

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE**

**O. M. BEKETOV NATIONAL UNIVERSITY  
of URBAN ECONOMY in KHARKIV**

Methodological guidelines  
for practical classes  
on the subject

**“English”**

*(for 1-year full-time students  
of specialities 073 – Management and 275 – Transport Technologies)*

**Kharkiv – O. M. Beketov NUUE – 2018**

Methodological guidelines for practical classes on the subject “English” (for 1-year full-time students of specialities 073 – Management and 275 – Transport Technologies / O. M. Beketov National University of Urban Economy in Kharkiv ; com. : Ye. S. Moshtagh, O. M. Tarabanovska. – Kharkiv : O. M. Beketov NUUE, 2018. – 52 p.

Compilers: Ye. S. Moshtagh, O. M. Tarabanovska.

Reviewer O. L. Illienko, Ph. D. in Philology

Recommended by the department of foreign languages,  
record № 8 of 24.04.2018.

## CONTENTS

Introduction .....	4
Unit 1 The European Union .....	5
Unit 2 Import Export .....	10
Unit 3 Free Trade. The WTO .....	13
Unit 4 Customs .....	17
Unit 5 Main Documents in Trade and Shipping.....	20
Unit 6 Logistics.....	24
Unit 7 Supply Chain Management .....	29
Unit 8 Third-Party Logistics .....	35
Unit 9 Radio-Frequency Identification and Smart Logistics .....	38
Unit 10 Transport Systems .....	43
Unit 11 Environmental Protection and Reverse Logistics .....	47
References .....	52

## INTRODUCTION

These educational materials are designed for the students of the 1<sup>st</sup> year of studies of the specialities “Transport Technologies” and “Logistics” to develop their knowledge and skills in English language according to their profession.

This manual is based on the authentic texts concerning the logistics and transport problems from different sources. It contains the tasks for reading and translation, lexical and grammar tasks, texts and tasks for self-study. The manual consists of 11 units. Each unit contains:

- an authentic text for reading, translation and discussion in class;
- key vocabulary according to the topic;
- comprehension exercises;
- exercises for memorizing and mastering key vocabulary;
- vocabulary development exercises;
- additional texts and tasks.

The manual can be recommended both for using in class and for students’ self-study.

## UNIT 1 THE EUROPEAN UNION

**Key vocabulary :** access – expand – GDP (gross domestic product) – currency – prosperity – impact – issue – treaty – probity – viability – accountability – restrict – VAT (Value Added Tax) – taxation – per capita.

*Read and translate the text about the history and the present day of the European Union and its perspectives.*

### THE EUROPEAN UNION

The **European Union (EU)** is a political body, made up of twenty seven member states, the majority of which are located in continental Europe. It was established in 1993 by the Treaty on European Union. Since then new accessions have raised its number of member states, and competences have expanded. As a result, the EU can be described as both a supranational and intergovernmental body.

The EU is the largest economic and political entity in the world, with a total population of 494 million and a combined gross domestic product (GDP) of €11.6 (US\$14.5) trillion in 2006. The Union is a single market with a common trade policy, a Common Agricultural Policy, and a Regional policy to assist underdeveloped regions. It introduced a single currency, the Euro, adopted by thirteen member states. The EU initiated a limited Common Foreign and Security Policy, and a limited Police and Judicial Co-operation in Criminal Matters.

Citizens of EU member states are also EU citizens: they directly elect the European Parliament, once every five years. They can invest, live, travel, and work in other member states. Passport control and customs checks at most internal borders were abolished by the Schengen Agreement.

### MEMBER STATES

On 23 July 1952 six founding members formed the European Coal and Steel Community, which was transformed into the European Community, later renamed the European Union.

Year	History of European Union membership	Total
1957	Belgium, France, West Germany, Italy, Luxembourg, Netherlands	6
1973	Denmark, Republic of Ireland, United Kingdom	9
1981	Greece	10
1986	Portugal, Spain	12
1995	Austria, Finland, Sweden	15
2004	Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia	25
2007	Bulgaria, Romania	27

Supporters of the European Union argue that the growth of the EU has been a

force for peace, democracy, and prosperity for its member states.

The nature and future direction of the European Union itself is a key issue in European politics and a significant issue in the national politics of the member states. General issues include whether or not to belong to the EU, the impact of the EU on the member states, sovereignty issues, economic harmonisation issues, what the EU is becoming and should become (i.e. a single country in itself or a club of individual countries), the ultimate size of the Union, limits on new accession, the pace of new accessions, expansion in membership versus internal integration, a future as a political union versus a future as a free trade zone, the geographical limits of "Europe" for membership purposes, and the values and historical-cultural identity of the Union. Internal structure, procedures and policies are themselves subject to constant political debate. Specific issues at present include the status and future of the constitutional treaty; enlargement on the Balkans and Turkish accession; problems of financial probity and democratic accountability; relative economic viability; revision of the rules of the Stability and Growth Pact; and the Common Agricultural Policy.

### EUROPEAN ECONOMIC COMMUNITY

A prominent policy goal of the European Union is the development and maintenance of an effective single market. Significant efforts have been made to create harmonised standards claimed to bring economic benefits through creating larger, more efficient markets. Since the Treaty of Rome, policies have implemented free trade of goods and services among member states, and continue to do so. Common EU competition law restricts anti-competitive activities of companies and member states. The EU promotes free movement of capital between member states. The members have a common system of indirect taxation, the VAT, as well as common customs duties and excises on various products.

They have a Common Agricultural Policy (with the Common Fisheries Policy) and the structural and cohesion funds, which improve infrastructure and assist disadvantaged regions. The EU also has funds for emergency financial aid, for instance after natural disasters. The funding extends to programmes in candidate countries and other Eastern European countries, as well as aid to many developing countries, through programmes such as Phare, TACIS, and ISPA. The EU also funds research and technological development.

In a more political sense, the EU attempts to create a sense of European citizenship and European political life. That includes freedom for citizens of the EU to vote and to stand as candidates in local government and European Parliament elections in any member state. The European Parliament is now attempting to create pan-European political parties, and almost all members have joined at least a federation of national political parties.

### ECONOMY

Taken as a single entity, the European Union has the largest economy in the world, with an estimated nominal GDP of €11.6 (\$14. 5) trillion in 2006 accounting for 35% of world GDP (the second largest economy is the USA, with a GDP of \$13.2 trillion).

In 2006 3.5 million jobs were created in the Eurozone. Germany, the largest

economy within the EU, grew 2.7% in 2006 and is expected to grow at around 2.8% in 2007. After growing almost 3% as a whole in 2006 the EU economy is predicted to stay robust well into 2008.

There are great national and intra-national economic disparities across the European Union, reflecting the different economies of its member states. Even corrected for purchasing power, there is a great difference between the richest 3 regions (Frankfurt, Paris, and Inner London), and the poorest (Romania and Bulgaria). There is still a 5-to-1 difference between average Western European levels and the poorest regions of new member states.

Differences between member states are also significant. GDP per capita is often 10% to 25% higher than the EU average in the "older" western member states, but only comprises one-third to two-thirds of the EU average in most eastern member states. By comparison, United States GDP per capita is 35% higher than the EU average; Japanese GDP per capita is approximately 15% higher.

The European Union is the largest exporter in the world and the second largest importer. The EU currently imports 82% of its oil and 57% of its gas, making it the world's leading importer of these fuels. Internal trade between the member states is aided by the removal of barriers to trade such as tariffs and border controls. In the eurozone, trade is aided by adoption of a uniform currency.

**Task 1. Answer the questions to the text.**

1. How many member states are there in the EU?
2. What are the most characteristic features of the EU?
3. What rights do the citizens of the EU have?
4. What are the general issues as for membership in the EU?
5. What benefits can membership in European Economic Community bring?
6. What programmes does the EU finance?
7. Why is it estimated that the EU has the most powerful economy in the world?
8. Why are there economic disparities across the European Union?
9. What can aid trade between the member states of the EU?

**Task 2. Complete the table with the correct form of words from the text. Find sentences in the text where these words are used.**

<i>verb</i>	<i>noun</i>
access	
	expansion
prosper	
	impact
account	
	restriction
	implementation

**Task 3. Match words and word definitions.**

1 taxation	A the system or type of money that a country uses
2 issue	B the system of charging taxes
3 currency	C a subject or problem that is often discussed or argued about, especially a social or political matter that affects the interests of a lot of people
4 treaty	D used to describe the average amount of something in a particular place, calculated according to the number of people who live there
5 probity	E complete honesty
6 viability	F a formal written agreement between two or more countries or governments
7 per capita	G ability to continue to live, to develop or work successfully

1 - ... 2 - ... 3 - ... 4 - ... 5 - ... 6 - ... 7 - ...

**Task 4. Translate sentences paying attention to key words.**

1. Lower inflation and a stable climate for industry to plan and prosper will lead to long-term prosperity.
2. Access to the papers is restricted to senior management.
3. Pepsi has aggressive plans to expand overseas.
4. Businesses across the state are prospering.
5. The sports and leisure market is expanding more quickly than ever before.
6. Some countries are still refusing to sign a treaty banning chemical weapons.
7. Can you account for your movements on that night?
8. The Internet's impact on the way we do business has been remarkable.
9. The Food Safety Act will progressively impact on the way food businesses operate.
10. Many cities have restricted smoking in public places.

**Task 5. Test your knowledge of the European Union with this quiz.**

**EUROPEAN QUIZ**

1. How many countries have adopted the euro?
2. Can you name the capitals of the EU's member states?
3. What is the biggest country of the EU?
4. What the EU's member state has the largest economy?
5. What highly developed European countries haven't joined the European Union?
6. How many countries do the member states of the EU have land borders with?
7. What are the main institutions that govern the EU?
8. What city is considered to be the capital of the EU?



9. What is the official seat of the European Parliament?
10. How many cities of the EU have the populations over one million inhabitants?
11. What city has the largest population?
12. How many official and working languages does the European Union have?
13. What is the most widely spoken mother tongue (about 100 million people)?

***Task 6. Do you know what the basic language (languages) of the European Union is (are)? Is there a common language in the EU? Read the text below to learn about language policy of the EU***

The European Union has 23 official and working languages: Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Irish, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish. German is the most widely spoken mother tongue (about 100 million people) followed by English, French, and Italian. English is by far the most spoken foreign language. German and French follow next. 56% of EU citizens are able to hold a conversation in one language apart from their mother tongue. Nearly all EU official languages are written in the Latin alphabet, except Bulgarian, written in Cyrillic, and Greek, written in Greek alphabet.

The EU provides interpretation, translation and publication services in its official languages, but only legislation and important documents are produced in all 23 official languages; other documents are translated only into the languages needed. For internal purposes the EU institutions make their own language arrangements. The European Commission, for example, conducts its internal business in English, French and German, and goes fully multilingual only for public information and communication purposes. The European Parliament, on the other hand, has members who need working documents in their own languages, so its document flow is fully multilingual from the outset. In the EU, language policy is the responsibility of member states.

There are about 150 regional and minority languages, spoken by up to 50 million people. A wide variety of languages from other parts of the world are spoken by immigrant communities in EU countries. Turkish, Arabic, Russian, Bengali, Hindi, Ukrainian, and Balkan languages are spoken in many parts of the EU. Many older immigrant communities are bilingual in the local language.

## UNIT 2 IMPORT EXPORT

**Key vocabulary:** import – export – importer – exporter – trade barrier – tariff – duty – quota – protectionism – bureaucracy – dumping

### *Read and translate the text*

#### EXPORTS AND IMPORTS

International trade is the exchange of goods and services between different countries. Exports and imports are the articles shipped out of and into a country. Export comes from the Latin words *ex* and *portare*, meaning *to carry out*. Import, from the Latin *in* and *portare*, means *to carry in*.

A country exports goods under the following conditions: if it is the world's sole supplier of a certain product; if it produces the goods at a relatively lower cost than other countries; if its goods are in demand because they are of outstanding quality; or if it can produce certain goods at a season of the year when other countries need to import them.

Most imports consist of goods that are not produced domestically. For example, the climate in Europe is not suitable for growing coffee. For this reason, Europeans import coffee beans from Latin America and Africa.

