

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

National Technical University of Ukraine

“Igor Sikorsky Kyiv Polytechnic Institute”

**ECONOMY OF FOREIGN COUNTRIES:  
PRACTICAL TRAINING AND COURSE WORK**

*Recommended by the Methodical Council of Igor Sikorsky Kyiv Polytechnic  
Institute as a textbook for foreign students studying in the specialty 051 «Economy»*

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## **ECONOMY OF FOREIGN COUNTRIES: PRACTICAL TRAINING AND COURSE WORK**

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*This teaching manual is for students who study the discipline “Economics of Foreign Countries”, at course work (CW) on the example of several countries are processed basic methods of determining international competitiveness, forecasting of branch development, formation and realization of potential economic, in particular, scientific, technical and industrial integration of Ukraine in sectoral context, the main elements of the development strategy. CW stimulates the development of creative, analytical thinking and consolidates skills of independent research work.*

## CONTENT

1. The purpose and objectives of the course work .....	5
2. Structure, content and scope of course work .....	5
3. Requirements for course work .....	7
Headlines .....	8
Lists .....	8
Tables .....	8
Graphic material .....	9
Formulas .....	10
Citation rules and references to sources used .....	11
References .....	11
Additions .....	11
4. Stages of course work and its defense.....	12
5. Criteria for evaluating the course work.....	13
6. Analytical part of the course work .....	14
6.1. General characteristics of the economy .....	15
6.1.1. Choice of industry .....	15
6.1.2. Preliminary analysis of the selected sector of the economy in the world, the largest producer countries (10 countries) and in Ukraine.....	16
6.2. Economic analysis of the industry and leading manufacturers.....	17
7. Example solutions of typical tasks .....	20
8. Creative independent work.....	24
9. Control tasks.....	29
TOPIC 1. WORLD ECONOMIC SYSTEM .....	29
TOPIC 2. ECONOMY OF EUROPEAN COUNTRIES .....	30
TOPIC 3. ECONOMY OF ASIA AND PACIFIC COUNTRIES .....	33
TOPIC 4. ECONOMY OF THE COUNTRIES OF NORTHERN AND SOUTH AMERICA (NORTHERN AND LATIN AMERICA).....	35
TOPIC 5. ECONOMY OF AFRICAN COUNTRIES.....	37
References .....	48

## **1. The purpose and objectives of the course work**

CW in the discipline "Economics of Foreign Countries" is an important link in the system of mastering by students of economic specialties of the cycle of professionally-oriented disciplines. It is an independent study that is performed during the study of this discipline. Its purpose is to deepen, consolidate and generalize theoretical knowledge, practical skills acquired by students during training and their application in solving specific professional problems, deepening skills to find effective solutions in the implementation of international activities, training for independent practical work.

The main tasks of the CW are:

- study, deepening and generalization of information on scientific works of domestic and foreign economists, statistical materials, legislative acts and program international documents;
- diagnosis of the economic situation in the countries with the use of the tools proposed in the guidelines;
- development and evaluation of alternative approaches to solving the problems that are the object of research;
- preparation of a report and visual materials covering the main content of the CW and the author's proposals, with their subsequent defense before the commission of the department, the student's speech at the scientific-practical conference, printing abstracts, participation in the competition and more.

Peculiarities of the chosen topic and implementation of the tasks of the CW are determined by the student and agreed with the supervisor.

## **2. Structure, content and scope of course work**

The following requirements are set for the structure, content, volume, form of presentation of the material and design of the CW, as an original theoretical and applied research. The following work structure is recommended:

- title page;
- content (work plan);
- introduction;
- the number of sections of the main part determined by the teacher;
- conclusions;
- list of used sources;
- applications.

The content of the CW contains full and clear names of parts of the work with the numbers of the starting pages. The content of the CW should briefly reflect the essence of the issues under consideration and the logic of economic research.

The introduction contains a substantiation of the topic of theoretical and applied research, the purpose and objectives of the CW, a description of the research methods used. The volume of the introduction can take up to two pages.

It is recommended to divide each section of the main part into two, three or more subdivisions. The content and number of sections of the main part of the work are determined by the chosen topic, the characteristics of the object of study, the purpose and objectives of the study and other factors.

