



ALFRED NOBEL UNIVERSITY

# MANAGEMENT OF FOREIGN ECONOMIC ACTIVITY





ALFRED NOBEL UNIVERSITY

# **Management of Foreign Economic Activity**

*Complex of learning materials for organization  
of independent work, control and self-control*

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**M 58**

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Збірник завдань містить перелік питань, що розкривають зміст кожної теми, і питання для самостійного вивчення. У збірнику наведено перелік літературних джерел, а також різні завдання, які допоможуть контролювати рівень засвоєння знань з кожної теми дисципліни «Менеджмент зовнішньоекономічної діяльності». Розраховано на викладачів і студентів усіх спеціальностей, які вивчають зазначену дисципліну.

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Complex of learning materials includes a list of questions that reveal the content of each topic, the question given to students for independent mastering. Complex includes a list of references as well as set of various tasks which can be used by teachers and students to control the level of acquisition knowledge on each topic.

It is designed for teachers and students of all programmes which «Management of Foreign Economic Activity» is taught.

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## FOREWORD

In the present conditions development of the world economy and foreign trade activity plays an increasingly role. It is not only determines the efficiency of the operation of individual enterprises, but also affects the development of the country as a whole. Almost all national economies in the world operate as open systems and conduct a deliberate policy to streamline foreign economic activity of its business in the public interest. Globalization and internationalization of economic activity are an integral part of the economy of developed countries.

Foreign trade activity involves foreign trade, scientific and technical cooperation, joint production of goods and services. Modern professional who works in foreign trade should know the basic principles on which is based the interaction of subjects in the international market. Therefore, the purpose of the study «Management of Foreign Economic Activity » is learning by the future expert the theoretical foundations of foreign economic activity (FEA), the acquisition of system knowledge and skills to ensure the economic efficiency of foreign trade activity in various fields.

After completion of the study subjects, students must know: the specific mechanism of functioning of foreign economic activity in Ukraine at present, the regulatory framework for the regulation of foreign economic activity of enterprises, the specific introduction of different forms of access to foreign markets, the basic procedures to conclude foreign trade contracts, deliveries under basic conditions “Incoterms 2010”.

The teaching materials with each topic includes a list of questions that reveal the content of each topic, the questions for self-study by students with a list of references, which students could study them, set a variety of tasks, in which the teacher or the student could control the level of learning.

The procedure for the use of materials, evaluation of various forms of determined teacher in preparing flow chart and maps independent work of students in any given semester.

Good luck!

## TOPIC 1.

### FEATURES OF MANAGING FOREIGN ECONOMIC ACTIVITY IN THE GLOBALIZATION CONDITIONS

#### *Question to reveal the content of the topic:*

1. The concept and main features of foreign economic activity. The principles of foreign economic activity.

2. Objects and subjects of foreign economic activity.

Background of FEA enterprises of Ukraine.

3. Ukraine's participation in world trade. The structure of exports and imports. The structure and role of the balance of payments.

#### *Questions for self-study:*

1. Characteristics of modern system of international economic activity in the context of globalization [4, p. 13—14, 6, p. 12—17].

2. The structure and the role of the balance of payments [1, p. 28-40].

#### *Exercises for the knowledge control:*

#### *Exercise 1. For each of the statement listened below finds a corresponding term or concept*

1. Sale of goods Ukrainian entities to foreign entities with foreign exportation or export without the customs border of Ukraine.

2. Return to the country of origin of the goods previously exported in the export regime.

3. Satisfaction of consumers wants at the expense of domestic production.

4. Transactions related to the circulation of goods, services, capital and equity among various economic and currency zones.

5. Access to international markets of goods, services and

factors of production in order to improve overall well-being of the country.

7. Export of goods from the territory of Ukraine, which were previously imported in the import regime. Purchase Ukrainian entities to foreign entities foreign goods with the export or not export these goods to Ukraine, including purchase for personal use institutions and organizations of Ukraine which are abroad.

8. Activity of economic entities of Ukraine and foreign business built on relationships between them, carried out both in Ukraine and abroad.

***Terns and concepts***

- a) The domestic sector;
- b) the external sector;
- c) Foreign economic relations;
- d) Re-export operations;
- e) re-import operation;
- e) External Relations;
- i) export operations;
- c) the import operation.

***Exercise 2. Find a correct answer***

1. *The principles of foreign economic activity in Ukraine do not include:*

- a) the rule of law;
- b) the principle of inequivalent exchange;
- c) the principle of non-discrimination;
- d) All answers are correct.

2. *The main types of FEA do not include:*

- a) exports of goods;                      c) barter;
- b) the importation of goods; d) all answers are correct.

3. *Legal entities that are not registered in Ukraine, but they are constantly on the territory of Ukraine:*

- a) could not be the subjects of economic activity;
- b) could be the subjects of economic activity;
- c) could be the subjects of foreign economic activity, but

only after a court decision;

d) could be the subjects of foreign economic activity, but only after registration in Ukraine.

4. *Balance of payments is:*

a) reflects the ratio of cash proceeds received by the country from abroad, and all payments made by the country abroad in the period;

b) a set of deliberate state action to realize the economic potential of the country;

c) represents the degree of openness of the economy;

d) reflects the degree of participation in the global trade.

5. *Foreign trade is:*

a) a record of all goods that cross borders customs zones (excluding transit);

b) the total value of exports and imports for the period, measured in monetary terms;

c) official foreign exchange reserves;

d) all answers are correct

6. *Export quota is:*

a) economic indicator which characterizes the importance of exports to the national economy;

b) economic indicator, which characterizes the importance of imports to the national economy;

c) economic indicator, which characterizes the degree of participation of the country in world trade;

d) all answers are incorrect.

7. *Re-import operation is:*

a) operation to return to the country of production of goods previously exported in the export regime;

b) The trade flow that runs through this country to another country;

c) the sale of goods Ukrainian entities to foreign entities with foreign exportation or without export over the customs border of Ukraine;

d) all answers are incorrect

8. *The reasons of foreign relations do not include:*

- a) the difference in the labor force;
- b) the difference in natural resources;
- c) uneven economic development around the world;
- d) all answers are incorrect.

9. *The complex system of diverse forms of international economic cooperation of {States and entities in different sectors of the economy is:*

- a) the external economic relations;
- b) monetary policy;
- c) domestic economy;
- d) Re-export operations.

10. *The main law regulating foreign economic activity in Ukraine is:*

- a) **the Law of Ukraine «On economic activity»;**
- b) **the Law of Ukraine «On Foreign Investment»;**
- c) **the Law of Ukraine «On Foreign Economic**

Activity»;

- d) **the Law of Ukraine «On the National Bank.»**

11. *Return to the country of manufacture of exported goods is:*

- a) re-export;
- b) re-import;
- c) export;
- d) import.

12. *The principles of foreign economic activity in Ukraine do not include:*

- a) protecting the interests of the subjects of foreign economic activity;
- b) the principle of legal equality;
- c) the principle of discrimination;
- d) the rule of law.

13. *The percentage of the volume of goods and services exported from country to country's GDP is:*

- a) import quota;
- b) the structure of exports;
- c) export quota;

d) all answers are incorrect.

14. *The combination of national economies interconnected system of international division of labor, economic and political relations are:*

- a) the global economy;
- b) the world market;
- c) multinational corporations;
- d) economic union.

15. *The globalization is:*

- a) the absence of any form of discrimination against foreign companies in any of the national economy;
- b) erasing the differences between economic subjects represent different states;
- c) the growth of productive forces and relations of production output over the national borders;
- d) the phenomenon of merging markets certain products that are produced by large multinational companies.

16. *The objectives of the company in entering foreign markets do not include:*

- a) market expansion;
- b) extension of product life cycles;
- c) the desire to explore new markets;
- d) all answers are incorrect.

17. *The reasons for the emergence of foreign economic relations do not include:*

- a) differences in the labor force;
- b) different levels of technological development;
- c) the political situation;
- d) all answers are incorrect.

18. *The preconditions of foreign economic activity do not include:*

- a) availability of resources and production facilities;
- b) availability of adequate infrastructure;
- c) political instability;
- d) religious characteristics.

19. *Sale of goods Ukrainian subjects of foreign trade to*

*foreign entities with the export over the customs border of Ukraine:*

- a) export;      c) transit;
- b) Import;      d) re-export.

*20. Balance agreements that are concluded within a year between individuals, enterprises and government organizations in one country with relevant institutions in other countries*

- a) GDP;
- b) the balance of payments;
- c) external debt;
- d) the enterprise balance.

***Exercise 3. Identify which statement is right and which is wrong. Justify your answer.***

1. The external debt reflects money liabilities of the country that must turn to external creditors.

2. The procedure of re-exports could not be used if the product used for profit.

3. Re-import operation is a return to the country of origin of goods previously exported in the export regime.

4. The export is trade flow that runs through this country to another country.

5. Ukraine represented by its government could not be the subject of foreign economic activity.

6. Foreign quota characterizes the openness of the economy and reflects the country's participation in global trade.

7. Import quota is economic indicator that describes the importance of exports to the economy.

8. The external turnover is the total value of exports and imports for the period, which has monetary value.

9. Balance of payments reflects the ratio of cash proceeds received by the country from abroad and all payments made by the country abroad for a certain period.

10. Commodity structure of foreign economic relations reflects money liabilities of the country that need to turn to external creditors.

***Exercise 4. Questions for individual assignments and / or discussions at seminars.***

1. Explain the difference between foreign trade activities and international business
2. Describe the basic rights and obligations subjects of foreign economic activity in the modern economic system.
3. What are new types of FEA due to the spread of global changes?
4. What is the role of FEA entrepreneurial culture?
5. What are the main benefits of receiving Ukrainian businessmen to participate in the WTO?
6. Describe the basic forms and factors of globalization.
7. Explain the role of TNCs in globalization processes.
8. Describe the main foreign trade partners of Ukraine.

## TOPIC 2.

### PUBLIC ADMINISTRATION OF FOREIGN ECONOMIC ACTIVITY

#### *Question to reveal the content of the topic:*

1. Essence and features of foreign policy.
2. Characteristics of the regulation of foreign economic activity.
3. Regulatory legal acts concerning foreign economic activity. Subjects of foreign economic activity rights protection.
4. Management of foreign economic activity at the national level. Management of foreign economic activity at the regional level.
5. Characteristics of non-governmental bodies that promote enterprise FEA.

#### *Questions for self-study*

1. Subjects of foreign economic activity rights protection. [3, p. 130-146, 4, p. 48-61].
2. Non-governmental bodies that promote enterprise FEA [3, p. 47-55, 4, p. 22-25].

#### *Exercises for the knowledge control:*

##### *Exercise 1. For each of the statement listened below finds a corresponding term or concept*

1. A feature that is implemented in order to create national economic structure in accordance with national interests and objectives of foreign policy.
2. Mode that could be entered in the special economic zones of various types, while only in the territory may apply certain rules of law. It is mostly preferred treatment for certain economic situations.
3. Economic policy, which aims to promote national economic development by protecting it from foreign competition.

The combination of targeted government measures to realize its economic potential in the international market and meet its needs with products and services of the foreign manufacturer.

4. Link to this standard mean a reminder of non-admission in the particular situation of injustice.

5. Rate of border regime is equally important for both trade and investment in goods and admission of investment in the country. The treatment provided by a third state, automatically extends to the state, which had previously been granted such treatment.

6. Function of foreign policy, which aims at obtaining comparable countries and absolute advantages and the realization of economic potential in the global market.

***Terms and concepts***

- a) foreign policy;
- b) protection;
- c) a fair and non-discriminatory treatment;
- d) the most favored;
- e) special legal regime;
- e) position function;
- g) protective function.