A nation's pattern of exports and imports tends to change over a year. This change in trade patterns may be due to technological developments. For example, the discovery of synthetic substitutes for such natural products as silk and rubber reduces the need to import these natural products. Foreign investment, such as building factories in other countries, also causes important changes in international trading patterns.

Government policies may affect the exports and imports of a country. For example, lowering of trade barriers tends to increase imports of certain products produced more efficiently abroad. And lowering of trade barriers by other countries opens markets for exports. Protectionism is where countries try to protect home producers from foreign competition and cheap imports. One way governments do this is by using tariffs (or duties) which are a kind of tax on imported goods. Another way is by using quotas which limit the number of quantity of goods that can be imported. Domestic manufacturers often complain that foreign competitors try to destroy them by dumping their goods at very low prices. Exporters, on the other hand, often complain about complicated bureaucracy and complex customs regulations.

Government policies aimed at economic development have a substantial effect on the trade patterns of the country and its trading patterns. For these reasons, nations find it useful to discuss their policies in international organizations and to make agreements.

**Task 1. Answer the questions to the text**

1. What are conditions for exporting goods?
2. What goods do most imports consist of?
3. Does a nation's pattern of exports and imports tend to change over the year?
4. May government policies affect exports and imports of a country?
5. What are the ways of protectionism?
6. What does the word 'export' mean?
7. What does the word 'import' mean?

**Task 2. Match words and word definitions**

1 import	A an official limit on the number or amount of something that is allowed in a particular period
2 export	B a product that is brought from one country into another so that it can be sold there, or the business of doing this
3 tariff	C when a government tries to help industries in its own country by taxing or restricting foreign goods
4 quota	D a complicated official system which is annoying or confusing because it has a lot of rules, processes etc
5 protectionism	E selling of goods abroad at prices below their marginal costs
6 bureaucracy	F the business of selling and sending goods to other countries
7 dumping	G a tax on goods coming into a country or going out of a country

1 - ... 2 - ... 3 - ... 4 - ... 5 - ... 6 - ... 7 - ...

**Task 3. Complete sentences with key words from the box below**

**tariffs      bureaucracy      imports      duty      quotas      dumping**

<ol style="list-style-type: none"> <li>1. The EU _____ in Brussels has grown in size and authority.</li> <li>2. The aim of the organization is to reduce _____ and promote free trade.</li> <li>3. Both _____ and exports are expected to grow at a similar rate.</li> <li>4. You have to pay a _____ on the value of goods worth over \$500 that you bring into the country.</li> <li>5. Several countries imposed _____ on imports of Japanese cars.</li> <li>6. They were accused of _____ computer chips on the U.S. market.</li> </ol>
---

**Task 4. Complete sentences 1–8 with endings A–H below**

1. Free trade is a very good idea in principle, but in practice ... \_\_\_\_\_
2. These new import tariffs make our products fifty per cent ... \_\_\_\_\_
3. Japanese car manufacturers want ... \_\_\_\_\_
4. Government quota limit the import of luxury cars ... \_\_\_\_\_
5. Some toxic chemicals require an import license before ... \_\_\_\_\_
6. Goods and services produced in one country and sold in other countries ... \_\_\_\_\_
7. Import is an inflow of goods and services into a country's market ... \_\_\_\_\_
8. Many people believe that free trade is a good thing because ... \_\_\_\_\_

- A ... more expensive than before.
- B ... to just 200 each year.
- C ... we need protectionism to help domestic manufacturers to survive.
- D ... an increase in the UK import quota.
- E ... are called exports.
- F ... for consumption.
- G ... it increases export opportunities and creates wealth.
- H ...they can be brought into the country.

**Task 5. Complete the following passage about protectionism with the words from Key vocabulary in the correct form**

Protectionism is the economic policy of restraining trade between nations, through methods such as high \_\_\_\_\_ on imported goods, restrictive quotas, a variety of restrictive government regulations designed to discourage imports, and anti-\_\_\_\_\_ laws in an attempt to protect domestic industries in a particular nation from foreign competition. This is closely aligned with anti-globalization, and contrasts with free trade, where no artificial \_\_\_\_\_ to entry are instituted.

Recent examples of \_\_\_\_\_ in First World countries are typically motivated by the desire to protect the livelihoods of individuals in politically important domestic industries.

It is the stated policy of most First World countries to eliminate protectionism through free trade policies enforced by international treaties and organizations such as the World Trade Organization. Despite this, many of these countries still place protective and/or revenue tariffs on foreign products to protect some favored or politically influential industries, or to reduce the taxation demands on their internal domestic manufacturing, making their products more competitive.

Protectionist \_\_\_\_\_ can cause foreign producers to become more profitable, mitigating their desired effect. This happens because quotas artificially restrict supply, so it is unable to meet demand; as a result the foreign producer can command a premium price for its products. These increased profits are known as quota rents.

For example, in the United States (1981-1994), Japanese automobile companies were held to voluntary export quotas. These \_\_\_\_\_ limited the supply of Japanese automobiles desired by consumers in the United States (1.68 million, raised to 1.85 million in 1984, and raised again to 2.30 million in 1985), increasing the profit margin on each automobile more than enough (14% or about \$1200 in 1983 dollars, about \$2300 in 2005 dollars) to cover the reduction in the number of automobiles that they sold, leading to greater overall profits for Japanese automobile manufacturers in the United States \_\_\_\_\_ market, and higher prices for consumers.

**Task 6. Sometimes we hear that free trade allows countries to exploit their comparative advantage. Read the following passage to learn what is meant by this**

Comparative advantage is an economic theory which claims that most countries have one thing they do better than anyone else. They may have a natural resource like coal or rubber, or a climate which is perfect for growing coffee, bananas or something else. By concentrating on one activity they can import the things they produce less well.

## UNIT 3

### FREE TRADE. THE WTO

**Key vocabulary:** headquarters – negotiation – flexibility – major – current – membership – application – access – agreement – free trade – subsidy.

#### *Read and translate the text*

### FREE TRADE AND THE WORLD TRADE ORGANIZATION

Free trade is a theoretical concept that assumes international trade unhampered by government measures such as tariff and non-tariff barriers. The objective of trade liberalization is to achieve ‘freer trade’ rather than ‘free trade’.

The **World Trade Organization (WTO)** is an international, multilateral organization, which sets the rules for the global trading system and resolves disputes between its member states.

The WTO headquarters are located in Geneva, Switzerland. Pascal Lamy is the current Director-General. By December 15, 2005, there were 149 members in the organization with the latest to join being Saudi Arabia. All WTO members are required to grant one another most favoured nation status.

Since its inception in 1995, the WTO has been a major target for protests by the anti-globalization movement.

The WTO aims to ensure that global trade flows as smoothly and freely as possible. One of its functions is to settle trade disputes. Member countries agree to reduce the trade barriers between them in a series of trade negotiations, known as ‘rounds’. **Principles of the trading system**

The WTO discussions should follow these fundamental principles of trading.

1. A trading system should be free of discrimination in the sense that one country cannot privilege a particular trading partner above others within the system, nor can it discriminate against foreign products and services.

2. A trading system should tend toward more freedom, that is, toward fewer trade barriers (tariffs and non-tariff barriers).

3. A trading system should be predictable, with foreign companies and governments reassured that trade barriers will not be raised arbitrarily and that markets will remain open.

4. A trading system should tend toward greater competition.

5. A trading system should be more accommodating for less developed countries, giving them more time to adjust, greater flexibility, and more privileges.

### **Membership in the WTO**

The WTO has 150 members (76 members at its foundation and a further 74 members joined over the following ten years). The 27 states of the European Union are represented also as the European Communities.

The process of becoming a WTO member is unique to each applicant country, and the terms of accession are dependent upon the country's stage of economic development and current trade regime. The process takes about five years, on average,

but it can last more if the country is less than fully committed to the process or if political issues interfere. As is typical of WTO procedures, an offer of accession is only given once consensus is reached among interested parties.

The shortest accession negotiation was that of the Kyrgyz Republic, lasting 2 years and 10 months. The longest was that of China, lasting 15 years and 5 months. Russia, having first applied to join GATT (General Agreement on Tariffs and Trade) in 1993, is still in negotiations for membership.

A number of non-members have been observers (31) at the WTO and are currently negotiating their membership. Among them Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia and Herzegovina, Ethiopia, Iran, Iraq, Kazakhstan, Russian Federation, Tajikistan, Ukraine, Uzbekistan.

**Task 1. Answer the questions to the text:**

1. What is the WTO?
2. When and where was it founded?
3. What is the aim of the WTO?
4. What are the fundamental principles of trading according to the WTO aims?

**Task 2. Match words and their definitions**

1 headquarters	A formal, usually written, request for something such as a job, place at university, or permission to do something
2 application	B when someone is a member of a club, group, or organization
3 negotiations	C the main building or offices used by a large company or organization
4 agreement	D the ability to change or be changed easily to suit a different situation
5 membership	E official discussions between the representatives of opposing groups who are trying to reach an agreement, especially in business or politics
6 flexibility	F an arrangement or promise to do something, made by two or more people, companies, organizations etc; an official document that people sign to show that they have agreed to something

1 - ... 2 - ... 3 - ... 4 - ... 5 - ... 6 - ...

**Task 3. Translate sentences paying attention to key words**

1. The London headquarters now moved to stylish new premises at 143, Charring Cross Road.
2. Any border changes will come about only by negotiation.
3. Since I left university I've sent off nearly fifty job applications.
4. Eventually all the parties signed the agreement.
5. Greece first applied for membership of the EU in 1975.
6. Cities now have flexibility in deciding how to spend federal transportation

money.

**Task 4. Read the quotation. Do you agree? Give your reasons**

‘No nation was ever ruined by trade.’ (*Benjamin Franklin, American inventor and politician*).

**Read the text about trade wars. Give your examples of trade wars between different countries and their reasons**

### TRADE WAR

A **trade war** refers to two or more nations raising or creating tariffs or other trade barriers on each other in retaliation for other trade barriers. It is the opposite of free trade.

Economists generally believe trade wars are very non-productive and decrease the economic welfare and total social surplus of all nations involved. However, political scientists may see the *threat* of a trade war as helpful in winning a concession of some sort from the other side.

Some economists would agree that some economic protections are more costly than others because they may be more likely to trigger a trade war. For example, if a country were to raise tariffs, then a second country in retaliation would similarly raise tariffs. But increasing, for example, subsidies, is difficult to retaliate against by a foreign country. Many poor countries, for example, do not have the ability to raise subsidies. In addition, poor countries are more vulnerable than rich countries in trade wars; in raising protections against dumping of cheap products, it risks making the product too expensive for its people to afford.

**Task 5. Ukraine is a member of the WTO. Joining the WTO is a prerequisite for Ukraine’s real, not simply declarative, integration with the European Union. Read the text about possible consequences of Ukraine’s joining the WTO and make up a summary of it**

### PROS AND CONS OF JOINING THE WTO

The key question in the context of joining the WTO is: how to maximize the potential advantages of being part of the multilateral trade system, and how to minimize any possible negative consequences of entering it?

In theory, joining the WTO could give Ukraine many new opportunities. Ukrainian producers ought to gain from a wider choice, higher quality and lower prices of goods and services as a result of more effective competition. Prices would go down not only for finished imported goods and services, but also for domestic ones, where imported components are used. Also, there would be subsequent changes in the volume and structure of consumption which would approximate the standards of the developed economies.

Producers could gain from easier access to the world markets of goods, services and capital, from internationally recognized rights to protect the national interests in

these markets. Commercial risks would be lower due to the establishment of a more stable trade regime and transport expenses would be lower due to a guaranteed free transit of goods within the WTO territory. As a result, the cost of Ukrainian products would be lower and the competitiveness of Ukrainian companies would grow.

The export-oriented industries could sustain smaller losses from discriminative measures (which currently amount to \$2 billion - \$3 billion annually), particularly anti-dumping investigations. This country could have more possibilities to defend its national interests thanks to the multilateral mechanisms of a just resolution of trade disputes which are applied within the WTO. There is one more potential advantage - Ukraine may be internationally authorized to defend its own market and industries.