The conclusions, which are the final part of the CW, should contain the main results for each section of the main part of the work in accordance with the goals and objectives reflected in the introduction (identified factors and trends, calculation results, proposed methods of solving the problem, practical recommendations, expected effectiveness, etc.). The text of the conclusions is clear, concise and should not exceed two pages. Conclusions should be presented as separate items.

The section "List of used sources" includes a list of literature sources compiled according to the current rules. It is allowed to use Internet pages, up to 30% of the total number of links.

The appendices contain cumbersome tables and block diagrams of an auxiliary nature, quotations from normative documents of foreign countries, etc.

### **3. Requirements for course work**

The CW must be typed on a computer and printed on a printer. Times New Roman font with the size for the main text - 14 pt, and the names of sections and subsections - 16 pt. Line spacing - 1. The volume of the CW should be 30-40 A4 pages.

The text of the CW is placed on pages with margins: left - not less than 20 mm, right - not less than 10 mm, top and bottom - not less than 20 mm. The distance between the titles of sections and subsections and the text should be 12-20 pt.

CW begins with the title page, which is placed sequentially: table of contents, introduction, first, second and other sections of the main part of the work, conclusions, list of sources used, appendices. The title page must be signed by the performer of the CW.

In the content, the names of sections and subsections are the same as in the text of the CW. The title page and table of contents are not numbered, but are taken into account, ie the introduction that follows the table of contents will be numbered as the third page. Page numbers are placed in the upper right part of the page above the text.

The introduction, each section, conclusions, and bibliography begin on a new page, and the next section and section item immediately after the end of the previous one.

Sections, subsections and work items should be numbered in Arabic numerals and printed with a paragraph indent. The numbering of sections is carried out within the entire text of the CW (1, 2, 3, etc.) except for appendices. Table of contents, introduction, conclusions and bibliography are not numbered.

The subdivision number must include the section number and the subdivision number within the section, separated by a period (1.1, 1.2, etc.), and the item number, respectively, the section, subdivision and item numbers (1.1.1, 1.1.2, etc.). e.).

After the reference to any parts of the work in the text after the numbers of sections, subsections and paragraphs do not put a full stop.

## Headlines

Sections, subsections should have headings that clearly and concisely reflect their content. Headings of sections, subsections and paragraphs should be printed with a paragraph indentation with a capital letter without a dot at the end and without underscores. If the title consists of two sentences, they are separated by a period.

## Lists

Each position of the list should be preceded by a hyphen or (if necessary, refer to one of the lists in the text) a lowercase letter, followed by a parenthesis. To further detail the list, it is necessary to use Arabic numerals, followed by a parenthesis.

## Tables

Tables are used for refinement and convenience of comparison of indicators. The name of the table should accurately and concisely reflect its contents. The title should be placed above the table. In the case of moving part of the table to other pages, the name is placed only above the first part of the table.

Digital material is usually designed in the form of a table, as shown in the figure.

<b>Table name</b>						
Table cap						Column headers
					Column subheadings	
	1	2	3	4	5	Column numbering
Line headers						Rows

Tables (except for tables in appendices) should be numbered in Arabic numerals.

The tables of each appendix are marked with a separate numbering in Arabic numerals with the addition of the appendix before the digit. If there is only one table in the text of the work, it is denoted by "Table 1" or "Table B.1", when the table is given in Annex B. All tables must be referenced in the text, which consist of the word "table . \_\_ . \_\_ »Indicating its number.

Column and row headings should be capitalized, column subheadings lowercase

if they are a continuation of the header, or uppercase if they are self-contained. At the end of the headings and subheadings of the tables do not put dots, column headings and subheadings are printed in the singular.

It is not allowed to separate headings and subheadings of a sidewall and columns by diagonal lines. Column headers are usually printed parallel to the rows of the table. If necessary, perpendicular placement of column headings is allowed.

The table is placed below the text, with the first link to it or on the next page, and if necessary - in the appendix to the work. It is allowed to place the table along the long side of the sheet. If the rows or columns of the table go beyond the format of the page, the table is divided into parts, which are placed one below the other or side-by-side, with each part of the table repeating its header and side.

If the table is divided into parts, column and row numbers may replace its header or sidebar, respectively. The columns and (or) rows of the first part of the table are numbered in Arabic numerals.

