
Social Globalisation		
Interpersonal Globalisation	Informational Globalisation	Cultural Globalisation
<ul style="list-style-type: none"> • international voice traffic; • transfers; • international tourism; • migration; • telephone subscriptions; • freedom to visit; • international airports. 	<ul style="list-style-type: none"> • patent applications; • international students; • high technology exports; • television; • internet user; • press freedom; • internet bandwidth. 	<ul style="list-style-type: none"> • trade in cultural goods; • trademark applications; • trade in personal services; • McDonald's restaurant; • IKEA stores; • gender parity; • expenditure on education; • civil freedom;
Political Globalisation		
<ul style="list-style-type: none"> • embassies; • UN peace keeping missions; • international NGOs; 	<ul style="list-style-type: none"> • international organisations; • international treaties; • partners in investment treaties. 	

Due to the increasing interdependence between the countries of the world and the greater openness of national economies, the expansion of the international partnership scope, there is a tendency to increase globalization in the economic, social and political spheres (Fig. 10.2).

The most globalized is the economic area, it is followed by political, and then by social globalization. KOF Globalisation Index is a weighted average by these three dimensions.

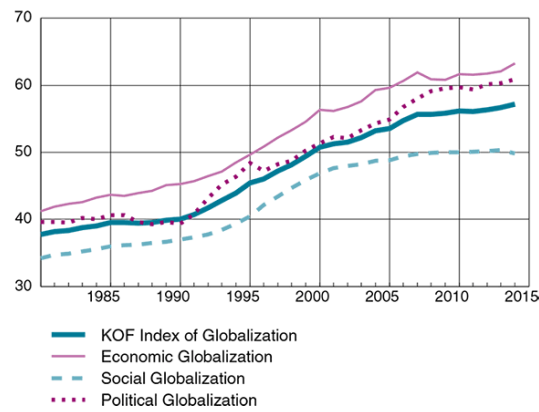


Fig. 10.2. Dynamics of KOF Globalisation Index worldwide by economic, social and political dimensions of globalisation

According to KOF Globalisation Index, Belgium, Netherlands, Switzerland, Sweden, Austria, Denmark, France, UK, Germany and Finland represent top-10 most globalized countries in the world in 2018.

Tasks:

1. Investigate changes in the index of countries' globalization.
2. Identify factors affecting the level of political, economic and social globalization. Explore how high the level of country's openness affects its level of globalization.
3. Analyse positive and negative impacts of a high globalization level of the country on its development. Identify possible ways to protect the country from negative consequences of globalization.