It is important, however, that these positive effects should be tied to additional incentives for reforms within the country. Within a civilized environment of competition and a transparent legal field, structural reforms could gain momentum, competition and innovations could receive fresh impetus. This would be facilitated by the adjustment of the national legislation (on taxation, customs, standardization and certification, services, competition) to the WTO standards and rules.

### **How to Minimize the Possible Negative Effects of Joining the WTO?**

Joining the WTO may aggravate a number of internal economic problems in Ukraine which are less marked at present, due to certain trade barriers and the government's supportive measures for certain industries. The possible negative effects are as follows.

With the further liberalization of trade, Ukraine's economy will be increasingly influenced by global situation and face greater economic risks in periods of global economic instability. These risks may be inadequately compensated by the positive influence of the global conjuncture in favorable periods, - considering the fact that liberalization and involvement in global processes do not automatically lead to structural corrections in less developed economies.

The negative impact of the global situation may considerably diminish the advantages of a liberalized access to markets. One could expect that the gradual lifting of quantitative limitations would enable Ukraine to increase its exports of ferrous metals to the European Union. But this possibility is unlikely to be used within the crisis of the global market of ferrous metals and subsequently coordinated reductions in European capacities in this sector.

Concentrating on potential long-term advantages of its membership of the WTO, Ukraine may underestimate some of the effects of the initial period. The government may fail to come up with adequate measures under unfavorable circumstances (it is quite possible, especially with the inadequate approach to formulating conditions and defending the national interests in the process of joining the WTO).

One of the most serious of the negative factors activated by WTO membership is that some Ukrainian producers may find themselves unprepared for the tough international competition. Ukraine's competitiveness potential is still low by international standards.

However, there are no sufficient grounds to expect a completely negative impact, although there have been apocalyptic forecasts of the ruin of Ukraine's



economy after it joins the WTO. In reality, the national commodity market is unlikely to be damaged.

The problems emerging during this route should not be regarded as reasons to delay this process. On the contrary, they demand an acceleration of social and economic transformations on the basis of clearly formulated objectives tied closely to Ukraine's international obligations. To wait for the day when this economy becomes competitive enough to be ready to be a member of the World Trade Organization is about the same as to hope to learn to swim without stepping into the water.

## UNIT 4 CUSTOMS

**Key vocabulary:** customs / custom house; customs regulations; to observe/to break customs regulations; prohibited articles list; customs limits (restrictions); to fall (come) under restrictions; subject to duty / liable to duty; to declare items to duty; (non)-dutiabale articles; tax-exempt / tax-free; to exempt from taxes; dutiable; duty-free (tax-free, tax-exempt, taxless); to impose duty; duty-free quota list; import / export licence; customs receipt; smuggling.

### *Read and translate the text*

#### CUSTOMS

Customs is an authority or agency in a country responsible for collecting customs duties and for controlling the flow of people, animals and goods, in and out of the country. Depending on local legislation and regulations, the import or export of some goods may be restricted or forbidden, and the customs agency enforces these rules. The customs agency may be different from the immigration authority, which monitors persons who leave or enter the country, checking for appropriate documentation, apprehending people wanted by international search warrants, and impeding the entry of others deemed dangerous to the country.

A customs duty is a tariff or tax on the import or export of goods. In England, customs duties were traditionally part of the customary revenue of the king, and therefore did not need parliamentary consent to be levied, unlike excise duties, land tax, or other impositions.

#### UKRAINIAN CUSTOMS

The main task of Ukrainian Customs is the protection of the economic interests of the country, national treasures, cultural and historical properties.

Articles, which are prohibited from being brought into many countries, include illegal drugs, obscene weapons. Guns and other firearms normally need a special certificate. Fruit, vegetables, meat, plants and seeds are restricted or prohibited in some countries to prevent the spread of disease. Animals entering the country must undergo a period of quarantine in order to prevent the disease rabies being brought into the country.

Customs duties are paid to nation's government on items that people bring in from another country. Each nation has its own regulations regarding the quantity and kinds of articles that may be imported.

Customs inspectors may examine the luggage of all travelers returning to a

country. All articles acquired abroad that are subject to customs duties must be declared that is, they must be identified and their value is to be given to an inspector. If a person fails to declare an article or understate its value, the article may be taken away and the individual may be fined.

Certain articles are free from custom duties. Most countries allow people to bring in goods up to a certain value. They also allow a specified quantity of alcoholic beverages and tobacco products if they are brought duty free during the journey or in another country. However, the law may require that the traveler has been away for a minimum time.

Countries usually impose customs duties at a rate that depends on the value of the article and its quantity. However, there are different ways of working out its value, depending on whether or not the value includes the cost of transporting the article from the country where its originated. Some countries have joined together to form customs unions, whereby they do not charge duties on goods from each other's countries, and impose uniform duties on outside countries.

***Task 1. Answer the questions***

1. What is a customs duty?
2. What articles are prohibited to being brought into many countries?
3. What articles are subjected to customs duties?
4. How are customs duties imposed?
5. What is the main task of Ukrainian customs?
6. Why animals entering the UK undergo a period of quarantine?

***Task 2. Match words and word definitions***

1. Customs	a. a geographic area, usually but not necessarily identical with one or several contiguous national political jurisdictions, applying a particular tariff schedule on goods entering or leaving the area
2. Customs and Excise	b. process of clearing import or export cargo through the customs examination so they can enter or leave the country
3. Customs Area	c. tax paid on goods brought into or taken out of the country
4. Customs barrier	d. list of duties to be paid on imported goods
5. Customs certificate	e. customs duty intended to prevent imports
6. Customs clearance	f. the government service responsible for the assessment and collection of import and export duties and taxes and the administration of other laws and regulations that apply to the importation, transit and exportation of goods
7. Customs declaration	g. people working for customs
8. Customs duty	h. document given by customs to a shipper to show that customs duty has been paid and the goods can be

	shipped
9. Customs officials	i. government department which deals with taxes on imports and on products such as alcohol produced in the country, it also organizes the collection of taxes on imports; office of this department is at a port or airport
10. Customs tariff	j. statement showing goods being imported on which duty will have to be paid

**Task 3. Fill in the gaps with the words from the box**

airports, balance of trade, collect, country, Customs, duties, excise, export licenses, figures, forbidden, goods, government, imported, representatives, tax

**CUSTOMS**

Basically, the \_\_\_\_\_, or Customs and Excise to give them their full title, are of a country's \_\_\_\_\_. There're a \_\_\_\_\_ department really. They are found at ports and \_\_\_\_\_, the places where people bring goods into the \_\_\_\_\_. Now, they have four functions. The first is to calculate and \_\_\_\_\_ the duty on \_\_\_\_\_ goods which are dutiable. You don't have to pay \_\_\_\_\_ on all \_\_\_\_\_. The second function is to issue import and \_\_\_\_\_ for restricted goods. The third one is to prevent trade in \_\_\_\_\_ goods. That is to stop people trading in certain drugs, wildlife, that sort of thing. The fourth function is to collect import and export \_\_\_\_\_. They use these \_\_\_\_\_ to calculate the country's \_\_\_\_\_.

**Task 4. Complete sentences 1-8 with endings A-H below**

1. Customs Union is an association of two or more countries ...
  2. The dual-channel or red and green system was introduced at international airports ...
  3. Every country has its own customs regulations, ...
  4. A trade area is like a customs union, except that the members of a free trade area...
  5. The dual-channel system enables customs authorities to deal efficiently with the increasing number of passengers ...
  6. A prohibited articles list is a list of items which ...
  7. A passenger's luggage is carefully gone through ...
  8. The luggage delivery area is located ...
- A. ...without reducing the effectiveness of the control and without a corresponding increase in the number of customs staff;
- B. ... to simplify customs control and improve the flow of passengers;

- C. ...may not be brought into a country or taken out of it;
- D. ... which agree to eliminate duties, quotas, and any other barriers to trade among themselves;
- E. ...set their own different tariffs against non-member s;
- F. ... before the entrance to the red or green channels;
- G. ...which stipulate what articles are liable to duty and what are duty-free;
- H. ... in order to prevent smuggling;

***Task 5. Translate the sentences from Russian into English***

1. Таможня – это место, где правительственные служащие осматривают товары для импорта и экспорта и инспектируют багаж, перевозимый пассажирами.

2. Товары, которые могут импортироваться без таможенного сбора, называются беспошлинные.

3. Акцизный сбор – это налог на определенные товары, продаваемые в пределах страны, такие как алкоголь и табак.

4. Нелегальный ввоз и вывоз товаров без оплаты таможенной пошлины называется контрабандой.

5. Выезжая за границу, каждый должен соблюдать таможенные правила.

***Task 6. Translate sentences from English into Russian or Ukrainian***

1. Goods subject to excise duty, such as tobacco and alcohol, could move freely between bonded warehouses in the different member states.

2. Mr. Major resisted the temptation to leave some excise duties unchanged in order to hold down the inflation rate.

3. The indirect taxes are collected by Customs and Excise.

4. Although the tax on cigarettes has doubled in the past two years, sales are still going up.

5. Britain's total exports to the other EU member states now exceed imports.

6. The legislation requires motorcyclists to wear helmets.

7. The rich are supposed to be taxed at a higher rate than the poor.

8. Consumers are angry that the tax on petrol has gone up yet again.

9. All investment income must be declared on your 1040 tax form.

10. Last month the customs duty was raised on luxury cars.

**UNIT 5**

**MAIN DOCUMENTS IN TRADE AND SHIPPING**

**Key vocabulary:** invoice – bill of lading – charge – covering letter – delivery – discount – freight – Incoterms – insurance – item – order – shipping – consignment

***Read the description of an invoice, the invoice from AQUAPOLICE, information about Incoterms, the covering letter and do the tasks.***

## INVOICE

Invoices are one of the main documents used in trading. In the context of international trade, the invoice is not only request for payment but also records of transactions which gives the buyer and seller information about what has been bought or sold, the terms of the sale, and details of the transaction. It is prepared by the exporter and includes a description of the goods, their price and the quantity supplied. It can act as proof of purchase, informing the buyer that the goods have been sent. An invoice may be accompanied by a short covering letter or e-mail offering additional information the customer might need.

<b>AQUAPOLICE Ltd</b>		<b>INVOICE</b> 35 Hill Street Boston Telephone +10 113640181 E-mail <a href="mailto:accounts@aquapolice.boston.us">accounts@aquapolice.boston.us</a>	
<b>Invoice No.</b> 34562 <b>To</b> Mr. Smith World of Pools Ltd 71 Victoria Lane Dawson Ontario Canada		<b>Your order No.</b> 0612/34 <b>Date</b> 10 December 2006	
QUANTITY	DESCRIPTION OF GOODS		AMOUNT
10	Pump 'EMAUX' (including 10% discount)	\$310.00	\$3100.00
3	Waterfall kit	\$450.00	\$1350.00
1	Complimentary video		\$0.00
	All freight charges and export packing		\$1500.00
	Insurance from warehouse to warehouse		\$500.00
	CIF Dawson	<b>TOTAL</b>	<b>\$6450.00</b>
13 cardboard cartons Import Licence No BRX 43 1999  Per pro AQUAPOLICE Ltd <span style="float: right;">Robert Gontas</span>			

## INCOTERMS

Incoterms are terms concerning transport and insurance costs. They are used in international trade contracts. These are three of the most commonly used ones.

**FOB** (Free on Board): The seller agrees to deliver the goods on to the buyer's chosen means of transport.

**CIF** (Cost, Insurance, Freight): The price includes cost of the goods, insurance, and freight (transport).

**DAF** (Delivered at Frontier): The sellers pays all delivery costs to the buyer's frontier, but not import duty.

**Task 1. Mr. Robert Gontas sends a covering letter with his invoice to Mr. Smith. Put the paragraphs of the letter in the right order.**

	Dear Mr. Smith,
A	- We look forward to hearing from you.
B	- As you will see, we are prepared to offer you a 10% discount on the purchase of ten kits.
C	- Re: Order No. 0612/34
D	- Unfortunately we are not able to offer a better price on waterfalls as you can get 10% discount on the purchase of five and more kits.
E	- In the meantime please do not hesitate to contact me if you require any further details.
F	- The total cost of these items is \$6450.00 which includes cost, insurance, and freight. We will dispatch the goods as soon as we receive your payment.
G	- We have included a complimentary video (worth \$12.99) showing installation of waterfalls and presenting our new products.
	Yours sincerely
	Robert Gontas
	Manager, AQUAPOLICE Ltd.