The word "Table" is indicated once above the first part of the table, above the other parts are printed the words "Continuation of table.\_\_. \_\_" or "End of table.\_\_. \_\_" with the number (designation) of the table.

### **Graphic material**

Graphic material (graphs, diagrams, charts, etc.) is placed to establish the properties or characteristics of the object, as well as to better understand the text. Graphic material should be referenced in the text.

Graphic material should be placed immediately after the text in which it is mentioned for the first time, or on the next page, and if necessary - in the appendix.

If there are tables that complement the graphic material, the tables should be placed after the graphic material.

Graphic material can have a thematic title, which is placed under it. If necessary, explanatory data are placed under the graphic material. The word "figure" and the name are given after the explanatory data.

Graphic material (except for graphic material of applications) should be



numbered in Arabic numerals. If the figure is one, it is denoted by "Fig. 1 ». Numbering of graphic material within the section is allowed. The figure number in this case consists of section numbers and serial number of the figure, separated by a dot (Fig. 1.1). The graphic material of the appendix is denoted by a separate numbering in Arabic numerals with the addition of the appendix designation before the digit (Fig. B.3).

A drawing (diagram, diagram, etc.) should usually be performed on one page. If the image does not fit on one page, it is allowed to transfer it to other pages. Thus the thematic name is placed on the first page, explanatory data - on each page and under it print «Fig. ..., sheet ... ", if there are several drawings, and" Fig. 1, sheet .... », if he is alone.

### **Formulas**

Formulas, with the exception of the formulas contained in the Annexes, shall be numbered consecutively in Arabic numerals, printed at the level of the formula on the right in parentheses. One formula is denoted by (1).

References in the text to the ordinal numbers of the formula are given in parentheses.

Example: ... in formula (1).

The formulas in the appendices are numbered separately in Arabic numerals within each appendix with the designation of the appendix before the digit.

Example: ... in formula (B.1).

Numbering of formulas within the section is possible. In this case, the formula number consists of a section number and a sequence number of the formula, separated by a period.

Example: (3.1), (3.3).

Explanations of the symbols and numerical coefficients included in the formula, if not explained in the text, should be given directly below the formula. An explanation of each symbol should be given on a new line in the order in which the symbols are given in the formula. The first line of the explanation should begin with the word "where".

A comma separates formulas that are presented one after another and not

separated by text.

### **Citation rules and references to sources used**

When writing a CW, the student must provide references to the sources from which the materials are given in the work. Such links allow you to find documents and verify the accuracy of information about the citation of the document, provide the necessary information about it, help to clarify its content, language, volume. Reference should be made to the latest publications. Earlier editions can be referenced only in cases where they contain material that is not included in the last edition.

If you use information, materials from monographs, review articles, other sources with a large number of pages, then the link must specify the exact page numbers, illustrations, tables, formulas from the source referenced in the CW.

References are added immediately after the end of the citation in square brackets, indicating the serial number of the source in the bibliography and the corresponding page of the source (for example: [12, p. 172]), or under the text of this page as a footnote indicating the author's name and initials, source name, publisher, year of publication and page.

### **References**

The literature can be presented in two ways. The first - in the order of presentation in the text, the second - in alphabetical order. It is possible to cite only the literature that was used in the implementation of the CW and to which the relevant references are made.

### **Additions**

Separate material of the CW may be placed in the annexes. Appendices can be: graphic material, large-format tables, calculations, etc. Add-ons can be mandatory and informative. Information applications can be of a recommended or reference nature.

Appendices are indicated in capital letters of the Ukrainian alphabet. Each appendix should start on a new page with the word "Appendix" at the top of the page and its designation, and below it in parentheses for the mandatory appendix the word

"mandatory" and for information - "recommended" or "reference". The application must have a title that is printed symmetrically relative to the capitalized text on a separate line.

Information borrowed from literature or statistical sources (formulas, tables, diagrams, graphs, conclusions, etc.) requires mandatory references (in square brackets) to the serial number of the source in the list of used literature and page numbers from which the information is taken.

#### **4. Stages of course work and its defense**

The main stages of CW implementation and the recommended terms of their processing are presented in the table 1.