***Exercise 2. Find a correct answer***

1. *Government policies that affect foreign trade through taxes, subsidies, direct restriction of export and import operations is:*

- a) foreign policy;
- b) monetary policy;
- c) policy on foreign direct investment;
- d) the customs policy.

2. *Economic policy, which aim is national economic development by protecting **it from** foreign competition:*

- a) protection;
- b) monetary policy;
- c) subsidies;
- d) loans

3. *Centrally planned economic model includes:*  
a) a policy of free trade;  
b) the state monopoly on operations in the EEA;  
c) carrying out a liberal policy;  
d) no government interference in the system of economic regulation.

4. *The Law of Ukraine «On Foreign Economic Activities» was adopted:*

- a) 1992;                      c) 1990;
- b) 1993;                      d) 1991

5. *Regulatory legal acts which are regulating foreign economic activity do not include:*

- a) the Constitution of Ukraine;
- b) the Customs Code of Ukraine;
- c) international treaties of Ukraine;
- d) international customs and traditions;
- e) all answers are incorrect.

6. *The legal regimes in foreign economic activity include:*

- a) a special legal regime;
- b) national treatment;
- c) non-discriminatory treatment;
- d) the most favored;
- e) all answers are correct.

7. *The government regulatory agencies of foreign trade do not include:*

- a) the Cabinet of Ministers of Ukraine;
- b) the Parliament of Ukraine;
- c) the Ministry of Internal Affairs of Ukraine;
- d) the Ministry of Economic Development and Trade of Ukraine.

8. *The institutions of local government of-foreign economic activity are:*

- a) carry out customs control on the territory of Ukraine and approve acts on Customs Policy of Ukraine;
- b) carry out the registration of economic operators and control the functioning of economic activity at the regional level;

c) provide guarantees for loans granted by foreign banks of the trade community and other international organizations at the institution of the State Monetary Fund or other state property of Ukraine;

d) conduct negotiations and concludes international treaties.

9. *Non-government economic agencies do not include:*

a) commodity exchanges;

b) currency exchange;

c) The Chamber of Commerce and Industry in Ukraine;

d) all answers are incorrect.

10. *The main objectives of state regulation of foreign economic activity do not include:*

a) protection of economic interests of Ukraine and interests of subjects of foreign economic activity;

b) promoting progressive structural changes in the economy;

c) establishment of monopolies in the FEA;

d) creating favorable conditions for integration of Ukraine into the international division of labor.

11. *The main functions of the National Bank in the area of state regulation of foreign trade activity are not:*

a) regulation of foreign exchange policy;

b) the implementation of conservation and use of the gold and forex reserves of Ukraine;

c) providing a unified foreign trade policy;

d) the regulation of the native currency.

12. *The tools of protectionism in foreign policy include:*

a) currency restrictions of imports of goods;

b) quantitative restrictions on imports;

c) the imposition of import customs tariffs;

d) subsidies to their own exporters;

e) all answers are correct.

13. *The main components of foreign policy do not include:*

a) budgetary policy;

b) monetary policy;

- c) policy on foreign direct investment;
- d) foreign trade policy.

14. *The foreign trade policy is:*

a) a comprehensive system of measures aimed at ensuring economic sovereignty, protection of state borders, the implementation of economic strategies through the field of customs relations;

b) State policies that affect international trade through taxes, subsidies, direct restriction of export and import operations;

c) State the measures taken with the aim to support economic stability through the impact on the exchange rate and monetary relations;

d) a set of measures of the state to attract investment and usage in the country of export and the regulation of investment abroad.

15. *The largest EU investor in Ukraine is not:*

- a) Canada;
- b) Cyprus;
- c) The Netherlands;
- d) Germany.

16. *The main policy goals in the field of foreign investment do not include:*

- a) increase employment and reduce unemployment;
- b) creating a competitive environment;
- c) increasing domestic production through foreign investments;
- d) all answers are incorrect.

17. *Centrally planned economic model in the external field includes:*

a) the implementation of economic interests in accordance with the existing legal framework provides for a policy of protectionism;

b) receiving country relative and absolute advantages and the realization of the economic potential of the country on the world market;

c) establishment of a system of international trade and monetary relations;

d) the rigid type of regulation of the economy, the state monopoly on carrying out any operations in international economic relations.

*18. The main reasons for the introduction of protectionist policies include:*

a) the protection of the national labor market from cheap foreign labor;

b) the need to protect the domestic market from foreign competition;

c) increase domestic employment;

d) all answers are correct.

*19. The autarky is:*

a) foreign policy aimed at getting the country of absolute and comparative advantages and the realization of economic potential in the global market;

b) the economic policies pursued by the countries with the aim of creating an isolated, closed, independent economy that is able to provide themselves with everything you need;

c) economic policy, the purpose of which is to promote the national economy by introducing certain restrictions to protect it from foreign competition;

d) all answers are incorrect.

*20. The foreign economic policy is:*

a) the economic policy pursued by countries in order to create an isolated, closed independent economy that is able to provide them with everything you need;

b) government policy that affect foreign trade through taxes, subsidies, direct restriction of export and import operations;

c) a set of targeted government measures on realization of the economic potential of the country on the international market and meet their needs with products and services of the foreign manufacturer;

d) implementation of the economic interests of the country in accordance with the legal framework.

***Exercise 3. Identify which provision is right and which is wrong. Justify your answer.***

1. The system of regulation of foreign economic activity in the non-governmental level is realized by Ukraine as a country in the face of government within their jurisdiction.

2. The Chambers of Commerce and Industry of Ukraine is an association of businessmen to protect their interests. And they are non-profit organization based on membership.

3. Special legal regime could be put in the special economic zones of various types, and only in the territory may apply certain rules of law.

4. The essence of national treatment is that foreign economic operators have fewer rights and more obligations than national.

5. Parliament of Ukraine approved the list of products which subject to licensing when exporting or importing.

6. The institutions of local government of foreign economic activity are realized registering economic operators and control the operation of foreign economic activity at the regional level.

7. National Bank of Ukraine shall monitor the compliance of foreign economic activities of antitrust laws.

8. The list of goods prohibited to import to Ukraine approved by the Cabinet of Ministers of Ukraine.

9. The need to protect infant industries and companies from foreign competition may be the reason for the introduction of protectionist policy.

10. License for commercial banks dealing in foreign currency gives the Ministry of Economy of Ukraine.

***Exercise 4. Questions for individual assignments and/or discussions at seminars.***

1. Explain the difference between free trade and protectionism.

2. What are the main objectives of regulating foreign trade?

3. Describe the powers of public authorities to manage the

FEA.

4. Describe the powers of regional authorities to manage the FEA.

5. What are the functions of TTP contribute FEA of enterprises?

6. What is the role of the International Chamber of Commerce in shaping economic relations?

7. What are the international economic organizations that promote foreign trade?

8. What is the difference between the multilateral and bilateral international agreements?

## TOPIC 3.

### THE REGULATION MECHANISM OF FOREIGN ECONOMIC ACTIVITY

#### *Question to reveal the content of the topic:*

1. The characteristics of customs and tariff regulation in Ukraine.
2. Non-tariff regulation of FEA methods.
3. Currency regulation.

#### *Question for self-study*

1. Features of Currency Regulation FEA [3, p. 83—129, 4, p. 33—46, 6, p. 109-130]
2. The evolution of the use of tariff and non-tariff regulation in Ukraine [6, p. 17—26].

#### *Exercises for the knowledge control:*

#### *Exercise 1. For each of the statement listened below finds a corresponding term or concept*

1. Exports of goods at prices that are below cost, or at least at a lower price than the domestic market.
2. Regulation mode of currency transactions, international payments, determination of general principles of currency regulation, powers and functions of the state banks and other financial institutions to regulate foreign exchange transactions.
3. Events that occur in the impact on external turnover through direct effects on the prices of goods, creating a price barrier to the movement of goods, affecting the competitiveness of the product, profit margins in some sectors, the pace of development in these areas.
4. Tax payable in respect of the importation of foreign goods into the country at the time of admission of goods on the domestic market.
5. The system of principles and activities of the State in the

field of their economic interests and security through tariff and non-tariff measures to regulate foreign trade.

6. All taxes and fees that accrue in due order when moving goods and other items controlled by the Customs through customs border of the country.

7. Duly executed right to export (import) within a set period of goods or currency to investments and lending.

8. Tools customs and tariff regulation imposed in the case of import into the customs territory of Ukraine goods which are the subject of subsidized imports, bringing damaging to domestic producers and in the case of export from the customs territory of Ukraine for the production, processing, sale, transport, export or consumption, directly or indirectly given the subsidy and such export does harm.

9. Limit the number of a particular category of goods that are allowed to export (or import) for some time.

10. Tools customs and tariff regulation, which applies when the customs territory of Ukraine imported goods at prices at the time of the import prices significantly lower than in Ukraine through creation threat receiving damage to domestic producers of like or competing with imported goods.

11. Tools customs and tariff regulation, which is used when the customs territory of Ukraine is the amount of goods imported (or on the following specific conditions) that occur threat of injury to domestic producers of such or similar merchandise.

12. Cash payments to domestic producers by the government for the purpose of their support and discrimination against imports.

***Terms and concepts***

- a) customs;
- b) the customs-tariff measures;
- c) subsidies;
- d) customs duties;
- e) duty;
- e) anti-dumping duty;
- g) special duty;

- c) counter-vailing duty;
- i) export (import) quota;
- c) dumping;
- l) export (import) license;
- m) the system of currency regulation.

***Exercise 2. Find the correct answer.***

*1. In which of the cases could be implemented non-tariff methods of regulation of foreign economic activity:*

- a) when the need for action in response to the discrimination of certain countries;
- b) when the level of external debt is over 50% of GDP;
- c) with a sharp deterioration in the estimated balance of Ukraine;
- d) all answers are correct.

*2. If Ukraine limits exports of sugar to Russia, it means:*

- a) group quota;
- b) individual quota;
- c) the global quota;
- d) selective quota.

*3. The Cabinet of Ministers of Ukraine shall establish a list of goods and services exports and imports are subject to licensing:*

- a) twice a year;
- b) once a year;
- c) once every three years;
- d) a specified period is not installed.

*4. The most common methods of economic regulation of foreign economic relations are:*

- a) customs duties;
- b) technical barriers;
- c) quotas;
- d) licensing.

*5. Outdoor permission to export (import) transactions with certain goods and (or) with a particular country (group of countries) over the period of the licensing regime of this product*

*is called:*

- a) the general license;
- b) the individual license;
- c) the specific license;
- d) open source license.

6. *The following methods of tariff regulation of TEA are:*

- a) customs duties;
- b) licensing;
- c) quotas;
- d) voluntary export restriction.

7. *VAT in Ukraine is:*

- a) 18%;                      c) 20%;
- b) 25%;                      d) 17%.

8. *The financial instruments of non-tariff regulation of FEA include:*

- a) quotas;
- b) licensing;
- c) technical barriers;
- d) subsidies.

9. *Set as a percentage of the customs value of the goods:*

- a) ad valorem duty;
- b) the specific duties.

10. *Determine the established monetary amount per unit:*

- a) ad valorem duty;
- b) specific duty.

11. *Customs is:*

a) the activity of economic entities of Ukraine and foreign business entities, based on the relationship between them, which takes place both in Ukraine and abroad;

b) the system of principles and activities of the State in the field of its economic interests and security through tariff and non-tariff measures to regulate foreign commerce;

- c) measures applied to solve economic problems;
- d) all answers are incorrect

12. *Customs Tariff do not contain information on:*

- a) import duty levied on goods imported into Ukraine;

b) the list of goods prohibited for import, export or transit through the territory of the State;

c) premiums and discounts to major rates of customs policy;

d) all answers are incorrect.