**Read the letter again and answer the questions.**

- Why can't Robert Gontas offer a discount on the waterfall kits?
- What free gift does he offer?
- What do delivery charges include?

**Which words and expressions mean:**

Go ahead / continue? \_\_\_\_\_

Ready to give you? \_\_\_\_\_

Value? \_\_\_\_\_

Send? \_\_\_\_\_

Don't wait to call me again? \_\_\_\_\_

**Task 2. Write a similar covering letter and create an invoice based on the information below**

Mrs. Hills, a high school swimming coach, wants to start up a water polo team at her school. She would like a quotation for the following:

- 2 sets of nylon caps with ear-guards
- 2 waterproof stopwatches
- 2 water polo balls (one for women and one for men)

Team sets of caps are available in blue or white. Caps are numbered 2-18 and the goalkeeper's cap is red. The cost is \$249 per set of 18.

Men's regulation size 5 ball (yellow) is \$35. Women's regulation size 4 ball (pink)

is \$29.

Stopwatches are \$75 each. Offer a free video: *The Rules of Water Polo*. Offer a 10% discount on the caps. Terms are CIF.

**Task 3. Read the text about a bill of lading**

**BILL OF LADING**

A *BILL OF LADING* is the most important document in shipping and describes the consignment, its destination, and who it is for. It can be a document of title, i.e. it gives ownership of the goods to the person named on it. If the words *TO ORDER* are written in the consignee box, it means that it is a *NEGOTIABLE DOCUMENT* and can be traded. In this case it will be *ENDORSED* (i.e. the exporter will sign it on the back). If it is not endorsed, there are no restrictions on ownership. In a letter of credit transaction the advising / confirming bank will usually ask for the bill of lading to be made out to them when they pay the exporter, and then transfer it to the customer when the customer pays them. Bills of lading can be made out singly or in signed sets of two, three, or more original (negotiable) copies, with further unsigned copies kept for records. As soon as one of the originals is used as a document of title, the other original copies become void.

A *SHIPPED BILL OF LADING* is signed when the goods have been loaded onto the ship. Sometimes the words *shipped on board* are used to mean the same thing.

Bills of lading are marked *CLEAN* to indicate that the consignment was taken on board in good condition, or *CLAUSED* to indicate that of inspection there was something wrong with it, e.g. the goods were damaged, or there were some missing.

In CIF and CFR transactions the words *freight prepaid* are used to signify that the costs of shipment have been paid.

Bills of lading can be made port to port, i.e. from the exporting port to the importing port. When containers are used and are transshipped from one mode of transport to another, e.g. truck to ship and then to train, a *MULTIMODAL BILL OF LADING* is used.

**Task 4. Look at the bill of lading below and answer the questions:**

1. What is the date of the contract?
2. What is the name of the importer?
3. Under what heading are details of goods given?
4. What is the name of the ship?
5. What is the place where the goods are unloaded?
6. What is the name of the shipping company?
7. What is the place where the goods are loaded?

Shipper <b>TRANSEA &amp; Co.</b>	<b>BILL OF LADING</b> To be used with charter parties B/L No. 345628  <b>P &amp; O Nedlloyd</b>
Consignee <b>ASIAN GOODS IMPORTING EMPORIUM</b>	
Notify Address: <b>Unit 18, Walterstown Industrial Estate, Dover</b>	
Vessel <b>STAR OF THE EAST</b> Port of loading <b>Bangkok</b> Port of discharge <b>Dover</b>	

Number and kind of description of goods	Gross weight
100 cardboard cartons of porcelain items	1000 kg
150 cardboard cartons of Christmas decorations	150 kg
Freight payable as per CHARTER PARTY dated 10/11/99	
FREIGHT ADVANCE Received on account of freight: Paid	
Time used for loading 1/2 days Hours	
Number of Original Bill of Lading 345628	Place and Date of Issue Bangkok
Number of original Bs/L	Signature

**Task 5. Read the following passage and fill in the blanks with the words from the box.**

charges	discount	imposed	promptly
compiled	efficient	mistake	rectified
customer	estimated	order	terms

Mail-order companies need to have an (1) \_\_\_\_\_ process for invoicing and billing customers. When a customer places an (2) \_\_\_\_\_, a list of items must be (3) \_\_\_\_\_ and an invoice generated. The invoice will list the items purchased, along with the cost of each item, and the quantity desired. (4)

\_\_\_\_\_ that will be incurred in shipping the items to the (5) \_\_\_\_\_ are also added to the invoice. Sometimes shipping charges are simply (6) \_\_\_\_\_ based on the weight or value of the items ordered.

The invoice also shows the (7) \_\_\_\_\_ of payment. Payment is usually due within 30 days. Extra charges are often (8) \_\_\_\_\_ on overdue accounts. Many companies also offer a small (9) \_\_\_\_\_ if invoices are paid promptly.

Sometimes item get damaged or lost in transit, or customers discover that the wrong items have been shipped by (10) \_\_\_\_\_. They will usually call company to have the problem (11) \_\_\_\_\_. Such complaints should be dealt with (12) \_\_\_\_\_. If an item is missing, a replacement will be sent, usually at no additional charge to the customer.

## UNIT 6 LOGISTICS

**Key vocabulary:** logistics – flow of products/materials – finished product/inventory – raw materials – inventory – freight industry – warehouse – rehousing – material handling – resources – network – transportation – storage – stock – logistic flow – distribution – chain – item – haulage – supply – life cycle.

**Read and translate the text**

### LOGISTICS

**Logistics** can be considered as a tool for getting the products and services where they are needed and when they are desired. It is difficult to accomplish any marketing or manufacturing without logistical support. It involves the integration of information, transportation, inventory, warehousing, material handling, and packaging. The operating responsibility of logistics is the geographical repositioning of raw materials,



work in process, and finished inventories where required at the lowest cost possible.

Many haulage organisations in Europe include the word "logistics" in their company name.

## LOGISTIC FLOW

Steady-state flow systems are usually optimized for one of several goals: avoid shortages of the object (in military systems, especially for fuel and ammunition), minimize transportation cost, minimum time to obtain an object, or minimum total storage (time and amount) of objects (to minimize the interest losses of in-storage inventory). Logistic flow is particularly important in just-in-time manufacturing in which great emphasis is placed on minimizing inventory.

A recent trend in large distribution chains is to assign these goals to individual stock items, rather than optimizing the entire system for one goal. This is possible because the plans usually describe stock amounts to be stored at particular locations, and these vary depending on the strategy.

The basic method of optimizing a steady-state distribution system is to use a minimum spanning tree to characterize the transport network, and then place storage locations at the nodes, sized to handle the minimum, average, or maximum demand of items.

Quite often, the demand is limited by the transportation capacity out of the node's storage location. When the transportation out of a storage node exceeds its storage or incoming capacity, the storage is useful only to even out the amount of transportation per unit of time, to reduce peak loads on the transportation system.

## BACKGROUND

Logistics as a concept is considered to evolve from the military movements of this world. In ancient Greek, Roman and Byzantine empires, there were military officers with the title 'Logistikos' who were responsible for financial and supply distribution matters. Also the Oxford dictionary defines Logistics as: "*The branch of military science having to do with procuring, maintaining and transporting material, personnel and facilities.*" The Iraq war was a dramatic example of the importance of logistics. It had become very necessary for the USA and its allies to move huge amounts of men, materials and equipment over great distances. Logistics was successfully used for this effective movement. The defeat of the British in the American War of Independence, and the defeat of Rommel in World War II, was largely attributed to logistics failure.

Logistics as a business concept evolved only in the 1950s. This was mainly due to the increasing complexity of supplying one's business with materials and shipping out products in an increasingly globalized supply chain, calling for experts in the field who are called Supply Chain Logisticians. This can be defined as having the right item in the right quantity at the right time at the right place for the right price and is the science of process and incorporates all industry sectors. The goal of logistic work is to manage the fruition of project life cycles, supply chains and resultant efficiencies.

## IMPORTANCE AND NEED OF LOGISTICS MANAGEMENT IN TODAY'S BUSINESS

Logistics management deals with the coordination of resources in an organization. Logistics management focuses on the organization as a whole and not on individual units and departments while deciding about the allocation of resources. The resources may be in the form of men, machines, materials, money and time. Logistics management helps in the efficient use and deployment of the scarce resources. In absence of effective logistics management, there will be a depletion of various meager resources.

In developing countries like India, projects do not succeed because of lack of attention to logistics management. Due to this, there is a delay in the implementation of the projects. There is also uneven distribution of goods and services. In certain areas, there is excess of goods and services available, while in certain other areas, they are scarce. There is general inefficiency, uncertainty and instability in rendering services to the public.

Depending on the type of business, the expenditure on logistics can be anything between 5 and 35 percent of the sales. The cost of logistics management is therefore found to be high by certain industries. Because of this high cost, they are reluctant to implement logistics management. But, if adequate attention is paid to logistics, cost reduction can be effected in various departments. This is because logistics suggests the use of efficient means of transport, locating areas where cheaper materials are available, determining the correct quantities to be dispatched to market areas so that there is no scarcity or surplus felt in those areas etc.

In case a problem arises, logistics management would investigate the problem and resolve the same on the basis of costs and benefits to the organization as a whole and not to any particular department or unit. For example, to manufacture any product with zero defects would mean high cost of production, which the customer may not be willing to pay. At the same time, if the finished product contains a lot of defectives, the customers would be unwilling to buy such products. Logistics management tries to find out the permitted standards of allowable defects in the finished products without any loss in the market share. This information is passed on to the production departments, which fix standards for production.

Another type of interface problem is caused when for example the marketing department considers that it is responsible only for the sale of the finished product. On the other hand, the production department may feel that the moment the goods are loaded on to the vehicle, its responsibility ceases. Such rigid compartmentalization of responsibilities and roles is definitely not desirable. This leads to neglect of activities in the interface areas which affects the overall efficiency of the organization.

Logistics management does away with the ambiguity in the definition of the responsibilities of individuals, units and departments in an organization. It focuses on areas of possible inefficiency and ensures that all areas are effectively managed. It brings about co-ordination between units and departments.

**Task 1. Decide if the following statements are true (T) or false (F). If they are not true, correct them**

1. Logistics involves the integration of information, transportation, inventory, warehousing, material handling, and packaging. ( )
2. It was the Iraq war that showed the importance of logistics in moving huge amounts of men, materials and equipment over great distances. ( )
3. Logistics management focuses on individual units and departments of an organization while deciding about the allocation of resources. ( )
4. The expenditure on logistics is usually very small both in manufacturing and in business activity. ( )
5. Logistics suggests the use of efficient means of transport, locating areas where cheaper materials are available, determining the correct quantities to be dispatched to market areas. ( )

**Task 2. Put questions to the following answers**

1. In the 1950s.
2. The geographical repositioning of raw materials, work in process, and finished inventories where required at the lowest cost possible.
3. In developing countries like India.
4. They may be in the form of men, machines, materials, money and time.

**Task 3. Match words and word definitions**

A finished inventory	1 goods that are carried by ship, train, or aircraft, and the system of moving these goods
B stock	2 the business of carrying goods in trucks or trains for other companies
C freight	3 fully and properly made or completed products
D haulage	4 when you keep or put something in a special place while it is not being used
E raw materials	5 a supply of something that you keep and can use when you need to
F storage	6 raw substances are in a natural state and not treated or prepared for use

A - ... B - ... C - ... D - ... E - ... F - ...

**Task 4. Fill in the gaps using key words**

**resources – network – haulage – stock – flow – item – storage**

1. As populations grow, pressure will grow on water \_\_\_\_\_ both from rivers and from artesian wells.
2. Many of the things that people in the West take for granted are considered to be luxury \_\_\_\_\_ here.
3. The road repairs should not affect traffic \_\_\_\_\_.
4. Rail freight charges are high compared with the cost of road \_\_\_\_\_.
5. US companies have invested heavily in their telecommunications \_\_\_\_\_.
6. We have a huge \_\_\_\_\_ of quality carpets on sale.
7. The company also devised a system of \_\_\_\_\_ bags and labels to secure even the smallest items.