*Table 1*

**Stages and deadlines for the implementation of the CW**

<b>The names of the stages of implementation of the CW</b>	<b>Deadline, serial numbers of semester study weeks</b>
1. Definition of the branch of economy and countries-objects of researches	1
2. Formulation (choice) of the topic of the CW and its coordination with the head	1-2
3. Selection and analysis of literature, regulatory documentation and processing of other information	2-4
4. Drawing up a plan of the CW	3-4
5. Conducting economic research in accordance with the plan and writing the CW	4-14
6. Consultations with the supervisor	1-16
7. Registration of CW	14-15
8. Preparation for defense and defense of the CW before the commission of the department	15-16

The definition of the field of economics as an object of study is based on the scientific interests of the student, the subject of his bachelor's thesis, areas of scientific work of the department, the place of industrial practice, etc.

When choosing a topic, the student can use the recommended topics of the CW, which is offered by the department, or offer your topic with the necessary justification for its relevance. The student should take into account the availability of economic

information, the sectoral structure of countries, the peculiarities of the economic model of development, the level of state regulation of the economy, foreign economic relations of a country, and so on.

Supervisors during the entire period of preparation of the CW are obliged to:

- advise students on choosing a topic and developing its plan;
- assist in the selection of literature on the selected topic;
- to assist in the preparation of some of the most complex parts of the CW;
- control the work preparation schedule;
- give advice on the content of the CW;
- control the quality of work design;
- to characterize the CW before its protection.

The official defense of the CW is carried out at the time specified by the head of the department and includes a 5-7 minute report of the student, in which he must disclose:

- relevance of the chosen research topic;
- work structure;
- main conclusions from the analysis of economic characteristics of the object of research.

The members of the commission can ask the student questions in order to determine the level of professional training and erudition in international economics. The results of the defense are discussed in closed session. The Chairman of the commission announces the decision of the commission immediately after the meeting.

## **5. Criteria for evaluating the course work**

The final assessment of the CW should take into account the following indicators of its quality.

Contents of the CW:

- relevance of the chosen topic and focus on the development of practical recommendations;

- the degree of achievement of the set goal and solving the tasks of the CW;
- adequacy of the use of methodological and diagnostic apparatus in the process of conducting economic research;
- multivariate approach to solving tasks;
- the level of validity of the proposed measures and decisions;
- logical construction, language development and quality of CW design.
- CoR protection:
- ability to concisely, clearly, logically state the main content and conclusions of the CW;
- ability to argue their proposals and views;
- level of economic and general training of the student.

The ECTS and national assessment scales are used to assess the CW. A grade of "excellent" is given to a student whose CW contains elements of novelty, and the results have practical significance. A concise, logical and freely announced report and correct answers to the questions of the commission members are a mandatory requirement for receiving the highest grade.

In the case when the topic of the CW is disclosed, but not all tasks are solved completely, insufficient use of available information materials, there are remarks of the supervisor, the report is logical and freely announced, the answers to the questions asked by the commission members are mostly correct.

On "satisfactory" is evaluated CW, in which the topic is mainly dug, but there are shortcomings of a substantive nature, vaguely stated purpose and objectives, the analytical part has elements of descriptiveness, proposals are unconvincing, conclusions are not fully consistent with the main content of the work. Highlights the results of economic research, not all answers to the questions of commission members are correct and complete.

## **6. Analytical part of the course work**

The main part of the CW is performed according to the following items. For

consideration of the head some points can be removed or the student is offered additional tasks of individual character. The CW includes 5 main sections, the content of which is disclosed below.

## **6.1. General characteristics of the economy**

### **6.1.1. Choice of industry**

When choosing a sector of the economy, you can use the following list of priority areas. If necessary, you can combine several of these areas, or, conversely, to identify a narrower sector as the object of study, as well as to propose your own approach. The main requirement when choosing an industry is its presence in Ukraine.

Priority sectoral areas of the study:

#### 1. Industry:

##### 1.1. Fuel and energy complex:

- oil;
- gas;
- coal;
- electricity;
- alternative energy.

##### 1.2. Chemical Industry:

- production of basic chemicals;
- production of polymeric materials;
- pharmaceutical industry.

##### 1.3. Ferrous metallurgy.

##### 1.4. Non-ferrous metallurgy.

##### 1.5. Engineering:

- machine tool construction;
- instrument making;
- shipbuilding;
- automotive industry;

- aerospace industry;
- production of railway rolling stock.