13. *The customs payment does not include:*

a) value added tax;

b) import duty;

c) the excise duty;

d) payments for licenses to operate in the field of customs and tariff relations;

e) all answers are incorrect.

14. *Customs authorities that implement the customs policy of Ukraine, perform the following basic tasks:*

a) the execution and monitoring of compliance with the legislation of Ukraine on customs;

b) protection of economic interests of Ukraine;

c) the enforcement of obligations under international treaties of Ukraine on customs matters concluded in accordance with the law;

d) all answers are correct.

15. *The regulatory legal acts regulating customs policy include:*

a) the Customs Code of Ukraine;

b) the Law of Ukraine «On Value Added Tax»;

c) the Decree of the Cabinet of Ministers of Ukraine on Excise Tax;

d) all answers are correct

16. *The anti-dumping duty is applied in case:*

a) the import of goods into the customs territory of Ukraine at prices significantly lower than in Ukraine;

b) the importation into the customs territory of Ukraine such quantity of goods that threaten to harm domestic producers;

c) the importation by citizens on the customs territory of Ukraine goods and vehicles;

d) all answers are incorrect.

17. *The regulatory function of customs duty includes:*
- stimulate the development of domestic production;
  - formation volume and structure of exports, imports, consumption;
  - creating a source of replenishment of the country;
  - all answers are correct.
18. *The special duty is charged in the case:*
- the import into the customs territory by citizens of Ukraine of goods that are subject to subsidized imports;
  - the import of goods into the customs territory of Ukraine at prices significantly lowers than in Ukraine;
  - the importation into the customs territory of Ukraine such quantity of goods that threaten to harm domestic producers;
  - all answers are incorrect.
19. *After the manner of charging a duty is:*
- independent;
  - specific;
  - conventional;
  - all answers are correct.
20. *Quantitative tools tariff regulation includes:*
- technical barriers;
  - voluntary export restraints;
  - dumping;
  - internal taxes

***Exercise 3. Identify which provision is right and which is wrong. Justify your answer.***

1. Customs policy is to ensure the economic interests and security of the country by means of tariff and non-tariff instruments to regulate foreign trade.

2. The sole purpose of the implementation of complex customs- tariff actions is to protect the national market.

3. The counter-vailing duty is introduced in the case of import into the customs territory of the goods which are the objects of subsidized imports.

4. Specific duty is charged as a percentage of the customs

value of the goods.

5. The customs fees perform fiscal, catalytic and regulatory functions.

6. The anti-dumping duty is introduced in the case of import into the customs territory of the quantity of goods that is a threat of losses of national producers.

7. Country of origin may be declared in a state in which the product was stored over one year.

8. Technical barriers are tools hidden non-tariff regulation of foreign economic activity.

9. Custom fees in any case can not be a source of replenishment of the country.

10. Ad valorem duty is charged as a percentage of the customs value of the goods.

***Exercise 4. Questions for individual assignments and/ or discussions at seminars.***

1. Describe the system of tariff and non-tariff methods in Ukraine and make a conclusion about the sign which policy they are liberal or protectionist.

2. Comment on the following statement: «Non-tariff measures are protectionist in its effects rather than the intentions.»

3. How do you rate statement: «One of the functions of customs duties is fiscal. Thus, the rate of duty will be higher and the government revenue will be higher.»

4. Describe the concept of commodity classification and nomenclature of foreign economic activity.

5. Describe the basic rules for coding by product classification.

6. Describe the system of customs and tariff exemptions.

7. Describe the procedure for foreign exchange transactions.

8. What are the steps in FEA can be attributed to the competition?

9. What are features of taxation in making FEA in Ukraine?

10. In what cases was used a foreign currency cash payments to participants of foreign trade?

11. The liability of infringement of currency law envisaged in Ukraine.

## TOPIC 4.

### MAIN MODELS OF INTERNATIONAL BUSINESS

#### *Question to reveal the content of the topic:*

1. Operations in International Trade
2. Production — investing activities

#### *Questions for self-study:*

1. International services trade [3, p. 215—219].
2. International industrial cooperation [4, p. 112—114].

#### *Exercises for the knowledge control:*

#### *Exercise 1. For each of the statement listened below finds a corresponding term or concept*

1. Obligations with full or partial payment in cash with the conclusion of additional agreement on counter deliveries.
2. Export-import transactions, complemented by the adoption of counter- commitment partners agreed to supply goods and services.
3. Evidence that establishes a monopoly on the use of the invention.
4. The permission is issued by the owner of the technology for stakeholders on the use of technology during some period of time and for a fee.
5. Delivery by one party materials, semi-finished goods which form for further processing in another country with further return of finished goods to the first exporter.
6. Agreements which permit the equivalent value exchange of goods (works, services) and results of intellectual activity.
7. The exclusive right of authors of literary, audio and video products for display or reproduction of their work.
8. Complex of engineering and consulting services for the use of technology and other scientific and technical developments.

9. The symbol of an organization that is used to identify the manufacturer of the goods and may not be used without official permission.

10. Enterprises of any organizational form, foreign investment in the share capital of which is not less than 10%.

11. Long-term operation of the transaction of equipment, vehicles and other movable and immovable property for use, the subjects of which are residents of different countries.

12. Regular exchange of elements of the final product, which is based on the international division of labor as a result of contract-based collaborative activities.

***Terms and concepts***

- a) counter-trade;
- b) barter;
- c) counter purchase;
- d) tolling operations;
- e) the patent;
- e) the license;
- i) copyright;
- c) trademark;
- i) engineering;
- c) international leasing;
- l) International industrial cooperation;
- m) joint venture.

***Exercise 2. Find a correct answer***

*1. The equivalent value exchange of goods (works, services) and the results of intellectual activity:*

- a) barter
- b) redemption / used machinery
- c) tolling operations
- d) counter purchases

*2. The export — import operations are complemented by the adoption of counter-partners agreed commitments on goods and services delivery:*

- a) countertrade

- b) traditional trade
3. *Is object of export duty finished products generated from raw materials ?*
- a) no  
b) yes  
c) no, if it is object of the special regime of exports of goods
4. *Operations such as «switch» as follows:*
- a) mutual supply of goods for equal value  
b) posting a country that is buying property abroad, compensatory counter-claims to the exporter, including the requirement to establish a co-production procurement technology in the importing country  
c) transfer exporter's obligations on a third party counter trader  
d) direct reimbursement of supplying country costs for a purchase of export goods by counter delivery by the importing country
5. *Is object to import duty raw material, imported into the customs territory of Ukraine?*
- a) no  
b) no, when they brought no later than 90 calendar days from the date of issue of cargo customs declaration  
c) no, when they brought no later than 45 calendar days from the date of issue of cargo customs declaration  
d) there?
6. *Complex of the engineering — consulting services for the preparation of a commercial nature and provide direct production process, maintenance of buildings, objects for exploitation and sales:*
- a) renting    c) audit  
b) factoring    d) engineering
7. *The countertrade transactions are not include:*
- a) tolling operations  
b) counter purchases  
c) commercial compensation

- d) purchases in advance
- e) no correct answer

8. *A special type of business aimed at investing temporarily idle funds or draw, when the contract of finance lease landlord agrees to acquire ownership of the property in the contract a particular vendor and put the property by the tenant for payment for temporary use for business purposes, and the parties to the contract are residents of the two countries:*

- a) franchising
- b) tolling
- c) barter
- d) international leasing

9. *Work on imported raw materials when brokerage firm concludes with plant contract under which the firm finances the import of raw materials and their processing, and pays the factory owns products made from this material:*

- a) franchising
- b) tolling
- c) barter
- d) international leasing

10. *Leasing, in which the full value of the property is returned to the lessor during the lease that match the term implies full depreciation of property is called:*

- a) operating lease
- b) indirect leasing
- c) Financial Leasing
- d) Big-ticket leasing

11. *Trade policy is:*

a) policy of minimum state intervention in the foreign trade, which is developed on the basis of free market forces of supply and demand

b) purposeful state activity associated with an increase in the competitiveness of the national economy, provided with sustainable economic growth, while maintaining optimal trade surplus and the creation of economic prerequisites for real independence

c) state actions to mitigate inequality in income distribution, which is an inevitable feature of a market economy.

d) a form of direct use of public funds in order to ensure demand for domestic producers and creating incentives to improve its quality

*12. Complex engineering — consulting services for use technological and other scientific — technological developments*

a) engineering

b) patent

c) license

d) Copyright

*13. Evidence that establishes a monopoly on the use of the product*

a) patent

b) license

c) engineering

d) Copyright

*14. The authorization is issued by the owner of the technology concerned reversal on the use of technology for some period of time and for a fee*

a) patent

b) license

c) Copyright

d) engineering

*15. The exclusive right of authors of literary, audio and video products on display*

a) Copyright

b) patent

c) license

d) engineering

*16. The symbol of an organization that is used to identify the manufacturer of the goods and may not be used without official permission*

a) Trademark

b) Copyright

c) patent

d) license

17. *Delivery by one party materials, semi-finished components for further processing in another country and returning of finished goods to the exporting country*

a) barter operations

b) counter purchases

c) Tolling Operations

d) Compensation Agreement

18. *Type of foreign trade agreements on goods which the buyer rejects the goods in favor of a third party, which compensates for the cost of the seller delivered the goods to the buyer*

a) barter

b) compensation agreement

c) tolling operations

d) counter purchases

19. *Sales of more expensive modern technology with purchase of obsolete,*

a) barter

b) counter purchases

c) redemption / used machinery

d) compensation agreement

20. *Obligations with full or partial payment in cash and signing an additional agreement on the counter purchase*

a) counter purchases

b) barter

c) compensation agreement

d) tolling operations

***Exercise 3. Identify which provision is right and which is wrong. Justify your answer.***

1. Joint venture — a company in any organizational and legal form, in the amount of share capital of which foreign investment is not less than 50%.

2. Complex of engineering — consulting services on the use of technology and other scientific — technological developments

— is an international leasing.

3. Service — implementation in accordance with the contract, Contractor on behalf of the customer specific actions that are consumed in terms of their implementation.

4. Licensor — the owner of the technology, and licensee — the granted person.

5. Buyback obsolete models of vehicles can be used with sales of new models of vehicles.

6. Real leasing necessarily require deposit registration.

7. The leased asset can not be confiscated or arrested.

8. Goods made on commission not subject to duty.

9. In exceptional cases trademark can be used without their official permission.

10. Expansion of markets impossible through the creation of joint ventures.

***Exercise 4. Questions for individual assignments and /or discussions at seminars.***

1. The main criteria and approaches to model selection foreign economic activity enterprises of Ukraine.

2. State registration of joint ventures in Ukraine: problems, specifics.

3. Advantages and disadvantages of international leasing operations.

4. Major trends in the market for products of intellectual labor.

5. What are the legal instruments of technology protection

6. What is franchising?

7. Features of the tolling.

## TOPIC 5.

### THE INTERNATIONAL MARKETS ENTRY STRATEGY

#### ***Question to reveal the content of the topic:***

1. Factors determining the company's decision to entry into international market
2. Strategy of foreign economic activity
3. Selection and study overseas markets
4. Ways of entering foreign markets

#### ***Questions for self-study***

1. Motives determining the company's decision to entry into international market international markets [6, c. 151-154].

#### ***Exercises for the knowledge control:***

#### ***Exercise 1. For each of the statement listened below finds a corresponding term or concept***

1. The operation carried out through international trade intermediaries.
2. The process of creating sustainable competitive advantages of the company and its reducing in the competitors.
3. The highest level of involvement of the companies to the activities in the foreign target market.
4. If resources allow the company is engaged in export operations independently, without intermediaries. In this case, a multinational company sign direct contracts with foreign buyers.
5. Geographical transfer of the production process chain, often labor-intensive finishing operations (solving the problem of employment).
6. Possible or obligatory transfer of the right to use intellectual property owned by the seller in the same country to the buyer from another country for a period of time and under certain conditions.
7. Collecting a products on the territory of one of the parties

under the contracted conditions.