**Task 5. Translate sentences from English into Russian or Ukrainian paying attention to the keywords**

1. Expensive energy makes the production, transportation, and refrigeration of food more expensive.
2. A new road system will improve traffic flow through the city centre.
3. Jean works for a road haulage company based in St Etienne.
4. The original 1965 bottle is now a collector's item.
5. The company also devised a system of storage bags and labels to secure even the smallest items.
6. Now they own an international distribution company and have reached the highest levels of achievement in our business.
7. The salesmen are just one link in the chain of distribution.
8. What drives up the price of the finished product, explained Whatley, is the cost of tanning.
9. These trains haul freight between Grand Junction and Denver.
10. The total retail value of their stock at this period was estimated at £200,000.

**Task 6. Read the text about the present day of logistics, choose the title (A, B, or C) for the text and make up a summary**

- A** Global Logistics Models Identify the Best Number and Location of Facilities, Best Transportation Routing, and Service in Your Distribution Network.
- B** Cost Savings as the Result of Changes in the Logistics Network.
- C** Customers Influence Global Logistics Models.

As conditions for inbound and outbound logistics change constantly one thing remains certain: customers and transportation vendors will continue to change their buying habits and service levels. Customers may decide to buy more frequently and in smaller quantities, or to buy less frequently and in bulk. Vendors may decide to deliver more frequently – in smaller quantities, or perhaps less frequently – in larger

quantities. In the chaotic global environment that is present day logistics, what can companies do to combat fluctuating transportation rates, and customers demanding shorter lead-times, more specific carriers and appointment times?

All these changing conditions affect the global logistics network and cost levels. It is nearly impossible to change the network fast enough to keep up with the changes in conditions. And yet, most companies do not change the logistics network or shipping policies daily, weekly, monthly, or even annually. In reality, changing too frequently could cause a shipper to have unreliable service to customers; but not examining the network for improvement opportunities on a regular basis could mean that the network is inefficient, costing a company more than it should, and providing less than optimal service to customers.

A global network model can evaluate a specific region or the entire network to lower cost and improve service. Distribution networks have expanded rapidly between continents as manufacturing made a significant shift in the past years to China and Eastern Europe. Many companies made the move to re-evaluate their entire network with the help of modeling tools to lower costs and improve service to customers.

Cost savings from network planning occurs in several different categories. Small changes in the logistics network – the result of fine tuning – are frequently in the 5 percent range. The changes that result in this level of savings include shifts in service areas between warehouses, changes in shipping policies and practices, and changes in the cost structure of operating facilities.

Larger changes in the logistics network – such as changing the number and location of facilities, the carriers used, and the methods of consolidations – can result in savings in the 10 percent range.

## UNIT 7 SUPPLY CHAIN MANAGEMENT

**Key vocabulary:** consumption – disruption – effective – efficient – finished goods – inventory – network – pallet – raw materials – retail – retail outlet – storage – supply chain.

### *Read and translate the text*

#### SUPPLY CHAIN MANAGEMENT (SCM)

A **supply chain**, logistics network, or supply network is a coordinated system of organizations, people, activities, information and resources involved in moving a product or service from supplier to customer. Supply chain activities transform raw materials and components into a finished product that is delivered to the end customer.

Today, the ever increasing technical complexity of standard consumer goods, combined with the ever increasing size and depth of the global market means that the

link between consumer and vendor is usually only the final link in a long and complex chain or network of exchanges.

This supply chain begins with the extraction of raw material and includes several production links, for instance, component construction, assembly and merging before moving onto several layers of storage facilities of ever decreasing size and ever more remote geographical locations, and finally reaching the consumer.

**Supply chain management (SCM)** is the process of planning, implementing, and controlling the operations of the supply chain with the purpose to satisfy customer requirements as efficiently as possible. Supply chain management spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point-of-origin to point-of-consumption.

In the 1980s the term Supply Chain Management (SCM) was developed, to express the need to integrate the key business processes, from end user through original suppliers. According to the definition, Supply Chain Management "encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, Supply Chain Management integrates supply and demand management within and across companies".

The purpose of supply chain management is to improve trust and collaboration among supply chain partners, thus improving inventory visibility and improving inventory velocity.

Supply chain activities can be grouped into strategic, tactical, and operational levels of activities.

**Task 1. Answer the questions to the text.**

1. What is called a supply chain?
2. What is the aim of a supply chain?
3. What areas of production and business does supply chain management span?
4. What groups of activities can SCM be divided into?

**Task 2. Find the words in the text which mean the following and write them in the blanks**

1. When you keep or put something in a special place while it is not being used  
\_\_\_\_\_
2. A list of all the things in a place or all the goods in a shop \_\_\_\_\_
3. A situation in which something is prevented from continuing in its usual way  
\_\_\_\_\_
4. The act of buying and using products \_\_\_\_\_
5. A group of people, organizations etc that are connected or that work together  
\_\_\_\_\_

### **Task 3. Fill in the gaps using keywords from the box**

*consumption – supply – storage – inventory – supply chain - raw materials*

1. The new plan focused on reducing carbon dioxide emissions by cutting energy \_\_\_\_\_.
2. This paper company imports \_\_\_\_\_ from North America.
3. Some of the things in the shop were not listed in the \_\_\_\_\_.
4. I put some of my things in \_\_\_\_\_.
5. \_\_\_\_\_ management integrates supply and demand management within and across companies.
6. Therefore, an increase in sales or property taxes will increase costs and reduce \_\_\_\_\_.

### **Task 4. Translate sentences from English into Russian or Ukrainian**

1. The steel industry depends on a regular supply of raw materials.
2. In the extreme case, the supply will depend exclusively on demand.
3. The company keeps a full inventory of its equipment.
4. The company also devised a system of storage bags and labels to secure even the smallest items.
5. The Government wants to reduce tobacco consumption by 40%.
6. It also provides three levels of stock, i.e. raw materials, work in progress and finished goods.
7. We are looking for more retail outlets for our products.

### **Task 5. Read the article about the efficient supply chain and answer these questions**

1. What kinds of company already have efficient supply chains?
2. Why is having an effective supply chain so important, especially in this period of globalization?
3. What can be the result of supply chain problems?
4. Which industry sectors have less-developed supply chains?
5. When does the supply chain become especially critical for manufacturers?
6. Why is supply chain management so important to the aerospace industry?

### **Control of the Supply Chain Turns Critical**

*by Stephen Pritchard*

**A.** An efficient supply chain is a prize worth working for. According to the consultancy firm Accenture, 'supply chain leadership' can increase a company's market value by between 7 and 26 per cent above the industry average. But a business, even competing for that prize demands a significant investment in resources. In sectors such as consumer goods and retailing, established companies have already achieved the easiest supply-chain efficiencies. Making further improvements is much more difficult.

**B.** Nonetheless, an efficient supply chain is a must for a widening range of businesses. Fashion, hi-tech and grocery retailers realised early on the importance of ensuring the right stock reached the right store at the right time. No one wants a warehouse full of summer dresses at the beginning of autumn, or indeed shelves of last season's mobile phones in the weeks before Christmas. But the supply chain is now moving up the agenda in slower-moving sectors, such as heavy manufacturing.

**C.** Effective supply-chain management is the only way to make efficient use of global sourcing strategies, and especially the huge manufacturing capacity of China and south-east Asia. Although globalisation has reduced production costs in a wide range of sectors, the trend to source components or even finished goods from China and elsewhere has made the supply-chain manager's task far harder. 'Our internal systems handle more than 700 suppliers,' says Christian Verstraete, worldwide supply-chain expert at *Hewlett-Packard*. 'We have to be able to exchange messages not just with them, but with their suppliers.'

**D.** Supply-chain managers in many sectors are looking for greater visibility of what is happening in their supply chains and faster access to more accurate data. This means that if there is an unexpected event, such as storms affecting shipping or a production shortfall, companies can divert stocks or bring in alternative suppliers. 'Companies are not just asking suppliers why there is a problem with an order.' says Sanjiv Sidu, President of *i2*, a vendor of management software for supply chains. 'They are asking: "When did you first know, and why did you surprise me?"'

**E.** In sectors such as retail, supply-chain problems lead to 'stock-outs' or empty shelves, which send customers else where. In heavy or complex manufacturing, supply-chain problems can lead to cancelled orders running into billions of dollars, or severe penalties for late delivery.

**F.** As manufacturers move away from vertically integrated production, where all steps of the production process are controlled in-house, the supply chain suddenly becomes critical. 'In aerospace and defence, we are 10 years behind the hi-tech or even automotive sectors, and how we improve the performance of our supply chain is quite a challenge,' explains Bill Black, Chief Quality Officer at aerospace manufacturer *EADS*. 'The cost of running our supply-chain logistics is minor, set against the \$100m cost of an aircraft. But the cost of failure is enormous.'

**G.** About 80 per cent of the cost of an aircraft is accounted for by suppliers and partners,' says Black. 'I need to know if an event can affect our master schedule, and that means that I need to know what is happening, not just with my tier-one suppliers, but with tier-three, -four or -five suppliers as well.'

*'Financial Times'*

***Read the article again and answer these questions***

- 1 Why is an efficient supply chain a prize worth working for?
- 2 Why is it difficult for consumer goods and retailing companies to make improvements to their supply chain?
- 3 Give two examples of what can result from mistakes in the supply chain of retailing companies.



4 What does Hewlett-Packard's supply chain expert need to communicate with its supply chain?

5 What do supply chain managers increasingly need from their supply chain?

6 What two examples are given of unexpected problems that can affect a supply chain?

7 Why is improving the supply chain such a challenge for the aerospace and defence industries?

8 What is the cost of a modern aircraft?

9 Why is the cost of failure in the supply chain so high for the aerospace industry?

### **Task 6 Vocabulary**

#### **A Find words or phrases in the article which fit these meanings**

1 \_\_\_\_\_ companies which sell products to the public (paragraph B)

2 \_\_\_\_\_ goods or products which are stored and waiting to be sold (paragraph B)

3 \_\_\_\_\_ another name for a shop (paragraph B)

4 \_\_\_\_\_ a place to store goods (paragraph B)

5 \_\_\_\_\_ to buy or get components, materials, etc. (paragraph C)

6 \_\_\_\_\_ when not enough goods are produced by a manufacturer (paragraph D)

7 \_\_\_\_\_ send to a different destination (paragraph D)

8 \_\_\_\_\_ a company that sells to another company (paragraph D)

9 \_\_\_\_\_ financial punishments (paragraph E)

10 \_\_\_\_\_ when shops have empty shelves (paragraph E)

11 \_\_\_\_\_ direct suppliers to a customer (paragraph G)

12 \_\_\_\_\_ suppliers to the suppliers of a company's direct suppliers, suppliers to those suppliers, etc. (paragraph G).

#### **B Words often confused**

1 Look at the use of **efficient** and **effective** in this sentence and choose the best definition (a or b) for each word.

**Effective** supply chain management is the only way to make **efficient** use of global sourcing strategies.

a) when something works well, especially in terms of time and costs \_\_\_\_\_

b) when something works well and produces a good result \_\_\_\_\_

2 Complete these sentences with either **efficient** or **effective**.

1 To remain competitive, companies need to have highly \_\_\_\_\_ supply chains.

2 Companies that manage their core processes in a more cost \_\_\_\_\_ way than their competitors will gain the advantage in the marketplace.

3 Suppliers and companies need to have \_\_\_\_\_ communication

systems in order to share information about production needs.

- 4 A well-run supply chain can make a company more \_\_\_\_\_, leading to significantly reduced production costs.