1.6. Electrical and electronics (industrial equipment, household appliances, computer manufacturing, communication technology, etc.).

1.7. Production of building materials.

1.8. Woodworking and pulp and paper industry.

1.9. Military-industrial complex.

2. Transport:

2.1. Water (sea, river).

2.2. Railway.

2.3. Automobile.

2.4. Air.

2.5. Pipeline.

3. Sphere of services:

3.1. Telecommunications (telephone, satellite, Internet, video, etc.).

3.2. Information services (consulting, marketing research, knowledge bases, etc.).

3.3. Engineering services (design and construction).

3.4. Insurance services.

3.5. Other services.

It is necessary to justify the choice of industry, focusing on the relevance of its development for the economy of your country and the world economy (up to 1 page). According to the selected industry, the topic of the CW is formed (eg, "International competitiveness and development strategy ... of the industry of country").

### **6.1.2. Preliminary analysis of the selected sector of the economy in the world, the largest producer countries (10 countries) and in Ukraine.**

The analysis by countries should be carried out taking into account the dynamics (at least three years) and development trends in terms of the proposed indicators (Table

2). If necessary, the list of indicators can be expanded.

Table 2

**Comparative analysis of the development ... of the economy in the world**

Indicator		Years	The world as a whole	Countries				
				Ukraine	*	**	...	***
1		2	3	4	5	6	...	N
1. Production volumes	1.1. In value terms, million dollars	1						
		...						
		M						
	1.2. In kind, pcs. (t, m2, l, etc.)	1						
		...						
		M						
2. Share in the country's GDP,%		1	–					
		...	–					
		M	–					
3. Share in foreign trade (exports of the industry in total exports or imports of the industry in total imports),%		1						
		...						
		M						
4. Growth rate of the industry (sales),%		1						
		...						
		M						
5. 5. The largest enterprise (TNC)	5.1. Name	–						
	5.2. Sales volumes, million dollars							
	5.3. Market share, %							

If it is difficult or impossible to find data related to the development of the selected industry in a particular country, but there are one or more TNCs in the market of that country, it is advisable to analyze the performance of these companies.

The implementation of the first section of the CW should provide information for a preliminary comparative assessment of the countries of the world by the level of development of the selected sector of the economy in order to identify the leading countries for more detailed analysis.

**6.2. Economic analysis of the industry and leading manufacturers**

After analyzing 10 countries, it is necessary to dwell on 3 of them. This section provides a detailed (extended, comparative) description of the selected sector of the economy in 3 countries that are world leaders in this sector of the economy and in



Ukraine. Indicators can be divided into 3 groups (possibly 4, by allocating resources separately).

1. Production and financial indicators:

1.1. Availability of resources (raw materials).

1.2. Capacity utilization level.

1.3. Product range.

1.4. Sales volumes:

- valuable;
- natural.

1.5. The level and structure of costs, prices.

1.6. Profit.

1.7. Investments:

- direct;
- portfolio.

1.8. Capitalization.

1.9. Export-import operations:

- valuable;
- natural.

2. Indicators of scientific and technological development:

2.1. R&D costs in sales volumes (costs, prices).

2.2. The pace of updating the range. Product life cycle duration.

2.3. Number of cooperation agreements, joint projects, strategic partners.

2.4. Directions and volumes of activity in joint projects, enterprises.

3. Indicators that characterize the labor force:

3.1. Number of employees.

3.2. Labor productivity and its growth.

3.3. Wage level.

If necessary, the specified list of indicators can be changed. However, the total number of indicators should be at least 10 and at least 2 in each group.

The indicators are summarized in table. 3, using the method of multidimensional

comparative analysis, based on the method of distances, which allows to take into account not only the absolute values of each country, but also the degree of their proximity (distance) from the reference indicator. The coordinates of the compared countries for certain indicators should be expressed as a fraction of the corresponding coordinates of the reference country, taken as a unit.

The initial data can be presented both in the form of instantaneous indicators, and in dynamics (tempo). Simultaneous use of instantaneous and tempo indicators is possible.