8. The answer for the question: «What is our business and what we want to do for our customers?»

***Terms and concepts***

- a) strategy;
- b) mission;
- c) direct exports;
- d) indirect exports;
- d) international licensing;
- e) collective production abroad;
- i) full-scale production;
- c) foreign production contract.

***Exercise 2. Find a correct answer***

1. *What kind of price provides the following: there is a basic contract price with specification that it could be changed in case of market price volatility (for a similar product) before agreement fulfillment?*

- a) variable rate;
- b) fixed prices;
- c) estimate prices;
- d) followed by fixation.

2. *The price that was set at the moment of contract signing in specific numeral form and unchanged for the contract duration, independent on the timing and type of goods delivery is called:*

- a) stable price;
- b) variable price;
- c) single price;
- d) sliding price.

3. *Breakthrough market strategy based on:*

- a) setting low prices for fast market penetration;
- b) setting a relatively low price for basic products but at the same time high prices for complementary products;
- c) setting the price system that would ensure obtaining the maximum profit on the range of items in general;

d) tight integration of pricing and product policy of the Company.

4. *The number of monetary units that the buyer must pay the seller in a particular currency for all commodity or unit that has been delivered by the seller on the basis of the conditions specified in the contract geographic point is:*

- a) auction price;
- b) exchange price;
- c) futures price;
- d) the contract price.

5. *What is the ultimate goal of pricing strategies on the foreign market:*

- a) increasing the goods disposal;
- b) maximize market share;
- c) minimize the consequences of the competitors actions;
- d) achieving maximum profit.

6. *The main reason for enterprise existence at the market is reflected in:*

- a) company goal;
- b) strategic plan;
- c) mission;
- d) strategy.

7. *Creating a unique and excellent position, which provides a predefined set of activities for enterprise reflected in:*

- a) company goal;
- b) strategic plan;
- c) mission;
- d) strategy.

8. *The process of setting long-term goals and action plans to achieve these goals are reflected in:*

- a) company goal;
- b) strategic plan;
- c) mission;
- d) strategy.

9. *The desired performance in future the company would like to achieve is reflected in:*

- a) company goal;
- b) strategic plan;
- c) mission;
- d) strategy.

10. *The strategy of skimming is used by:*

- a) world-known companies that have a good reputation for

products with properties similar products of other obscure companies;

b) protected by patent new products and is consistent coverage of different income segments;

c) enterprises in setting relatively low prices of essential products for both high prices for complementary products;

d) no correct answer.

11. *Transfer price is price set by:*

a) state authorities decisions;

b) relevant market situation;

c) internal exchange rate of goods within MNCs;

d) state.

12. *Prices of large-scale export-import transactions that are concluded in global commodity markets in the major centers of world trade:*

a) wholesale prices;

b) public prices;

c) world prices;

d) free prices.

13. *The company, which has manufacturing units in several countries is called:*

a) transnational corporation;

b) intra- market company;

c) multinational corporation;

d) there is no correct answer.

14. *The price used in the exchange of goods within MNCs is called:*

a) transfer price;

b) global price;

c) multi-market price;

d) there is no correct answer.

15. *Sales of the same product in different countries assume:*

a) international strategy;

b) multi-market strategy;

c) the correct response is not given.

16. *If the company has been exporting goods through*

*International Trade dealers (agents, distributors) we call this actions:*

- a) indirect export;
- b) direct export;
- c) agent export;
- d) distribute export.

*17. SWOT analysis is a:*

- a) analysis of the strengths and weaknesses of the organization, analysis of external opportunities and threats;
- b) analysis of the competitive position of certain goods at the market;
- c) analysis of company image at the national market as a subject of international economic relations;
- d) analysis of government programs to support domestic producers.

*18. When assuming the market potential, demand and company opportunities we are not including:*

- a) products competitiveness analysis;
- b) future financial results assessment;
- c) analysis of prices and contract conditions in each country;
- d) there is no correct answer.

*19. If there are enough resources in company it's possible to export without dealers and they call this activity:*

- a) direct export;
- b) external export;
- c) indirect export;
- d) international exports.

*20. Allowed or agreed intellectual property rights transfer from one country seller to another country buyer according to the certain period of time and under certain conditions means:*

- a) international licensing;
- b) international factoring;
- c) international forfeiting;
- d) international franchising;

***Exercise 3. Identify which provision is right and which is wrong. Justify your answer.***

1. The limited level of development and expansion of the domestic market can not affect the decision of the company in respect of access to the international market.

2. Mission is the response to the question, “what are the specific objectives for the current year?”.

3. When a company entering the international market is not considered competitive of its products.

4. The distributor owns the goods and receives the remuneration in the form of margin.

5. Extending the life cycle can influence the decision of the company regarding its access to the international market.

6. When entering the international market it’s crucial to estimate the future results.

7. A characteristic feature of multi market strategy is the individualization of products for different markets.

8. The agent is the owner of the goods and receives a commission.

9. Direct exporting is made through dealers and only in exceptional cases by producing company.

10. International corporations strategy is characterized by replication of the same product in different countries.

***Exercise 4. Questions for individual assignments and/or discussions at seminars.***

1. What are the main issues of market analysis when a foreign market entry?

2. Describe the reasons for foreign markets entry.

3. Compare the main ways of foreign markets entry.

4. Analyze the necessity of circumstances consideration while developing the foreign economic activity strategies.

5. What can be identified as the main types of company’s global strategies?

## TOPIC 6

### PRICING STRATEGY FOR FOREIGN MARKETS

#### *Question to reveal the content of the topic:*

1. Prices and pricing
2. Pricing strategy for foreign markets

#### *Question for self-study*

1. Procedure of international pricing [6, p. 214—218].
2. The mechanism of calculating the export price [5, p. 85—96].

#### *Exercises for the knowledge control:*

#### *Exercise 1. For each of the statement listened below finds a corresponding term or concept*

1. Determining the level of prices and options change depending on their goals and challenges facing the company in the short run and in the long term.

2. The strategy, which consists in the fact that for the same product different prices are set for different groups of users (with specified criteria).

3. The strategy that is used by large enterprises or enterprises that produce unique products or have a monopoly on the market.

4. The strategy is based on setting low prices for fast penetration of new markets for the company.

5. The essence of this strategy is the relatively low cost of basic goods production and the high level prices for related (complementary) products, especially for spare parts or consumables.

6. Strategy which is used for secure by patenting new products and consists in sequentially capture different income segments of the market.

7. Strategy that applies world-renowned companies that have a good reputation for products with properties similar to the products of other lesser-known companies.

8. The strategy is based on tight integration of pricing and product policy of the company. Its means that profits from products that have successfully implemented and included in the assortment program is required to cover losses arising on other products from this range.

9. Strategy, which is used by international corporations that have numerous foreign affiliates. The basic principles underlying transfer pricing.

***Terms and concepts***

- a) strategy of refund the full cost;
- b) The strategy of “skimming”;
- c) breakout strategy or market penetration;
- d) associated pricing strategy;
- e) Strategy of prestigious prices;
- e) the pricing strategy of differentiation;
- i) pricing strategy of alignment;
- c) transfer pricing strategy;
- s) pricing (pricing policy).

***Exercise 2. Find the correct answer.***

1. *In terms of action prices can be divided into:*

- a) single and regional;
- b) Temporary and permanent ones;
- c) Public and settlement;
- d) Free and transfer.

2. *By the method of fixation in the contract prices can be divided into:*

- a) ), Sol id and mixed;
- b) single and regional;
- c) regular and one-off;
- d) the correct response is not given.

3. *Pricing strategy in the foreign market, which implies that the low prices and the gradual raising of their way to capture*

market:

- a) prestigious prices;
- b) “skimming”;
- c) a rush to market;
- d) price differentiation.

4. *Pricing strategy in the foreign market, which implies that the high prices and is aimed at wealthy segment:*

- a) t Prestigious prices;
- b) pricing within the product range;
- c) price of equalization;
- d) price of differentiation.

5. *On a territorial basis prices can be divided into:*

- a) uniform and regional;
- b) permanent ones and variables;
- c) single and variable;
- d) solid and mixed.

6. *Pricing strategy in the foreign market, which implies that the highest possible prices for novelty, making it accessible only to certain segments of the market:*

- a) price of equalization;
- b) «skimming»;
- c) price of differentiation;
- d) a rush to market.

7. *Price, fixed at a certain level and tied to a specific time limit fixed in the contract:*

- a) Fixed price;
- b) tree price;
- c) the contract price;
- d) transfer price.

8. *The highest price offered for the goods at auction:*

- a) the estimated price;
- b) auction price;
- c) Wholesale Price;
- d) world price.

9. *Price that remains constant throughout the contract:*

- a) solid;
- b) followed by fixation;
- c) variable;

- d) mixed.
- 10. *Price realization, which consists in the market:*
  - a) free price;
  - b) fixed price;
  - c) adjustable price;
  - d) the estimated price.
- 11. *Intercompany price includes divisions between TNCs:*
  - a) Public price;
  - b) auction price;
  - c) exchange price;
  - d) transfer price.
- 12. *Consists exchanges for goods exchange trading:*
  - a) public price;
  - b) exchange price;
  - c) wholesale price;
  - d) the contract price.
- 13. *Price of a futures contract:*
  - a) futures price;
  - b) exchange price;
  - c) the contract price;
  - d) auction price.
- 14. *Price of large consignments:*
  - a) retail price;
  - b) world price;
  - c) public price;
  - d) wholesale price.
- 15. *Price of goods supplied to the buyer in a small, single number:*
  - a) free price;
  - b) retail price;
  - c) fixed price;
  - d) exchange price.
- 16. *The contract price for the goods that are exported:*
  - a) import price;
  - b) wholesale price;
  - c) export price;

d) adjustable price.

17. *The contract price for the goods imported:*

a) import price;

b) export price;

c) wholesale price;

d) retail price.

18. *The selling price of the goods in the country of production, which is determined by supply and demand:*

a) domestic price;

b) world price;

c) fixed price;

d) auction price.

19. *Monetary terms international value of goods, which is implemented in the global market:*

a) import price;

b) world price;

c) transfer price;

d) public price.

20. *Defining a certain level of prices and options to change them depending on the goals and tasks facing the company in the short term and long term:*

a) pricing;

b) monetary policy;

c) customs;

d) foreign trade policy.

***Exercise 3. Identify which provision is right and which is wrong. Justify your answer.***

1. The selling price of the goods in the country of production, which is determined by supply and demand — is the domestic price.

2. The highest price that is offered in a given product at the auction — is the auction price.

3. Price liberalization is to move from fixed state to market prices.

4. Price of a large consignment — a retail price.

5. The price is set by the terms of the contract — is the estimated price.

6. Pricing strategy “skimming” is a strategy of high prices.

7. Pricing strategy solves the dilemma between high selling price and large volume sales.

8. Pricing strategy breakthrough in the market based on the formation of low prices and a gradual increase in its extent capture the market.