### **C Word partnerships**

**Match these words to make noun-noun partnerships from the article.**

- |                 |              |
|-----------------|--------------|
| 1 production    | a) value     |
| 2 manufacturing | b) goods     |
| 3 market        | c) capacity  |
| 4 industry      | d) costs     |
| 5 production    | e) average   |
| 6 consumer      | f) shortfall |

### **D Vocabulary development**

**Replace underlined verbs+prepositions with the following words and phrases.**

- |                            |                               |
|----------------------------|-------------------------------|
| a) result in               | f) try to win                 |
| b) taken up                | g) compared with              |
| c) trying hard to get      | h) want                       |
| d) use / work with         | i) amount to                  |
| e) leaving / changing from | j) becoming more important on |

- 1 An efficient supply chain is a prize worth working for.
- 2 It needs a lot of resources to compete for the prize of an efficient supply chain.
- 3 The importance of the supply chain is moving up the agenda.
- 4 Supply chain managers are looking for faster access to information.
- 5 In cases of production shortfalls, companies may need to bring in alternative suppliers.
- 6 In the retail sector, supply chain problems can lead to empty shelves.
- 7 The cost of cancelled orders can run into billion s of dollars.
- 8 Manufacturers are moving away from vertically integrated production.
- 9 The costs of running supply chains in the aerospace industry are small when set against the cost of building an aircraft.
- 10 About 80 per cent of the cost of an aircraft is accounted for by suppliers and partners.

**Task 7. Read the article about supply chain trends and find answers to the following questions:**

- What are the reasons of the fact that “The entire s supply chain is under attack”?
- What are the reasons of using robots in supply chains?
- What is the place of a warehouse in supply chains?

## *Make up a summary of the article*

### 2006 TECH TRENDS

“The entire supply chain is under attack.” That’s how Joe Campbell, who manages strategic relationships for *Kuka Robotics* (Clinton Township, Mich.), sums up the objectives of distribution and material handling managers as they head into 2006. “People want to take time out and they want to take money out. Nobody wants inventory for a day longer than they have to have it”.

On the retail end this means that floorspace is everything. Storage rooms in retail outlets will continue to shrink, increasing the pressure on suppliers to deliver smaller order quantities in a faster timeframe. Other efforts to streamline the supply chain will challenge manufacturers to deliver products to the exact specifications of each and every customer.

To meet such requirements, Campbell reports that *Kuka* is seeing an increased interest in applications that use robots to re-palletize product in different formats or stack patterns. He also reports that mixed-load palletizing – the “holy grail” of palletizing – is finally becoming viable on the strength of new grippers, simplified interfaces with manufacturers’ ERP systems and software that can calculate mixed case patterns. It also helps that the cost and reliability of robotic technology gets better every year.

“Today the robot is a very, very reliable piece of machinery with a long life,” says Campbell. “Smaller companies don’t have a team of manufacturing engineers. For them to deploy this level of automation, this stuff has to just plain work.”

Such applications demonstrate how the warehouse continues to become more central to serving customers as production becomes commoditized or moves offshore. It used to be that the factory was the focal point of many manufacturers, observes Kevin Prouty, senior director manufacturing for Symbol Technologies (Holtsville, N.Y.), which makes and sells mobile computing devices. Now the manufacturing plant is becoming a supplier to the warehouse.

“Warehouses were built to store stuff, as a buffer zone to help maintain the inventory and control it, so you knew where your finished goods or raw materials were. What I’m seeing on the finished goods side is a complete shift in the warehouse from storing stuff to being the touch point of retail customers,” says Prouty.

## UNIT 8 THIRD-PARTY LOGISTICS

**Key vocabulary:** third-party logistics (3PL) – 3PL providers – radio frequency identification (RFID) – in-plant operations – economies-of-scale – outsourcing

## *Read and translate the text*

### **THIRD-PARTY LOGISTICS**

A third-party logistics provider (3PL) is a firm that provides outsourced or "third party" logistics services to companies for part or sometimes all of their supply chain management function. Third party logistics providers typically specialize in integrated warehousing and transportation services that can be scaled and customized to customer's needs based on market conditions and the demands and delivery service requirements for their products and materials.

There are four categories of 3PL providers:

*Standard 3PL provider:* this is the most basic form of a 3PL provider. They would perform activities such as, pick and pack, warehousing, and distribution (business) – the most basic functions of logistics. For a majority of these firms, the 3PL function is not their main activity.

*Service developer:* this type of 3PL provider will offer their customers advanced value-added services such as: tracking and tracing, cross-docking, specific packaging, or providing a unique security system. A solid IT foundation and a focus on economies of scale and scope will enable this type of 3PL provider to perform these types of tasks.

*The customer adapter:* this type of 3PL provider comes in at the request of the customer and essentially takes over complete control of the company's logistics activities. The 3PL provider improves the logistics dramatically, but do not develop a new service. The customer base for this type of 3PL provider is typically quite small.

*The customer developer:* this is the highest level that a 3PL provider can attain with respect to its processes and activities. This occurs when the 3PL provider integrates itself with the customer and takes over their entire logistics function. These providers will have few customers, but will perform extensive and detailed tasks for them.

#### ***Task 1. Put questions for the given answers***

1. They specialize in integrated warehousing and transportation services.
2. Standard 3PL provider.
3. They will offer their customers advanced value-added services such as tracking and tracing, cross-docking, specific packaging, or providing a unique security system.
4. It's quite small.
5. They perform extensive and detailed tasks for few customers.

#### ***Task 2. Translate sentences from English into Russian or Ukrainian***

1. In full-scale globalization conditions a company can get rid of lots of unnecessary duplication and benefit from huge economies of scale.
2. Our third-party logistics and distribution network covers the United States.

3. In Turkey, RFID has been used in the motorways and bridges as a payment system over ten years.

4. 3PLs play an important role in optimizing transportation networks. Because they tend to handle larger volumes of freight than individual shippers, and have contracts with a greater number of carriers, 3PLs can cut down on the movement of empty trucks.

5. Outsourcing can be a vital part of any supply chain, especially one designed to boost brand identity. We are planning to outsource all of our IT operations to an Indian supplier.

***Task 3. Read the article and make up a summary***

**PRICE BECOMES TOPS IN OUTSOURCING LOGISTICS, SUPPLY-CHAIN**

*By Ahmed El  
Amin*

**A global study of logistics and supply chain executives finds that for the first time in 10 years price has overtaken value-added services as the most important attribute in selecting a third-party logistics (3PL) provider.**

However technology still remains an important requirement for executives when choosing a 3PL provider, according to the survey by Capgemini. Survey respondents identified the top three future requirements of IT-based services as being radio frequency identification, Internet-based transportation and logistics markets, and supplier management systems.

Third-party logistics, as a sector within the transportation industry, is growing exponentially as manufacturers try to cut supply chain costs. Food processors and other industries contract 3PL providers to broker transportation and other supply chain management services. As such it is a form of outsourcing supply chain management so that the processor can concentrate on in-plant operations.

Small businesses are more likely to use 3PL providers since they generally cannot meet the economies-of-scale that bigger businesses can achieve. All companies may turn to 3PL providers when expanding globally into countries in which they have no experience or units.

The annual Capgemini 3PL study, finds that for the first time price is more important than the value-added services providers offer. The report stresses the importance of the use of technology in the 3PL supply chain process to balance cost concerns and strategic needs. The survey results suggest that as more firms progress further into outsourced logistics relationships, the complexity of these relationships necessitates the use of effective IT services for a broad spectrum of supply chain processes.

The survey responses also confirmed that the proficiency of a 3PL provider's core services was considered more important than the provider's ability to deliver

value-added services during the selection of a provider.

This shift from frills to core services is a major change, likely driven by recent global consolidation that may have given the perception of weakened core services.

The 3PL industry continues to evolve. Not only are 3PL providers and their capabilities ever-changing, but the expectations that user firms have of their 3PL providers and their services are becoming more strategic, the analyst found.

*"3PL providers also need to move up the value chain to provide expertise in the area of supply chain management, beyond traditional asset-focused capabilities," Capgemini stated. "These enhancements will position 3PLs more effectively as LLPs that help customers to reduce supply chain complexity."*

According to World Trade Magazine the 3PL market grew by about six per cent, to an estimated \$80 billion in 2003.

## UNIT 9

### RADIO-FREQUENCY IDENTIFICATION AND SMART LOGISTICS

**Key vocabulary:** radio frequency identification (RFID) – smart – tag – tracking – barcode – label – data – chip – accuracy – shoplifting.

*Read and translate the text about RFID and 'smart tags'*

#### UNDERSTANDING THE RFID FRAMEWORK

Radio-frequency identification (RFID) is an automatic identification method, relying on storing and remotely retrieving data using devices called RFID tags. An RFID system consists of tags, printers, readers and middleware. Tags include a microchip and an antenna embedded in a label. An RFID tag is an object that can be attached to or incorporated into a product, animal, or person for the purpose of identification using radio waves. RFID printers simultaneously print labels and write to the electronic tag. Readers collect data from the tag. Middleware turns the raw data into useable information and transmits it to back-end systems. The current thrust in RFID use is in supply chain management for large enterprises. RFID increases the speed and accuracy with which inventory can be tracked and managed thereby saving money for the business.

##### *RFID Tags and Product Tracking*

The Canadian Cattle Identification Agency began using RFID tags as a replacement for barcode tags. High-frequency RFID tags are used in library book or bookstore tracking, pallet tracking, building access control, airline baggage tracking, and apparel and pharmaceutical item tracking. BGN has launched two fully automated Smartstores that use item-level RFID tagging to deliver an integrated supply chain, from warehouse to consumer.

RFID tags are commonly used commercially in case, pallet, and shipping container tracking, and truck and trailer tracking in shipping yards.

### *RFID in Inventory Systems*

An advanced automatic identification technology such based on RFID technology has two values for inventory systems. First, the visibility provided by this technology allows an accurate knowledge on the inventory level. Second, the RFID technology can prevent or reduce the sources of errors. Benefits of using RFID include the reduction of labour costs, the simplification of business processes and the reduction of inventory inaccuracies.

### *Replacing Barcodes*

RFID tags are often envisioned as a replacement for barcodes, having a number of important advantages over the older barcode technology. Any tag will have a unique code, while current bar codes are limited to a single type code for all instances of a particular product. The uniqueness of RFID tags means that a product may be individually tracked as it moves from location to location, finally ending up in the consumer's hands. This may help companies to combat theft and other forms of product loss.

It has also been proposed to use RFID for store checkout to replace the cashier with an automatic system which needs no barcode scanning.

## **PROBLEMS AND CONCERNS**

### *Security Concerns*

A primary security concern surrounding RFID technology is the illicit tracking of RFID tags. Tags which are world-readable pose a risk to both personal location privacy and corporate/military security. Such concerns have been raised with respect to the United States Department of Defense's recent adoption of RFID tags for supply chain management. More generally, privacy organizations have expressed concerns in the context of ongoing efforts to embed RFID tags in consumer products.

### *Privacy*

“How would you like it if, for instance, one day you realized your underwear was reporting on your whereabouts?” The use of RFID technology has engendered considerable controversy and even product boycotts by consumer privacy advocates who refer to RFID tags as "spychips". The four main privacy concerns regarding RFID are:

- The purchaser of an item will not necessarily be aware of the presence of the tag or be able to remove it.
- The tag can be read at a distance without the knowledge of the individual.
- If a tagged item is paid for by credit card or in conjunction with use of a loyalty card, then it would be possible to indirectly identify the purchaser by reading the unique ID of that item (contained in the RFID tag).
- The global system of tags creates globally unique serial numbers for all products.

The potential for privacy violations with RFID was demonstrated by its use in a pilot program by the Gillette Company, which conducted a "smart shelf" test at a Tesco in Cambridge, England. They automatically photographed shoppers taking

RFID-tagged safety razors off the shelf, to see if the technology could be used to deter shoplifting. This trial resulted in consumer boycott against Gillette and Tesco.

In another incident, uncovered by the Chicago Sun-Times, shelves in a Wal-Mart in Broken Arrow, Oklahoma, were equipped with readers to track the Max Factor Lipfinity lipstick containers stacked on them. Webcam images of the shelves were viewed 750 miles (1200 km) away by Procter & Gamble researchers in Cincinnati, Ohio, who could tell when lipsticks were removed from the shelves and observe the shoppers in action.

**Task 1. Answer the questions**

1. What are the components of RFID system?
2. What are the benefits of using RFID?
3. Where can high-frequency RFID tags be used?
4. What problems and concerns have been raised with introduction of ‘smart tags’?