Table 3

**Country source data matrix (example)**

Country	Production, million units	Production, billion dollars	Average annual growth rate for the last 3 years, %	Exports, mln.	Imports, million units	Profitability of production, %	Expenditures on research in the cost, %	Rate of renewal of production, years	Number of employees, thousand people	Labor productivity, thousand dollars / person
	1	2	3	4	5	6	7	8	9	10
Country 1	15	120	10	0,5	1	25	2,5	5	2 000	60
Country 2	8	160	2	4	0,3	5	5	2	640	250
Country 3	5	60	4	2,5	0,25	10	4	3	300	200
Ukraine	0,3	3	1	0,05	0,2	20	2	8	100	30

In the table 3 in each column determines the maximum value, which is taken as a unit. Then all the elements of this column ( $\alpha_{ij}$ ) are divided into the maximum element - the standard ( $\max \alpha_{ij}$ ) (formula (1)).

$$x_{ij} = \frac{a_{ij}}{\max a_{ij}} \quad (1)$$

If, from an economic point of view, the minimum value of the indicator is best (eg costs per unit of output), the calculation scale should be changed so that the lowest result corresponds to the highest value of the indicator (formula (2)).

$$x_{ij} = \frac{\min a_{ij}}{a_{ij}} \quad (2)$$

In the future, a matrix of standardized coefficients is formed ( $x_{ij}$ ) (tabl. 4).

Table 4

**Matrix of standardized country coefficients (example)**

Country	Indicator									
	1	2	3	4	5	6	7	8	9	10
Country 1	1	0,75	1	0,125	0,2	1	0,5	0,4	0,05	0,24
Country 2	0,53	1	0,2	1	0,67	0,2	1	1	0,15625	1
Country 3	0,33	0,375	0,4	0,625	0,8	0,4	0,8	0,67	0,33	0,8
Ukraine	0,02	0,01875	0,1	0,0125	1	0,8	0,4	0,25	1	0,12

As a result of the second section of the CW, the student must assess and compare the competitiveness of the world and Ukraine within the selected field. The information obtained should help forecast the development of a particular industry in the world, in particular, the leading producer countries and in Ukraine.

**7. Example solutions of typical tasks**

**Task 1. Country Hungary**

Based on the data in the table, calculate the value added per employee in agriculture, industry, services.

Solution:

1. Distribute the generated GDP by sectors of the economy (agriculture, industry, services) taking the appropriate share (%) of each sector of the economy from the official GDP and fill in the appropriate box of the table.

2. Distribute workers by sectors of the economy (agriculture, industry, services) taking the appropriate share (%), which falls on each of the sectors of the economy from the total number of employees and fill in the appropriate box of the table.

3. Determine the value added per employee in each sector of the economy by dividing in turn the generated GDP in each sector of the economy (agriculture, industry, services) by the number of employees in the sector. The results are entered in the appropriate cell of the table 5.

Table 5

### Country Hungary

GDP, billion dollars.		284
Distribution of GDP by sectors of the economy,%	Agriculture	4
	Industry	31
	Service Industries	65
Distribution of GDP by sectors of the economy, billion dollars	Agriculture	11,36
	Industry	88,04
	Service Industries	184,6
Number of employees, million people		5
Distribution of employees by sectors of the economy,%	Agriculture	5
	Industry	30
	Service Industries	65
Distribution of employees by sectors of the economy, million people	Agriculture	0,25
	Industry	1,5
	Service Industries	3,25
Value added per person, thousand dollars / person	Agriculture	45,44
	Industry	58,69333333
	Service Industries	56,8

### Task 2. Country Thailand

Fill in the table:

Calculate the amount of oil in units of volume (million barrels), the amount of natural gas in units of volume (billion m<sup>3</sup>), the amount of coal in units of mass (million tons).

Determine the cost of purchasing oil, natural gas, coal, and the total cost of purchasing all three types of energy.

Solution:

1. Calculate the amount of oil in units of volume (million barrels), the amount of natural gas in units of volume (billion m<sup>3</sup>), the amount of coal in units of mass (million tons).

1.1. Calculate the amount of oil in units of volume (million barrels).

Using the density formula  $\rho = \frac{m}{v}$ , we convert million tons into million m<sup>3</sup> ( $v = \frac{m}{\rho}$ ).

The obtained result is converted from m<sup>3</sup> in a barrel by dividing it by 0.158987 (1 barrel = 0.158987 m<sup>3</sup>).