9. Goods sold in retail outlets, ie in terms of their sale to individual buyers usually at wholesale prices.

10. Fixed price can be changed in the course of the contract.

***Exercise 4. Questions for individual assignments and/or discussions at seminars.***

1. What factors must be considered when developing pricing policy?

2. In what forms can be carried out state regulation of prices of the domestic market?

3. What are the features of transfer prices?

4. How can be used off pricing in the foreign market?

5. How is the export price?

## TOPIC 7.

### THE PROCEDURE OF CUSTOMS CONTROL AND CUSTOMS CLEARANCE

#### *Question to reveal the content of the topic:*

1. Customs control and customs clearance of goods. Classification of goods for the purposes of customs control and customs clearance.
2. The definition of the customs value of goods.
3. Basic customs procedures. Customs Control. Forms of customs control.
4. Procedure for customs clearance. Customs documents and specific of the procedure of declaration.
5. Custom modes and peculiarities of their use.

#### *Questions for self-study:*

1. Classification of goods for the purposes of customs control and customs clearance [9, p. 261—267].
2. Customs regimes and peculiarities of their use [6, p. 71—85].

#### *Exercises for the knowledge control:*

##### *Exercise 1. For each of the statement listened below finds a corresponding term or concept*

1. Performance of actions (procedures), associated with fixing the results of customs control of goods and vehicles, crossing the customs border of Ukraine, and have legal importance for further use of these goods and vehicles, with the customs authority.
2. Established by legislation procedure on moving of cargoes through the customs border under the control of the customs authorities.
3. Organization that fills and provides the customs declaration and goods to the customs authorities.

4. Customs procedure under which goods are imported into the customs territory of Ukraine for the free circulation without a time-limit for their stay in this area, and can be used without any customs restrictions.

5. Customs procedure under which goods originating in Ukraine and exported from the customs territory of Ukraine under the customs regime of export imported into the customs territory of Ukraine for free circulation in the area, not later than established by the legislation deadline.

6. Customs procedure under which goods exported from the customs territory of Ukraine for free circulation without a commitment of their return to this area, without setting conditions for their use outside the customs territory of Ukraine.

7. Customs procedure under which goods originating from other countries, from the date of their entry into the territory of Ukraine exported from this territory in the export regime not later than the deadline established by legislation.

8. Customs procedure under which goods and vehicles moved under customs control between the customs authorities or in the borders area of one customs authority without any use of such goods and vehicles on the customs territory of Ukraine.

9. Customs procedure under which goods imported or exported from the customs territory of Ukraine must be returned without any change other than natural wear and tear or loss under normal conditions of transportation.

10. Customs procedure under which goods imported into the customs territory of Ukraine are stored in customs control without the use of taxes, duties and other restrictions during storage, or goods that are exported outside the customs territory of Ukraine or the goods which are stored under customs control after customs clearance before their actual export from the customs territory of Ukraine.

11. Customs procedure under which to the goods which are imported into the territory of the respective types of special (free) economic zones across the border of the customs territory of Ukrainians well as to the goods that are exported from the

territory of such the zones outside the customs territory of Ukraine shall not be applied measures of the tariff and non-tariff regulation unless otherwise provided by law.

12. Customs procedure under which goods and works related products are not intended for consumption in Ukraine, and are sold under the customs control at checkpoints at the customs border of Ukraine with duties, taxes, and without application of non-tariff regulation measures.

13. Customs procedure under which imported into the customs territory of Ukraine goods originating in other countries, are recycled without application of non-tariff measures, under the condition of removal by the customs territory of Ukraine processed products under the customs regime of exports.

14. Customs procedure under which goods which are in free circulation in the customs territory of Ukraine exported without application of tariff and non-tariff regulation for the purpose of their processing outside the customs territory of Ukraine and the subsequent return to Ukraine

***Terms and concepts***

- a) special customs zone;
- b) import;
- c) customs clearance;
- d) export;
- e) re-import;
- 1) processing outside the customs territory of Ukraine;
- g) the declaration of goods;
- h) the declarant;
- i) re-export;
- j) transit;
- k) temporary import (export);
- l) customs warehouse;
- m) duty free shop;
- n) processing on the customs territory of Ukraine.

***Exercise 2. Find a correct answer***

1. *Can the products which are prohibited to transit through the territory of Ukraine move in customs warehouse regime?*

- a) yes;
- b) no.

2. *Customs procedure under which goods imported into the customs territory of Ukraine are stored under customs control without taxes, fees and other restrictions during storage, and products that are exported from the customs territory of Ukraine are stored under customs supervision after customs clearance to their actual export from customs territory of Ukraine:*

- a) re-export;      c) customs warehouse;
- b) transit;              d) duty free shop.

3. *Customs procedure under which goods are located and sold under control and customs services at border checkpoints at the customs border of Ukraine without duties, taxes, and without application of non-tariff measures:*

- a) processing on the customs territory of Ukraine;
- b) the duty free shop;
- c) the processing outside the customs territory of Ukraine;
- d) temporary import (export).

4. *Customs procedure under which goods and vehicles moved under customs control between the customs authorities or within the area of one customs authority without the use of such goods and vehicles on the customs territory of Ukraine .- ексноpm;*

- a) transit;
- b) [Import;
- c) re-import.

5. *The following products can not be passed through the customs border:*

- a) that could pose a threat to public health;
- b) which have purpose of war propaganda, racial discrimination, genocide,
- c) that move with infringement of intellectual property rights;
- d) everything listed is true.

6. *The functions of the custom control do not include:*

- a) Cooperation with customs authorities of foreign

countries;

- b) ensure the economic security of Ukraine;
- c) the enforcement of customs laws;
- d) Assist on import into Ukraine of environmentally hazardous goods.

7. *During the personal inspection the following is not examined:*

- a) small items that belong to the person;
- b) outerwear, footwear, headwear;
- c) The body of a person who is exposed to examination;
- e) there is no correct answer.

8. *The forms of customs control does not include:*

a) review and re-examination of goods and means of transport;

- b) Review and revision of hand luggage and luggage;
- c) personal inspection;
- d) records of goods and vehicles;
- e) there is no correct answer.

9. *In the presence of how much witnesses should the custom inspection be made?*

- a) one;
- b) two;
- c) three;
- d) four.

10. *Customs inspections ends:*

a) with a moment of the decision to release of goods and vehicles;

- b) the moment of crossing the state border;
- c) there is no correct answer.

11. *Beginning of the customs control of vehicles when they are exporting is determined by:*

- a) the point crossing by vehicles of customs border;
- b) from the date of acceptance of the customs declaration;
- c) upon inspection of the vehicle;
- d) there is no correct answer.

12. *Beginning of customs control of vehicles when they are*

*importing is defined by:*

- a) the point of crossing by vehicles of customs border;
- b) from the date of acceptance of the customs declaration;
- c) upon inspection of the vehicle;
- d) there is no correct answer.

*13. When carrying out customs control customs officials are not entitled to:*

a) require the direct provision and review of necessary documents, including banking, information relating to the implementation of foreign economic and other activities relating to customs and functions of customs bodies;

b) obtain all necessary information , written and oral explanations from officers and other employees, aimed at obtaining information on the customs authorities of violation of import ( export) of licensed products;

c) seal the premises;

d) seize documents in the case where they are subject to review elsewhere under the act;

e) there is no correct answer .

*14. The necessary documents for customs control should be submitted to the customs authorities:*

a) at the crossing point by goods and vehicles of customs border of Ukraine;

b) the declaration of goods and vehicles;

c) a statement by the customs authority of the intention to make the movement of goods and vehicles across the customs border Ukraine;

d) everything listed is true.

*15. Customs Cargo Declaration should be provided:*

a) if an applicant for a valid reason , listed by specially authorized central body of executive power on customs practice , can not carry the full declaration of goods and vehicles imported into the customs territory of Ukraine , immediately when moving them through the customs border of Ukraine (except for goods transported in transit through the customs territory of Ukraine );

b) if the goods are regularly crossing the customs border of

Ukraine by one and the same person in the same circumstances and grounds;

c) when declaring vehicles and goods crossing the customs border by the Ukraine's legal entities or individuals to which they belong , or their authorized persons .

*16. Periodic customs declaration should be submitted:*

a) If an applicant for a valid reason , listed by specially authorized central body of executive power on customs practice , can not carry the full declaration of goods and vehicles imported into the customs territory of Ukraine , immediately when moving them through the customs border of Ukraine (except for goods transported in transit through the customs territory of Ukraine );

b) if the goods are regularly crossing the customs border of Ukraine by one and the same person in the same circumstances and grounds;

c) when declaring vehicles and goods crossing the customs border by the Ukraine's legal entities or individuals to which they belong , or their authorized persons

*17. Temporary Declaration stipulates the customs declaration filling in the usual way no later than:*

a) 30 days;

b) 90 days;

c) 180 days;

d) there is no correct answer.

*18. Temporary declaration provided in case:*

a) If an applicant for a valid reason , listed by specially authorized central body of executive power on customs practice , can not carry the full declaration of goods and vehicles imported into the customs territory of Ukraine , immediately when moving them through the customs border of Ukraine (except for goods transported in transit through the customs territory of Ukraine );

b) if the goods are regularly crossing the customs border of Ukraine by one and the same person in the same circumstances and grounds;

c) when declaring vehicles and goods crossing the customs border by the Ukraine's legal entities or individuals to which they

belong , or their authorized persons

*19. Declaration — is:*

a) the conditions and procedure for application clearance of the goods and vehicles crossing the state border according to the defined forms;

b) a statement, precise information about goods and vehicles, the purpose of their movement across the customs border Ukraine, as well as information required for the implementation of customs control and customs clearance in the prescribed form;

c) implementation of the customs authority actions (procedures) that are associated with the consolidation of the results of customs control of goods and vehicles crossing the customs border of Ukraine.

***Exercise 3. Identify which provision is right and which is wrong. Justify your answer.***

1. All the products which are exported, imported, transported across the customs border Ukraine under customs control.

2. If after the import of goods in Ukraine their design and their artistic design had changed, these products can not be considered as identical or similar.

3. During the customs control body of citizens can not be examined.

4. The manufacturer can not be a factor in determining of the similarity of goods.

5. The foreign currency is transferred into the national currency of Ukraine on exchange rate of any bank that selects the declarant when determining the customs value of goods.

6. The customs value of the goods is calculated at the moment of crossing the customs border of Ukraine by goods.

7. Identical goods — are identical goods in all respects to the goods being valued.

8. When determining the similarity it is not necessary to take into account the country of their origin.

9. Verkhovna Rada of Ukraine defines the customs policy of Ukraine.

10. Country of origin is determined with the purpose of applying the tariff acts regulating the importation of goods into the customs territory of Ukraine.