**Task 2. Find the words in the text which mean the following and write them in the blanks**

1. A group of thin and thick lines printed on products you buy in a shop, and which a computer can read. It contains information such as the price. \_\_\_\_\_
2. A piece of paper or another material that is attached to something and gives information about it. \_\_\_\_\_
3. A piece of equipment that you attach to a thing, an animal or person so that you always know where they are. \_\_\_\_\_
4. The quality of being correct or true. \_\_\_\_\_
5. Information in a form that can be stored and used, especially on a computer. \_\_\_\_\_
6. \_\_\_\_\_  
The crime of stealing things from shops, for example by hiding them in a bag or under your clothes. \_\_\_\_\_

**Task 3. Put the words and phrases in the correct groups**

Shelf      ‘smart shelf’      reader      label      warehouse      microchip  
 store checkout      product      tagged item      barcode scanning      cashier  
 back-end system      shoplifting

Inventory control	Smart tag technology



**Task 4. Fill in the gaps with one of the words given in the box**

shoplifting	barcode	tracking	accuracy	microchip	RFID
-------------	---------	----------	----------	-----------	------

1. However, while \_\_\_\_\_ occurred in the past, the extent of the crime has grown massively in recent years.
2. Without this massive data base, all you read in from the \_\_\_\_\_ is a meaningless number.
3. Stanton called police and told them his stolen car was equipped with a \_\_\_\_\_ device.
4. There have been questions about the \_\_\_\_\_ of the report.
5. This senses the water temperature and sends a signal to the control box where it is processed in a \_\_\_\_\_.
6. The American Express credit card now includes a high-frequency \_\_\_\_\_ tag.

**Task 5. Read the text and do the following tasks.**

1 Choose the best heading for the text.

- A The danger of advertising
- B Using computers to follow animals.
- C The future of the personalized

ad 2 Which paragraph tells us:

- A what RFID is?
- B about potential problems of RFID?
- C how the future of advertising is seen in a movie?
- D how shops intend to use RFID?
- E how RFID is used now?
- F how government and business may use RFID in the

future? 3 Decide if these statements are true (T) or false (F).

RFID tags are:

- A very small.
- B used for following the movements of animals.
- C used as weapons by the US Department of Defence.
- D in all clothes.
- E used by some commercial companies already.
- F dangerous for the health of workers.

**B.** There's a scene in the film *Minority Report* which tells us about the future of advertising. Detective John Anderton (played by Tom Cruise) is walking through a shopping mall when the advertisements on the walls start talking to him. They greet him by his name and tell him about the latest products he should buy. How do they know who he is? And how do they know his shopping habits?

**C.** The answer is RFID - radio frequency identification. RFID is in many ways a great idea. How does it work? Tiny computer chips (or 'tags') are attached to objects, clothes or packaging. These chips can be read by a central computer network. If you want to find your lost dog or to research the movements of a herd of elephants,

RFID is very helpful. Just put the tag on the animal and watch from a safe distance. RFID has commercial uses too. Delta Airlines uses it to track luggage and the US Department of Defence uses it to count its weapons and vehicles.

**D.** So what's the connection between RFID and advertising? Well, imagine your clothes have an RFID tag. Every time you enter the shopping mall a scanner 'reads' your name, age and buying habits. It knows which shampoo you buy, which bread you prefer, the size of your feet. The scanner then uses this information to target you with special offers. It sounds like science fiction, but some companies already use RFID and a large US supermarket chain plans to use it very soon.

**E.** So, what's the problem? The problem is that great technology is often used for less great purposes. RFID may, in future, be used to track people instead of products. The boss may decide to track his workers – to see who spends their time smoking outside or taking long lunch breaks. The government may decide it wants to see which books you are reading or which political gatherings you attend. As all shoppers know, everything costs something. The cost of RFID may be your privacy.

***Task 6. Read the Part A of the text below and answer the questions***

1. What is Commercial Vehicle Operations?
2. What components are necessary for operation of Intelligent Transportation Systems for trucks?
3. How often does the computer transmit information about the location of the truck to the central office?
4. What is done to minimize handling-expense, damage and waste of vehicle capacity?

**COMMERCIAL VEHICLE OPERATION (CVO)**

**A** *Commercial Vehicle Operations* is an application of Intelligent Transportation Systems for trucks.

A typical system would be purchased by the managers of a trucking company. It would have a satellite navigation system, a small computer and a digital radio in each truck. Every fifteen minutes the computer transmits where the truck has been. The digital radio service forwards the data to the central office of the trucking company. A computer system in the central office manages the fleet in real time under control of a team of dispatchers.

In this way, the central office knows where its trucks are. The company tracks individual loads by using bar-coded containers and pallets to track loads combined into a larger container. To minimize handling-expense, damage and waste of vehicle capacity, optimal-sized pallets are often constructed at distribution points to go to particular destinations.

**B** A good load-tracking system will help deliver more than 95% of its loads via truck, on planned schedules. If a truck gets off its route, or is delayed, the truck can be diverted to a better route, or urgent loads that are likely to be late can be diverted to air freight. This allows a trucking company to deliver a true premium service at only slightly higher cost. The best proprietary systems achieve better than 99.999% on-time delivery.

The controlled routes allow a truck to avoid heavy traffic caused by rush-hour, accidents or road-work. Increasingly, governments are providing digital notification when roadways are known to have reduced capacity.

A good system lets the computer, dispatcher and driver collaborate on finding a good route, or a method to move the load. One special value is that the computer can automatically eliminate routes over roads that cannot take the weight of the truck, or that have overhead obstructions.

Usually, the drivers log into the system. The system helps remind a driver to rest. Rested drivers operate the truck more skillfully and safely.

When these systems were first introduced, some drivers resisted them, viewing them as a way for management to spy on the driver.

A well-managed intelligent transportation system provides drivers with huge amounts of help. It gives them a view of their own load and the network of roadways.

***Read the part B of the text above and decide if these statements are true (T) or false (F). If they are not true, correct them***

1. A good load-tracking system will help deliver 75 % of its loads via truck, on planned schedules. ( )
2. The controlled routes allow a truck to avoid heavy traffic caused by rush-hour, accidents or road-work. ( )
3. A good system lets the computer, dispatcher and driver collaborate on finding a good route. ( )
4. The computer cannot automatically eliminate routes over roads that have overhead obstructions. ( )
5. The system doesn't give a rest to a driver. ( )
6. When these systems were first introduced, all drivers supported them. ( )
7. A well-managed intelligent transportation system provides drivers with huge amounts of help. ( )

## **UNIT 10 TRANSPORT SYSTEMS**

**Key vocabulary:** consignment – vehicle – roll-on roll-off – consignment note – air waybill – clearance – loading/unloading – bulk – carrier – freight charge – container.

***Read the text and translate it***

### **TRANSPORTATION OF GOODS**

The four main methods of transporting goods are road, rail, air, and shipping. In road, rail and air transport the choice of method depends on whether the main consideration is speed, direct delivery, or economy. These considerations obviously relate to the type of consignment involved. However, consignments can be

transferred from one form of transport to another, especially when containers are used. The term *MULTIMODAL* indicates units that can be transferred between systems (or modes), e.g. containers being moved from truck to ship or train to truck.

### ROAD TRANSPORT

Road transport tends to be cheaper and more direct than rail, especially for the transportation of small consignments. Its advantages include door-to-door service, quick loading and unloading in containers, and the use of roll-on/roll-off facilities on ferry crossings, where the truck can drive onto and off the ferry or a semi-trailer can be driven onto a ferry by one truck and driven off at the destination docks by another.

*TIR* (Transports Internationaux Routiers) vehicles, which are sealed, can go through customs without being searched. *Cabotage laws* permit carriers to transport third-country goods; e.g. a French carrier can take goods from Spain to Italy.

### RAIL TRANSPORT

Rail transport tends to be more economical than road transport for bulk consignments. There are often links between road and rail carriers, e.g. many of the European services which use the Channel Tunnel.

### AIR TRANSPORT

Some goods lose value or deteriorate over a short period of time, e.g. newspapers and flowers. For this kind of consignment air transport is used for speed, particularly over long distances. Insurance tends to be cheaper as consignments spend less time in transit. However, in the case of bulk consignments, air can be much more expensive than other forms of transport as charges are by weight (airfreight tonnes) or volume, whichever is the greater cost.

Consignment notes and air waybills are obtained from the freight company by the consignor (sender) filling out an instructions for dispatch form and paying the freight charges. Charges are calculated by size (volume), weight, or value, and sometimes also risk.

Most freight companies are private carriers, and are responsible for taking proper care of the goods and getting them to their destination on time.

Correspondence in transport is generally between consignors and freight companies, or consignors and forwarding agents, who send goods on behalf of the consignor. Customers are kept informed about consignments by means of *advice notes*, which can be sent by ordinary mail or email. They give details of packing and when goods will arrive.

In the European Union (EU) and European Free Trade Association (EFTA), *MOVEMENT CERTIFICATES* are used, especially for container shipments where the consignment is taken through different customs posts to member countries.

In the EU, the *SIMPLIFIED CLEARANCE PROCEDURE* is used to make documentation easier for exporters and agents. No customs documents are required for trade between EU member countries.

## SHIPPING

There are various types of vessel available to carry different goods:

- bulk carriers transport bulk consignments such as grain, wheat, and ores;
- tankers transport liquid bulk consignments, usually oil;
- container vessels transport containers;
- barges are large flat-bottomed boats which are used to transport goods inland along rivers and canals.

The *bill of lading* is the main form of documentation used in shipping. It can be a document of title. It may be *clean* or *cloused*, terms used to indicate whether the goods were in perfect condition when taken on board or if there was something wrong with them.

## CONTAINER SERVICES

A convenient method of transporting many types of consignment is containers (large metal boxes) which are taken to the docks and then loaded on to container vessels. Small consignments from different exporters can be loaded into a single container. For documentation, container companies usually use either container waybills or multimodal bills of lading. Most ports have facilities for loading and unloading containers. Once a container leaves the ship, it is sent by rail and /or road to the consignee.

### ***Task 1. Answer the questions to the text***

1. What modes of transport can be used for transporting of goods?
2. What are the advantages of using road transport?
3. What are advantages and disadvantages of using air transport?
4. What main documents are used in transporting goods by road, air and sea?
5. What kind of transport can you use for transporting bulk consignments?
6. Why containers are considered to be a convenient method of transporting many types of consignments?

### ***Task 2. Find the words in the text which mean the following and write them in the blanks***

1. A quantity of goods that are sent somewhere, especially in order to be sold  
\_\_\_\_\_
2. A machine with an engine that is used to take people or things from one place to another  
\_\_\_\_\_
3. A company that moves goods or passengers from one place to another  
\_\_\_\_\_
4. A very large metal box in which goods are packed to make it easy to lift or move them onto a ship or vehicle  
\_\_\_\_\_
5. When goods are put onto a ship, aircraft etc. the process is called  
\_\_\_\_\_
6. The process of getting official permission or approval for something  
\_\_\_\_\_

**Task 3. Put the words and phrases in the correct groups. Some of them may be included in more than one group**

Truck, door-to-door service, container, vehicle, carrier, roll-on/roll-off facilities, bill of lading, consignment note, freight company, air waybill, bulk consignment, barge, aircraft, container shipment, liquid bulk consignment, TIR vehicle, direct delivery

Road and rail transport	Air transport	Shipping

**Task 4. Translate sentences from English into Russian or Ukrainian**

1. The most important of the trends is that container ships have gotten bigger.
- 2 We'll send your personal belongings by air freight and your furniture by sea freight.
3. The sale also included consignments from other owners.
4. The contract of carriage by road shall be confirmed by a consignment note, sometimes referred to as a waybill.
5. Once managers understood where costs truly lay, the innovations were obvious: the roll-on and roll-off ship and the container ship.

**Task 5. The following sentences are from the text below. Read them and decide where they fit in the text**

- A** Today, approximately 90% of cargo moves by containers stacked on transport ships.
- B** Containerization is an important element of the logistics revolution that changed freight handling in the 20th century.
- C** His first container ship left Port Newark for Texas on April 26, 1956, carrying 58 trailers.