***Exercise 4. Questions for individual assignments and/or discussions at seminars.***

1. Describe the structure and functions of the customs bodies of Ukraine.

2. Which liability is provided in Ukraine for the breach of customs legislation by entrepreneurs?

3. What special customs clearance of goods, which are the objects of intellectual property?

4. What responsibilities perform the customs brokers?

5. Describe the main stages of customs clearance.

6. What are the main types of customs regime in Ukraine?

7. What is a licensed customs warehouse?

8. Describe the features of the functioning the duty-free shops

## TOPIC 8.

### LEGAL FRAMEWORK FOR INTERNATIONAL TRADE AGREEMENTS

#### *Question to reveal the content of the topic*

1. Peculiarities and conditions of foreign economic agreements (contracts)
2. Form and substance of the foreign economic agreements (contracts)

#### *Questions for self-study:*

1. Risks of entering into a foreign trade contract and ways to overcome them [10, pp. 313-316].

#### *Exercises for the knowledge control:*

#### *Exercise 1. For each of the statement listened below finds a corresponding term or concept*

1. This section must determine the goods (services or works) that one counterpart undertakes to provide to or perform for the other, including titles, brands, grades, sorts or the final result of any services provided.
2. In this section the parties must state, depending on the nomenclature, the measurement unit accepted for the type of goods in question (e.g., ton, kilogram, units, etc.), its total quantity and the qualitative characteristics. .
3. In this section, the parties must state the type of transportation and the basic terms of delivery which determine the counterparts' duties regarding delivery of the goods and which establish the moment when the relevant risks transfer from one party to the other. .
4. In this section, the parties must determine the price for the measurement of units of the goods and the total value of the goods or services delivered (provided) under the agreement (except when the price of the goods is calculated according to a

specific formula), as well as the monetary currency of the contract.

5. In this section, the parties must state the currency of payment, method of payment, order (procedure) and deadlines for financial settlements, as well as the parties' security for the performance of their mutual payment obligations.

6. In this section, the parties must state the dates and place for the actual turning over of the goods (or final performance of services) and the list of title documents to such goods. Goods are accepted according to the title documents as far as the quantity is concerned. As far as quality is concerned, goods or services are accepted according to the documents that certify their quality.

7. In this section, the parties must include the information regarding the packaging of the goods (boxes, containers, etc.), proper markings placed thereon (name of both the seller and the buyer, number of the agreement, place of destination, dimensions, specific storage and transportation conditions, etc.) and, if necessary, the terms for returning the goods.

8. The parties must include information regarding the circumstances that allow the parties to refrain from complying with the terms and conditions of their agreement (e.g., acts of God, hostilities, embargo, intrusion by governmental authorities, etc.). .

9. In this section, the parties must set out the procedure for applying penalties, recovering damages and lodging claims in connection with the failure to perform or the improper performance of their respective obligations.

10. This is a standard for all types of agreements in the modern age. Quite simply, the parties must set out the procedure for resolving disputes, which may arise out of the interpretation, failure to perform or improper performance of the agreement. .

*Terms and concepts::*

- a) terms of payments;
- b) terms of transfer and acceptance of goods or services;
- c) quantity and quality of goods or scope of provided services;

- d) price and total value of the agreement;
- e) packaging and labeling;
- e) force majeure;
- e) basic delivery terms of goods or acceptance of provided services;
- g) dispute resolution;
- c) sanctions and complaints;
- i) the subject matter of the agreement.

***Exercise 2. Find a correct answer.***

1. *Foreign economic sale-purchase agreement (contract),” which must correspond in form and substance with:*

- a) “On Foreign Economic Activities” and Order No. 201 of the Ministry of Economy and European Integration Issues “;
- b) the Law of Ukraine “On International Private Law”;
- c) the Law “On Languages in Ukraine”

2. *The essential conditions of the foreign economic contracts are following:*

- a) subject matter;
- b) price;
- c) term of the contract;
- d) all listed is correct.

3. *Documents which are necessary for registration of a contract:*

- a) request on the official form of declarant;
- b)informative card of FEA;
- c)original of FEA with all the appendices and other documents which are inalienable part of FEA;
- d) the document about payment for services for registration of FEA;
- e) all listed is correct.

4. *Basic terms of delivery in the contract define:*

- a) order of the carriage of goods;
- b) cost sharing of delivery between the seller and the buyer;
- c) the risk of transaction;

d) responsibility of the parties for the fulfillment of the contract;

e) time of transfer of risk from the seller to the buyer.

5. *The buyer receives the goods delivered by vessel, unloads it and pays export clearance. The seller pays all previous costs up to this point. Which basic term of delivery (Incoterms 2010) defines the respective responsibilities of the seller:*

a) DDP;

b) DAT;

a) CFR;

d) CIP?

6. *Which conditions of Incoterms 2010 define two "critical" points of shared responsibility between the seller and the buyer: 1) risk-sharing (point of delivery of goods from the seller to the carrier) and 2) distribution of costs (destination specified in the contract after these conditions):*

a) E;

b) F;

c) C;

d) D?

7. *The seller must pay the costs and freight, provide marine insurance against the buyer's risk of loss or damage to goods during transportation to the port of destination and clear the goods for export. Which basic term of delivery (Incoterms 2010) defines the obligations referred to the seller:*

a) CIF;

b) CFR;

a) DDP;

d) CIP?

8. *The basic term of delivery FCA provides product:*

a) at the port of departure;

b) at the port of destination;

c) to the first carrier at the named point;

d) to the freight forwarder at the named point of departure.

9. *The basic term CFR of marine transportation is carried out:*

- a) at the risk and expense of the seller;
- b) at the risk of the seller, but expense of the buyer;
- c) at the risk of the buyer, but expense of the seller;
- d) at the risk and expense of the buyer.

7. *By the basic term CPT the seller's obligations to supply goods are considered to be fulfilled:*

- a) under the conditions of cargo crossing the ship's rail at the port of loading;
- b) under the conditions of cargo crossing the ship's rail at the port of unloading;
- c) during the first transfer of cargo to the carrier;
- d) after unloading the vehicle at the named destination.

10. *The basic term CIF stipulates that transportation to the port of destination has to be provided by:*

- a) the seller of the goods;
- b) the buyer of the goods;
- c) depending on the agreement - the seller or the buyer.

9. *The basic term FAS of sea transportation is carried out:*

- a) at the risk and expense of the seller;
- b) at the risk of the seller but expense of the buyer;
- c) at the risk of the buyer but expense of the seller;
- d) *at the risk and expense of the buyer.*

11. *At the conclusion of the contract on CIP terms the seller's obligation to supply are considered to be fulfilled:*

- a) at the transfer of goods to the first carrier;
- b) at the time of arrival of the goods to the destination specified in the contract;
- c) at the transfer of goods to the forwarding company at the departure point.

12. *By the basic term DAT the seller must deliver the goods to the buyer:*

- a) on board the ship at the destination;
- b) on board the vessel at the departure port;
- c) unloaded at the port of destination.

***Exercise 3. Identify which statement is right and which is wrong. Justify your answer.***

1. Foreign economic contract is a formally executed agreement of two or more business entities.

2. Ukrainian law only recognizes international sale-purchase agreements which are concluded in a written form and signed in original by the parties..

3. Should the foreign economic contract lack any of the essential conditions, according to the legislation of Ukraine it shall be deemed by the court as the one which has not been entered into.

4. In foreign economic contracts, the parties are not free to choose any law as the governing law of the contract..

5. Under the laws of Ukraine, any foreign economic contract shall be executed in Ukrainian language.

6. Most of the foreign economic contracts are entered into by the representatives of Ukrainian party on the basis of the power of attorney or the charter.

7 Ukrainian law contains is not very strict rules governing the purchase of foreign currency in Ukraine, as well as defining the types of bank accounts that may be opened and the payments that may be made to and from such bank accounts.

8. Under Ukrainian law, where a Ukrainian resident either imports goods or services to Ukraine on term of prepayment, or exports goods or services from Ukraine based on pre-delivery, such a Ukrainian resident should receive consideration for goods transferred to a non-resident within 140 days from the date advance payment was transferred abroad.

9. The parties to the contracts usually indicate the basic terms of delivery of the goods according to Incoterms-2010.

10. On 26 May 2011, the Order of the President of Ukraine came into force and allowed to refer to Incoterms-2000 in their respective contracts of Ukrainian entrepreneurs.

***Exercise 4. Questions for individual assignments and / or discussions at seminars.***

1. A Ukrainian production company supplies metal pipes from the port in Odessa to the port in Thessaloniki (Greece). FOB (Odessa).

What is the peculiarity of allocation of costs and risks related to transport operations between the seller and buyer?

2. A Kiev company has sold a small batch of women's clothing to the US with delivery by air to New York on the basis of the delivery term "FCA (Borispol airport)" and has paid the air carrier the cost of transportation from the Boryspil airport to New York.

A. What are the duties of the Kiev enterprise related to the delivery according to the chosen basic term FCA?

B. What is the incorrectness of its actions?

3. By entering into a foreign trade contract on the supply of equipment for footwear based on the DDU term (Milan), a Ukrainian buyer has insisted on a clause concerning a commodity ownership right which passes from the seller to the buyer at the time of transfer of goods to the first carrier included in the terms of contract.

A. Is the buyer's requirement legitimate? Why/ Why not?

B. What are the options for resolving this situation?

## TOPIC 9.

### INTERNATIONAL PAYMENTS IN FOREIGN ECONOMIC ACTIVITY

#### ***Question to reveal the content of the topic:***

1. Methods of payments in FEA.
2. Forms of payment: cash, in advance, credit. Bank Transfer.
3. Letter of credit payment transactions.
4. Collection form of payment. The mechanism of making payments by check.
5. Form of bill payment. Open account.

#### ***Questions for self-study:***

1. The mechanism of making payments by check [6, p. 336—340].
2. Bill payment [6, p. 340—346].

#### ***Exercises for the knowledge control:***

##### ***Exercise 1. For each of the statement listened below finds a corresponding term or concept***

1. Provides the payment by the buyer stipulated in the contract amounts before the transfer of documents of title and the product itself to the buyer, and often during, and even before the order.
2. Payment by which provides the payment by the buyer the amount stipulated in the contract after a certain period of time after delivery of the goods.
3. Payment form which provides the transfer by the buyer for seller a sum of money or property values (raw materials, components materials for ordered goods, etc.) for the shipment of goods as the obligations under the contract.
4. Formed in international business and banking practices regulated by the legislation of the country — participant of the

payment process of design calculation methods, transfer of title and payment and payment instruments that are carried out through the bank.

5. Payments for monetary claims and liabilities arising from economic, political and cultural relationships between legal entities and citizens of different countries.

6. The completed contract at the formal blank in which the issuing bank, opening it, accepts the obligations make payment amount specified therein to a third party (the beneficiary) (with cash payments) by order and for account of the buyer or to accept a bill (in the calculations on credit), with submission set of documents confirming the supply of goods according to treaty provisions stipulated by the seller in the contract.

7. Simple order of the Commercial Bank importer to its correspondent bank (exporter's bank) to pay a sum of money with orders of importer to the Foreign recipient (beneficiary, the exporter) indicating the method of coating by the payer the amount which the bank paid.

8. Written instructions of the bank's client for his bank to receive the payment when issuing a set of documents by buyer.

9. Receiving money from the debtor by presenting him the payment documents through the bank.

### ***Terms and concepts***

- a) international payments;
- b) an advance payment;
- c) credit payment;
- d) the form of payment;
- e) an advance payment;
- f) T5ank transfer
- g) documentary letter of credit;
- h) collection;
- g) the collection order.

### ***Exercise 2. Find a correct answer***

1. *Benefituar* — is:

- a) the importer;

- b) the exporter;
- c) the country from which the customer carries out international payments.

2. *Bank-collector — is:*

- a) a bank of the customer;
- b) bank that presents documents to the payer;
- c) the payer's bank;
- d) any bank except a bank of the customer.

3. *Collection — is:*

- a) banking operation;
- b) type of payment;
- c) the kind of credit;
- d) everything listed is correct.

4. *The payment instruments include:*

- a) cash;                      c) bills;
- b) checks;                  d) all listed is correct.

5. *The financial instruments include:*

- a) promissory notes;
- b) bills of exchange;
- c) checks;
- d) payment receipts;
- e) all listed is correct.

6. *Irrevocable letter of credit — is:*

a) the commitment of the issuing bank which does not change and does not revoke the letter of credit without the consent of the interested parties;

b) a letter of credit that can be changed or canceled at any time without prior notification of the beneficiary;

c) letter of credit which can be changed, but can not be revoked without the consent of the interested parties;

d) no one statement is true.

7. *In the documentary letter of credit involved:*

- a) importer, issuing bank, enhancing bank, beneficiary;
- b) the importer, enhancing bank, the issuing bank;
- c) issuing bank, activating bank.

8. *Participants in the collection are:*

a) the customer, a bank of the customer, bank collector, the payer;

b) the customer, the bank collector, the payer;

c) the customer, payer bank, collector.

9. *Which of the following is not a method of payment?*

a) cash payment;

b) an advance payment;

c) payment credit;

d) payment bail.

10. *The mechanism of international payments include:*

a) methods of payment;

b) means of payment;

c) the form of

payment; d) all

answers are correct.

11. *Mediator in international payments are:*

a) a bank;

b) the state;

c) company.

12. *Subjects participating in international payments are:*

a) importers;

b) exporters;

c) banks;

d) all answers are correct.

13. *The letter of credit should be used in the following cases:*

a) under the new trade partnership;

b) if there are doubts about the creditworthiness of the buyer;

c) large-scale programs;

d) everything listed is true.

14. *Spot cash is not carried out if:*

a) the importer has received notification of readiness for shipment of goods from the exporter;

b) the importer has received notification of completion of shipment;

c) the importer has not received a set of documents provided by the contract;

d) the importer has received the right to delay the payment.

15. *Provides the payment of amounts by the buyer which is stipulated in the contract before the transfer of documents of title and the product itself to the buyer, or at the time and even before the order:*

a) advance payment;

b) cash payment;

c) payment of credit;

d) there is no correct answer.

16. *Amount specified in the contract, the payment of which the counterparty obtains the right to free themselves from the obligations assumed under the contract:*

a) deposit;

b) The indemnity;

c) advance;

d) check.

17. *The disadvantages of of advance payment include:*

a) the possibility of loss of advance by the importer;

b) protection of the exporter against the risk of insolvency of the importer;

c) the exporter receives possession of surplus funds;

d) everything is true.

18. *The disadvantages of advance payment do not include the following:*

a) the exporter can fail the delivery of the goods on time, or deliver the inconsistent quality goods;

b) the exporter can fail the adhere to the range of goods, the transportation, packaging,

c) the importer may lose the advance payment;

d) the exporter is protected against the risk that the importer will refuse or not be able pay for the goods which it shipped.

19. *Sum under the payment of which the counterparty obtains the right to free themselves from the obligations taken over by under the contract, specified in the contract — is:*

- a) deposit;                      c) advance payment;
- b) the indemnity;            d) check.

20. *Assumes that the buyer pays the amount due to contract after a certain period after delivery of the goods:*

- a) payment in credit;
- b) an advance payment;
- c) payment in cash;
- d) there is no correct answer.

***Exercise 3. Identify which provision is right and which is wrong. Justify your answer.***

1. Payment in credit provides the payment the amount due to the contract by the buyer for the transfer of documents and the goods to the buyer.

2. Pure reimbursement letter of credit can be used when making foreign payments.

3. The bill can not be a mean of payment in foreign operations.

4. In foreign economic activity only revocable letter of credit is used for the calculation.

5. Advance payment provides that the purchaser shall pay the amount specified in the contract, after a period of time after delivery of the goods.

6. Advance payment may be at 100% of the contract value and a certain percentage of the contract amount.

7. Bank transfer is the assignment of a commercial bank of the importer to the exporter's bank to pay a sum of money on behalf of and at the expense of the importer to the exporter indicating the way to cover the bank — payer paid amount by him.

8. Uncovered letter of credit does not include pre-currency credit transfer.

9. The disadvantage of Letter of credit is that banks deal only with documents and not with goods.

10. Indemnity — sum due to the contract paying which the counterparty obtains the right to free themselves from the

assumed obligations under the contract.

***Exercise 4. Questions for individual assignments and/ or discussions at seminars.***

1. Compare the advantages and disadvantages of Letter of credit and collections.
2. Describe the main types of letters of credit.
3. What form of payment appropriate to use in international contracts? Explain why?
4. What are the factors that contribute to the volume of transactions in the world with payment cards?
5. What role is carried out by gold in international payments?
6. What's draft?

## TOPIC 10

### ORGANIZATION OF INTERNATIONAL TRANSPORT

#### *Question to reveal the content of the topic:*

1. Transportation conditions of commercial contracts.  
Criteria for selecting the mode of transport.
2. Types of international transport: sea, road, air, rail.
3. Organization and technology of international traffic.  
Completion of the international transport documentation.
4. Features of forwarding services for enterprises-subjects of foreign economic activity.

#### *Questions for self-study:*

1. Criteria for selecting the mode of transport [6, p. 379—382].
2. Completion of the international transport documentation [5, p. 135-152].

#### *Exercises for the knowledge control:*

#### *Exercise 1. For each of the statement listened below finds a corresponding term or concept*

1. Lease agreement of the vessels in which the vessel owner transfers it charterer for a specified period with the team, whose members are employees of an employer that takes care of all the costs of the vessel, including crew wages account and rent amount to the owner.
2. Vessels of irregular voyages without a clear schedule and are directed by the owners where is a demand for tonnage by charterers exists.
3. The owner of the vessel is carrying a cargo from one or more ports of departure to one or more destination ports.
4. Used during Transportation of a large number of homogeneous goods in the same direction by several consistent voyages.

5. Lease agreement of the ship when the ship whole or its part provided at a particular time at the disposal of the charterer for the carriage of goods to any destination.

6. The owner of the ship shall, within a specific period of time to carry a certain amount of goods;

7. Hiring an vessel without crew, while the charterer bears all costs for the use of the vessel and pay the rent of the owner.

8. A document that issues the shipowner to the consignor to confirm that shipment is accepted for carriage by sea.

9. Form of transport services, which provides regular transportation between the ports of general cargoes established by preannounced schedule.

### ***Terms and concepts***

- a) tramp vessel;
- b) one voyage chartering;
- c) the subsequent charter voyage;
- d) general charter contract;
- e) charter to time charter conditions;
- e) charter on terms of demays charter;
- i) bareboat charter;
- c) linear navigation;
- s) the bill of lading.

### ***Exercise 2 Find a correct answer***

1. *What rules regulate the international 'trade and adopted by the International Chamber of Commerce?*

- a) international regulations “Incoterms”;
- b) declaration of “partnership and cooperation”;
- c) a contract of export-import transaction;
- d) there is no correct answer.

2. *Which two important conditions of export-import transaction shall be determined in accordance with the rules of Incoterms ?*

- a) civil liability transition from the seller to the buyer and the transition of all transfer payments from the seller to the buyer;
- b) the transfer of risk from the seller to the buyer and the

transition costs from the seller to the buyer;

c) transition obligations of bank guarantees from the seller to the buyer and the distribution of all damages from the buyer to the seller;

d) everything is true.

3. *Transportation contract terms provide:*

a) the type, method and timing of transportation;

b) the name of the carrier;

c) the name of the point of delivery of the goods;

d) everything is true.

4. *Trump transportation related to:*

a) maritime transport;

b) air services;

c) auto transportations;

d) rail transport.

5. *The criteria for selecting the mode of transport for carriage do not include:*

a) type of cargo

b) transportation route;

c) The cost of transportation;

d) there is no correct answer.

6. *Can the transport — forwarding company to perform the customs declaring of goods ?*

a) yes;

b) no.

7. *A document that issues the shipowner to the shipper to confirm that the goods are accepted for carriage by sea:*

a) check;

b) bill;

c) the invoice;

d) the bill of lading.

8. *The owner of the ship shall to transport a certain number of goods within a specific period of time:*

a) the charter for a voyage;

b) general charter;

c) bareboat charter;

- d) dimays charter.
- 9. *The advantages of linear navigation include:*
  - a) lower rates than in the tramp supplies;
  - b) the large number of agents;
  - c) transportation of mainly large shipments;
  - d) everything is true.
- 10. *The main types of sea shipping does not refer:*
  - a) tramp shipping;
  - b) linear navigation;
  - c) container shipping;
  - e) there is no correct answer.
- 11. *The disadvantages of the linear shipping does not refer:*
  - a) regularity;
  - b) the presence of a small number of agents;
  - c) higher rates than in the traffic tramp;
  - d) everything is right.
- 12. *The main types of international traffic do not include:*
  - a) maritime transport;
  - b) air transportation;
  - c) road transport;
  - d) there is no correct answer.

***Exercise 3. Identify which provision is right and which is wrong. Justify your answer.***

1. The name of the carrier must be specified inn transport terms of the contract.
2. Bill of lading is not a document of title.
3. Dispatch — the compensation paid by the owner of the vessel to the charterer for early completion of the work on loading and the release of the vessel.
4. Trump ships carry the irregular voyages without a clear timetable.
5. Cancelling – deadline for submission of loading vehicles under, non-compliance with which the charterer has the right to terminate the contract.
6. Contract for Transportation of tramp vessels made in the

form of charter.

7. Demurrage – financial compensation paid by the charterer to the vessel owner for a stay vessel during cargo operations after the deadline set out in the charter.

8. The conference lines served by a shipowner.

9. Linear transport rates higher than the tramp voyage rates in traffic.

10. Bill of Lading – a document that issues shipper to the owner to confirm the shipment is accepted for carriage by sea.

***Exercise 4. Questions for individual assignments and/or discussions at seminars.***

1. What are the features of transport services.

2. What criteria are taken into account in the selection of the mode of transport?

3. What is bill of lading? What are the functions it performs?

4. What is the specificity of forwarding companies?

5. What is the transport logistics?

## TOPIC 11

### INSURANCE OF FOREIGN ECONOMIC ACTIVITY

#### ***Question to reveal the content of the topic:***

1. The risks in economic activity, methods of reducing risk.
2. Insurance risks in international payment transactions.
3. Specificity of cargo insurance in export-import operations.
4. Reinsurance risks in FEA.

#### ***Questions for self-study:***

1. Reinsurance risks in FEA [3, p. 661—667].

#### ***Exercises for the control of knowledge:***

##### ***Exercise 1. For each of the statement listened below finds a corresponding term or concept***

1. Legal entities and capable individuals who have entered into a contract of insurance with insurers.
2. System of specific monetary and -socio-legal relations to protect the property interests of citizens and legal persons in case of certain cases (insurance claims) designated by the insurance contract or by applicable law, at the expense of funds that are generated by the payment of citizens and legal entities insurance premiums.
3. Under this type of insurance, we understand the property interest reimbursement associated with the destruction or damage of the goods whilst in transit by certain modes of transport.
4. Legal person who obtained license for insurance activity in accordance with law;
5. The system of economic relations, under which the insurer transfers of accepted insurance risks to other insurers (in their own country and abroad) in order to ensure the reliability and profitability of insurance operations.
6. Insurance against impersonal cases of foreign citizens in

the country, as well as citizens of this country, going abroad (for travel or work visas).

***Terms and concepts***

- a) insurance;
- b) the insurer;
- c) insureds;
- d) personal insurance;
- d) insurance of cargo (cargo);
- e) reinsurance.