#### **FROM THE HISTORY OF CONTAINERIZATION**

(1) \_\_\_\_\_. Malcolm McLean claimed to have invented the *shipping container* in the 1930s in New Jersey. Then a truck owner-operator, McLean explained that while sitting at a dock waiting for cotton bales to be unloaded from his truck then reloaded onto a ship, he realized that the truck itself (with some minor modifications) could be transferred much more efficiently.

Years later, McLean founded Sea-Land Corporation. (3) \_\_\_\_\_.

Containerization revolutionized cargo shipping. (2) \_\_\_\_\_.

Economies of scale have dictated an upward trend in sizes of container ships in order to reduce costs. As of 2005 some 18 million containers make over 200 million trips per year, there are ships that can carry over 6,000 containers, and designers are working on freighters capable of 13,000 ones. Either 20 feet or 40 feet, these "boxes" revolutionized not only the means of transport, but the logistic chain from the

supplier to the final customer. Road, railway and even air transport adapted to make these boxes a "unit of intermodal transport." Once placed into the container, the goods do not undergo any other handling prior to reaching the destination.

The widespread use of standard containers influenced modifications in other freight moving standards, gradually forcing removable truck bodies or swap bodies into the same sizes and shapes, and changing completely the worldwide use of freight pallets which fit into containers or into commercial vehicles.

## UNIT 11 ENVIRONMENTAL PROTECTION AND REVERSE LOGISTICS

**Key vocabulary:** environment – pollutant – wasteful – product waste – recycling – disposal – shipper – shipment – utilization – dangerous – finished product.

*Read and translate the article*

### THE GREENING OF THE SUPPLY CHAIN

**It's good for the environment, operational efficiency and customer satisfaction. That's why leading companies are going green at virtually every stage of the supply chain.**

*Sun Microsystems* is hardly the first global manufacturer to cut the number of distribution centers in its supply chain. What's unusual about the company's move are the reasons behind it. Less cost, handling and time to market are still big factors, but *Sun* is also pursuing the strategy out of a desire to be more environmentally responsible.

Companies used to adopt green policies because they were forced to, or needed to spruce up their public image. Now they're finding that a reduction of pollutants and wasteful practices can have a positive impact on the bottom line. Internal processes become more efficient, and customers are happier, too. It's even good for the environment.

Changes are taking place at every stage from product design to recycling or disposal at end of life. In the design process, *Sun* maintains a list of dangerous substances that are not permitted in its products. At the far end of the chain, an intensive recycling program recovers materials that can be incorporated into the design of new products. The European Union's new Waste Electrical and Electronic Equipment (WEEE) directive requires that 65 percent of product waste be put back into the manufacturing stream. *Sun* is currently at better than 80 percent. The big maker of servers, workstations and software has also cut down on the amount of paper documentation that accompanies its products, relying on the internet to give customers needed information. That effort alone has slashed paper costs from \$10m to \$1m and saved two million pounds of paper each year. That's about 6,000 trees saved.

One of the company's biggest environmental efforts occurs within the physical supply chain. *Sun* has boosted the amount of finished product that ships directly to customers, bypassing a distribution centre. Currently between 40 percent and 50

percent of all orders move in this manner. There are just two distribution facilities in the *Sun* network, one in Northern California and the other in the Netherlands, for items that can't be shipped direct. And they belong to *Sun*'s third-party logistics providers.

*Sun*'s heavy reliance on outsourced logistics carries additional environmental benefits. By itself, the company is far from a small shipper, especially in terms of product value. But *Sun* prefers to hand over much of its freight to third-parties so that it can be combined with the shipments of other customers. The results are twofold: lower per-unit shipping costs, and better utilization of existing capacity. *Sun* is also working to increase the efficiency of its products. Multi-server data centres are energy hogs; a typical facility consumes as much as 2,000 homes do. Compared with rival machines, *Sun*'s latest line of servers offers four times the computing performance per unit of energy consumed. Customers might pay extra up for some components, but it more than pays off down the line.

**Task 1. Decide if these statements are true (T) or false (F). If they are false, correct them**

1. Today a lot of manufacturers cut the number of distribution centres in their supply chain. ( )
2. Sun is pursuing the 'greening' strategy out of a desire to be more environmentally responsible. ( )
3. Reduction of pollutants and wasteful practices has a positive impact both on efficiency and the environment. ( )
4. Sun hasn't possibilities to follow the European Union's new Waste Electrical and Electronic Equipment (WEEE) directive that requires 65 percent of product waste be put back into the manufacturing stream. ( )
5. Sun has never used paper documentation for its products; the company has always relies only on the internet. ( )
6. Being far from a small shipper, *Sun* prefers to deliver its freight to customers itself. ( )

**Task 2. Match words and word definitions**

A waste	1 the process of treating used objects or materials so that they can be used again:
B pollutant	2 unwanted materials or substances that are left after you have used something:
C utilization	3 when you get rid of something
D dangerous	4 using something for a particular purpose
E recycling	5 a substance that makes air, water, soil etc. dirty, and is caused by cars, factories etc.
F disposal	6 involving a lot of risk, or likely to cause problems

A - ... B - ... C - ... D - ... E - ... F - ...



**Task 3. Fill in the gaps using words given in the box. Translate the sentences**

shippers	disposal	shipment	environment	pollutants	recycling	waste
----------	----------	----------	-------------	------------	-----------	-------

1. All the effects of \_\_\_\_\_ need to be considered for both short- and long-term exposure.

The chief need of large \_\_\_\_\_ and carriers is to process information for the flow of goods.

2. In promoting recycling as the best answer to waste \_\_\_\_\_, environmentalists are therefore swimming against the tides of the market.

3. Production and \_\_\_\_\_ has already begun, and the contracts extend through the first quarter of 2007.

4. The government has announced a ban on all imports of toxic \_\_\_\_\_ from abroad.

5. \_\_\_\_\_ is important to help protect our environment.

6. The truth is that obligatory recycling protects markets as well as the \_\_\_\_\_.

**Task 5. Read the text about reverse logistics and find answers to the questions**

What is the difference between forward and reverse logistics?

What are the requirements for reverse logistics?

### REVERSE LOGISTICS

**Reverse logistics** is the logistics process of removing new or used products from their initial point in a supply chain, such as returns from consumers, over stocked inventory, or outdated merchandise and redistributing them using disposition management rules that will result in maximized value at the end of the items original useful life. A reverse logistics operation is considerably different from forward logistics. It must establish convenient collection points to receive the used goods from the final customer or remove assets from the supply chain so that more efficient use of inventory / material overall can be achieved. It requires packaging and storage systems that will ensure that most of the value still remaining in the used good is not lost due to careless handling. It often requires the development of a transportation mode that is compatible with existing forward logistic system. Disposition can include returning assets into inventory pools or warehouses for storage, returning goods to the original manufacturer for reimbursement, sell goods on a secondary market, recycling assets, or a combination that will yield maximum value for the assets in question.

**Task 6. Read the article below about environmental approach in supply chain and complete it with the following words. Make up a summary of the text**

substances	environmental	supply chain	used products	recycling
emissions	pallet	packaging materials		

### **A GREENER LIFECYCLE**

Environmental responsibility is a big part of the corporate image of Hewlett-Packard Co., and that policy extends deep into the company's global \_\_\_\_\_. Its Corporate Social Responsibility (CSR) program covers everything from procurement to product content, suppliers, manufacturing, logistics and \_\_\_\_\_.

In taking a green approach to supply chain management, HP considers the full lifecycle of its products. A list of general specifications details all \_\_\_\_\_ that are either bad for the environment or banned outright, says Bonnie Nixon Gardiner, global program manager of supply chain social and \_\_\_\_\_ responsibility. "We make sure that every supplier in our supply chain gets a copy of that and is adhering to it," she says. "That's non-negotiable".

HP has already rid itself of substances, including lead, that are banned by Waste Electrical and Electronic Equipment (WEEE), and begun recycling in line with the EU's Return of Hazardous Substances (RoHS) directive. By the end of 2007, the company will have recycled a billion pounds of \_\_\_\_\_, according to Gilles Bouchard, executive vice president of global operations. Speaking at a recent forum of AMR Research Inc., he said HP adheres to the Electronic Industry Code of Conduct (EICC) for promoting environmentally responsible manufacturing, along with worker health and safety.

HP is slashing overall energy consumption by consolidating 85 data centres into just three, Gardiner says. It is also pushing a new video-conferencing technology known as Halo, to cut down on employee travel. But other efforts relate more directly to supply chain management. The Green Cargo program encourages the greater use of ocean transportation over air, while urging HP's carriers to operate in a more energy-conscious manner.

Distribution facilities are becoming more efficient as well. A major program to reduce \_\_\_\_\_ and squeeze more product onto a pallet has already yielded big results. In 2003, for a stand-alone camera, HP utilized 396 grams of packaging and fit 200 units on a pallet, Gardiner says. In 2004, packaging shrank to 339 grams and HP got 300 on a \_\_\_\_\_. Most recently, it has cut packaging down to 164 grams and managed to stuff 720 on a pallet. Shipping costs have come down accordingly.

Some of HP's green efforts yield immediate savings, but others cost money up front. Gardiner says the company doesn't dictate terms to suppliers. Instead, HP works closely with suppliers to implement green measures, often sharing the burden of investment.

It's not as though either party had a choice. Government regulations on hazardous materials, \_\_\_\_\_ and other environmental factors are getting stricter all the time. But HP is also listening to its customers, who are becoming increasingly aware of their own impact on the environment. Last year, the company received more than \$1bn worth of orders that were accompanied by specific conditions relating to environmental protection. "Customers were asking all sorts of questions, about everything from manufacturing to end of life," Gardiner says. She expects such conditional orders to double next year, then peak at around \$6bn per year.

***Leading companies are going 'green' because it's a requirement of the present day. Do our Ukrainian companies take care of the environment? Can you give any examples of 'green policy' of biggest Ukrainian companies?***

## REFERENCES

1. Nauton, John. Head for business. Oxford University Press, 2000.
2. Ashley, A. Oxford Handbook of Commercial Correspondence. Oxford University Press, 2003.
3. Dr. Lin Loughed. 600 Essential Words for the TOEIC: 50 Vocabulary Building Lessons. Barron's.
4. Longman Dictionary of Contemporary English. Pearson Education Limited, 2004.
5. Nina O'Driscoll and Adrien Pilbeam. Market Leader. Logistics Management. Pearson Education Limited 2010.
6. Данилова З.В., Лямзіна Н.К. Business English. At the Customs /Ділова англійська мова. Митниця та митні формальності. - Львів, 2002.

Internet sites:

<http://www.wikipedia.com>

<http://www.bbc.co.uk>

<http://www.glscs.com>

<http://www.inboundlogistics.com/articles/>

<http://www.line56.com/articles/>

<http://logistics.about.com>

<http://www.ft.com/home/europe>

*Виробничо-практичне видання*

Методичні рекомендації  
для організації практичної роботи  
з навчальної дисципліни

**“ІНОЗЕМНА МОВА”**  
**(АНГЛІЙСЬКА МОВА)**

*(для студентів 1 курсу денної форми навчання  
за спеціальностями 073 – Менеджмент та 275 – Транспортні технології)*

*(англ. мовою)*

Укладачі :**МОШТАГ Євгенія Сергіївна,**  
**ТАРАБАНОВСЬКА Оксана Миколаївна**

Відповідальний за випуск *О. Л. Ільєнко*

*За авторською редакцією*

Комп'ютерний набір *О. М. Тарабановська*

Комп'ютерне верстання *І. В. Волосожарова*

План 2018, поз. 406 М

---

Підп. до друку 30.05.2018. Формат 60 × 84/16.  
Друк на ризографі. Ум. друк. арк. 3,0  
Тираж 50 пр. Зам. №

Видавець і виготовлювач:  
Харківський національний університет  
міського господарства імені О. М. Бекетова,  
вул. Маршала Бажанова, 17, Харків, 61002.  
Електронна адреса: rectorat@kname.edu.ua.  
Свідоцтво суб'єкта видавничої справи:  
ДК № 5328 від 11.04.2017.