***Exercise 2. Find a correct answer***

1. *The objects of insurance liability coverage are:*
  - a) the life, health or income of the individual citizen;
  - b) damage to third parties;
  - c) moral damages.
2. *On what two groups all the risks associated with foreign economic activity are divided?*
  - a) primary and secondary;
  - b) own and borrowed;
  - c) internal and external.
3. *Which group of methods is not directed to reduce the potential losses from external risks:*
  - a) insurance;
  - b) hedging;
  - c) \*Analysis and prediction of markets;
  - d) operating leverage.
4. *What does the method of hedging insurance mean ?*
  - a) policies covering risks of injury and destruction of property during construction;
  - b) the use of bank guarantees;
  - c) the use of futures and options.
5. *For what the method of hedging is used?*
  - a) to manage the risks associated with falling prices on the stock exchange;
  - b) to coordinate international construction;
  - c) for availing bill of exchange.

6. *What is the purpose in insurance of accounts receivable?*
- guarantee of delivery of the goods at the port of receipt;
  - reduce possible losses after the force majeure;
  - ensuring timely payment to exporters for products delivered.
7. *What is meant by the insurance risk of default?*
- the decision of the court for the recovery of the debt;
  - the insurer's own participation in losses (deductible);
  - nationalization and confiscation of property
  - there is no correct answer.
8. *The criteria for selecting reinsurers include:*
- relations with international organizations, industry,
  - specialization;
  - the amount of the authorized capital;
  - everything is true.
9. *Part of the losses which are not compensated by the insurer under the contract of insurance:*
- franchise;
  - bill;
  - royalties;
  - insurance policy.
10. *Accident insurance of foreign citizens in the country, as well as citizens of this county, going abroad (on tourist or work visas):*
- insurance of liability to third parties;
  - personal insurance;
  - insurance of their own responsibility;
  - there is no correct answer.
11. *The system of economic relations, under which the insurer transfers of accepted insurance risks to other insurers in order to ensure the reliability and profitability of insurance operations:*
- insurance;
  - insurance "cargo";
  - reinsurance;
  - insurance "CASCO".

12. *Insurance of technical risks does not include:*

- a) insurance of electronic equipment;
- b) insurance against breakdowns of machines;
- c) security containers;
- d) liability insurance to third parties.

13. *Insurance of technical risks*

*includes:* a) insurance of vehicles against breakdowns;

- b) currency risk insurance;
- c) insurance of freight;
- d) Insurance of containers.

14. *Cumulative function of insurance consists in:*

- a) redistribution of money among the participants of insurance in connection with the insured event;
- b) control over the proper use of funds from the insurance fund;
- c) establishment of insurance reserves;
- d) minimize the consequences when the insured event.

15. *Warning function of insurance consists in:*

- a) financing measures to reduce the occurrence of the insured event from the insurance fund;
- b) the establishment of insurance reserves;
- c) control over the proper use of funds from the insurance fund;
- d) everything is true.

16. *Legal entities and capable individuals who have signed a contract of insurance with an insurance company:*

- a) the insurer;
- b) insured.

17. *Legal person who is licensed to conduct insurance business in accordance with legislation:*

- a) the insurer;
- b) insured.

***Exercise 3. Identify which provision is right and which is wrong. Justify your answer.***

1. The state can not be the subject of insurance.
2. Insurance of “cargo” — insurance of goods transported by individual modes.
3. Financial stability is the only criterion for reinsurer selecting.
4. Private insurance does not cover accident insurance.
5. Insurer may transfer part of the accepted insurance risk to other insurers.
6. Specialization can not be a criterion for reinsurer selection.
7. Optional reinsurance is used for long-term contracts.
8. The size of the authorized capital reinsurer is a criterion for selecting of the reinsurer.
9. Targeted use of created insurance fund is characteristic of insurance.
10. Market reputation is the decisive criterion for selecting a reinsurer.

***Exercise 4. Questions for individual assignments and / or discussions at seminars.***

1. Analyze the major causes of risks in FEA.
2. Compare the internal and external risks of participants of FEA.
3. What role is carried out by the insurance company in carrying out of the FEA?
4. How is it possible to reduce risk of FEA under the condition of diversification?
5. What is hedging?
6. Describe the features of the mechanism of reinsurance.
7. Is there a possibility of political risk insurance in FEA?

## TOPIC 12.

### METHODOLOGY FOR DETERMINING THE EFFECTIVENESS OF FOREIGN ECONOMIC ACTIVITY OF THE ENTERPRISE

#### *Question to reveal the content of the topic*

1. The system of analytical indicators of foreign economic activity of the enterprise.
2. Assessment of obligations fulfillment on export and import operations.
3. Economic effect and efficiency of foreign economic transactions.
4. Analysis of export goods competitiveness.

#### *Questions for self-study:*

1. The analysis of the export commodity's competitiveness [3, pp. 398-406].

#### *Exercises for knowledge assessment*

**Task 1. For each statement below find the corresponding term or concept.**

1. The indicator calculated as the ratio of the sum of products of export goods currency prices to the volumes of their exports to the sum of profits and losses for export goods production and sale to their volumes.
2. The indicator calculated as the ratio of the sum of imported goods prices on the domestic market to the volume of their imports to the sum of outputs of foreign exchange prices of imported goods to their volumes.
3. An indicator which characterizes the ratio of net foreign currency earnings (converted to hryvnia) for the sales of goods to the volume for export sales.
4. The indicator, which is calculated as the ratio of net

profit in foreign currency (converted to hryvnias) for the product sold at full cost of the enterprise to product export.

5. The indicator, which is equal to the sum of net proceeds in foreign currency (converted to hryvnias) for the goods sold and the proceeds in hryvnias from the mandatory sale of the state currency share, minus full expenses of the enterprise for product export.

6. The indicator calculated as the ratio of imported products value on domestic market and the costs for imported products purchasing.

7. It is calculated as an excess of the price of imported goods sales on domestic market against the costs of imported products purchasing.

8. The ratio of import economic effect and the costs of imported products purchasing.

9. It is determined as the sum of benefits at all export and import agreements.

10. It is determined by the ratio of the useful effect of operations to the cost of consumption.

*Terms and concepts:*

- a) exports effectiveness;
- b) goods competitiveness;
- c) import profitability;
- d) export economic effect;
- e) currency export efficiency;
- e) integral economic effect;
- e) import economic effect;
- g) import currency efficiency;
- c) import economic efficiency index;
- i) export profitability.

**Task 2.** Find the correct answer.

Calculation of cost effectiveness is carried out by

comparing:

- a) the achieved economic result with the cost of resources to obtain this effect;
- b) the achieved economic result with planned expenditures recourses;
- c) the achieved economic result with the desired economic effect;
- d) the correct answer is absent.

2. Costs that are taken into account in the calculation of economic efficiency, mean:

- a) costs of raw materials, energy, labor, services of other organizations, mandatory allocations to various state funds;
- b) costs of labor, services of other organizations, mandatory allocations to various state funds;
- c) costs of raw materials, materials, energy, services of other organizations, mandatory allocations to various state funds;
- d) costs of raw materials, materials, energy, labor, services of other organizations.

3. The system of analytical indicators of enterprise foreign economic activity does not include:

- a) absolute indicators;
- b) relative indicators;
- c) structure indicators;
- r) competitiveness indicators.

4. Absolute indicators of foreign economic activity do not include:

- a) export volume;
- b) claim amount;
- c) export liabilities ratio at the price;

d) the number of claims satisfied.

5. Relative indicators of foreign economic activity include:

a) dynamics indices, coefficients of export and import commitments, average duration of turnover of export (import) transaction, return factor from export (import) operations;

b) dynamics indices, coefficients of export and import commitments, average duration of export (import) transaction, export or import commodity structure;

c) dynamics indices, currency efficiency of export (import), average duration of export (import) transaction turnover, return factor of export (import) transactions;

d) the correct answer is absent.

6. There are no indicators of effectiveness (effect):

a) export (import) currency efficiency;

b) export (import) efficiency;

c) export (import) profitability;

d) all mentioned above are indicators.

7. The integral economic effect is:

a) structure indicator;

b) effectiveness (effect) indicator;

c) relative indicator;

d) absolute indicator.

8. The share of new export products having appeared on the markets over the last 3 years is:

a) structure indicator;

b) effectiveness (effect) indicator;

c) relative indicator;

d) absolute indicator.

9. The structure of overhead costs for exports or imports is:

- a) structure indicator;
- b) effectiveness (effect) indicator;
- c) relative indicator;
- d) absolute indicator.

10. The principles of economic efficiency indicator calculating don't include:

- a) partial record of all costs and outcomes components;
- b) the need for comparison with the basic version;
- c) bringing costs and results to one ratio base;
- d) bringing different costs and outcomes to one-time moment.

11. The indicator calculated as the ratio of the amount overdue contracts within a year to the amount of contracts subject to perform within a financial year is:

- a) coefficient of liabilities performance at value;
- b) sum contracts share overdue within a financial year;
- c) coefficient of liabilities performance on goods export at physical volume;
- d) coefficient of liabilities performance on goods export at a price.

12. The indicator, which is calculated as the ratio of the total actual value of goods to the total value of goods within a financial year, recalculated at the prices planned, is:

- a) coefficient of liabilities performance at cost;
- b) sum contracts share overdue within a financial year;
- c) coefficient of liabilities performance on goods export at

physical volume;

d) coefficient of liabilities performance on goods export at a price.

13. If the currency efficiency coefficient is less than the value of the exchange rate, then:

a) foreign trade activity is considered effective;

b) foreign trade activity is considered ineffective;

c) this data is not enough to determine the foreign exchange efficiency of foreign trade activities.

14. Find the correct statement:

a) if the coefficient of export currency efficiency exceeds the value of the inverse exchange rate, such an operation is considered effective;

b) if the coefficient of import currency efficiency exceeds the value of the reverse currency, such an operation is considered effective;

c) if the coefficient of export exchange efficiency exceeds the value of the ordinary exchange rate, such an operation is considered effective;

d) all indicated above is correct.

15. The following factors do not matter to determine goods competitiveness:

a) the opposite of the objectives and means of market entities;

b) features of different segments of the market;

c) quasi stability of the market situation during the research;

d) mainly rational behavior of market entities;

e) all mentioned above is important.

16. What is the first stage in assessing the competitiveness of

any export product:

- a) determination of the set of goods comparable parameters;
- b) market analysis;
- c) the choice of the most competitive product-sample for comparison;
- d) calculating the integral index of goods competitiveness?

**Task 3.** *Identify which statement is correct and which is wrong. Give your reasons.*

2. Increasing efficiency of economic system depends only on external factors of economic growth.
2. The effectiveness of state foreign economic activity is the characteristics of the degree of achievement of such a level of national income due to the implementation of internal economic transactions, which would ensure population welfare.
3. To evaluate economic entities effectiveness could be possible using the principle of output and costs correlation.
4. Commodity exchange unprofitability is obvious if the costs of domestic goods production for import is bigger than the costs of those for export.
5. Customs duties amount for customs clearance is an indicator of the economic efficiency calculating of export transactions.
6. Import economic efficiency index is calculated only for industrial goods.
7. To ensure the import transaction profitability the ratio of domestic unit cost and foreign unit should be not less than the official currency exchange rate.
8. Enterprise export earnings is not influenced by export unit price.
9. For import goods to be effective, it is necessary export profit exceeds export costs.

10. To approve goods release on foreign market, it is enough to calculate only absolute export goods efficiency.

*Task 4. Questions for individual assignments and / or discussions on seminars.*

1. What indicators can be used to assess the goods competitiveness on foreign market?
2. How do payment terms effect the calculation of economic efficiency and effectiveness?
3. Which indicators can be used to evaluate the international leasing effectiveness?
4. What are the ways to increase the foreign economic transactions efficiency?
5. How to evaluate the impact of the exchange rate on the effectiveness of the enterprise foreign economic activity?

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Збірник завдань для самостійної роботи,  
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