1.2. We calculate the amount of natural gas in units of volume (billion m<sup>3</sup>).

Using the density formula  $\rho = \frac{m}{v}$ , we translate million tons into million m<sup>3</sup>. ( $v = \frac{m}{\rho}$ ).

1.3. Calculate the amount of coal in units of mass (million tons).

Given that the calorific value of oil exceeds the calorific value of coal by one and a half times, we will need one and a half times more coal than its quantity is determined in million tons of oil equivalent (table 6).

2. Determine the cost of purchasing oil, natural gas, coal and the total cost of purchasing all three types of energy.

2.1. The quantity of the corresponding energy carrier is multiplied by its price and the result is entered in the corresponding cell of a column of an expense.

2.2. We find the total cost of purchasing three types of energy by summing up the cost of purchasing oil, natural gas and coal.

*Table 6*

### Country Thailand

Type of energy resource	Calorific value when burning 1 kg of fuel, thousand kcal (calorific value)	Density 1	Quantity, million tons n. e. 2	Quantity (volume, weight) 3	Price	Costs, million USD.
Oil	10,5 (1,5)	900 кг/м <sup>3</sup>	59,0	412,3328043 million barrels of oil	41 dol./ barrel	16905,64498
Natural gas	10,5 (1,5)	0,8 кг/м <sup>3</sup>	43,5	54,375 billion m <sup>3</sup> of nature. gas	243 dol./1000 м <sup>3</sup>	13213,125
Coal	7,0 (1,0)	920 – 1700 кг/м <sup>3</sup>	17,7	26,55 million tons of coal	73 dol./tons	1938,15
General expenses						32056,91998

### Task3.

Task:

Using the method of multidimensional comparative analysis to determine the integrated rating of each of the two proposed countries (industry - solar energy) according to the table 7:

Table 7

**Initial data**

Country	Production volumes, billion kWh / year	Average annual growth rate for the last 5 years,%	Installed capacity, GW
1. The Netherlands	1,5	42	2,1
2. Switzerland	1,4	49	1,6
Weight of indicators	0,3	0,2	0,5

**Solution:**

In the table. 1 in each column determines the maximum value, which is taken as a unit. Then all the elements of this column () are divided into the maximum element - the standard ( $max \alpha_{ij}$ ) (formula (3)).

$$x_{ij} = \frac{a_{ij}}{max a_{ij}} \quad (3)$$

If, from an economic point of view, the minimum value of the indicator is best (eg costs per unit of output), the calculation scale should be changed so that the lowest result corresponds to the highest value of the indicator (formula (4)).

$$x_{ij} = \frac{min a_{ij}}{a_{ij}} \quad (4)$$

In the future, a matrix of standardized coefficients is formed ( $x_{ij}$ ) (Table 8).

Table 8.

**Matrix of standardized coefficients**

Country	Production volumes, billion kWh / year	Average annual growth rate for the last 5 years,%	Installed capacity, GW
1. The Netherlands	1	0,857142857	1

2. Switzerland	0,933333333	1	0,761904762
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All elements of the matrix (standardized coefficients) are raised to the second degree. If the indicators have different weights, the obtained values are multiplied by the value of the weights ( $K_i$ ), established by experts (Table 9).

Next, according to formula (5) is an integrated rating of the country, which reflects its international competitiveness in a particular sector of the economy.

$$R_j = \sqrt{k_1 x_{1j}^2 + k_2 x_{2j}^2 + \dots + k_n x_{nj}^2} \quad (5)$$

The obtained country ratings ( $R_j$ ) are ranked and the place of each country is determined (Table 9).

*Table 9*

### The results of the integrated rating of countries

Country	Production volumes, billion kW • h / year	Average annual growth rate for the last 5 years, %	Installed capacity, GW	$R_j$	Місце
1. The Netherlands	0,3	0,146938776	0,5	0,973107792	1
2. Switzerland	0,261333333	0,2	0,290249433	0,866938733	2

## 8. Creative independent work

The study group is divided into subgroups. One country is assigned to each of them.

8 practical classes - 44, (4)% of the total number of practical classes is your independent work. You will evaluate yourself (your friends or competitors).

Each subgroup prepares tasks for one country (the country is determined, mainly, at your request. Countries should not be repeated).

Possible number of points for a practical lesson (in case of absence from the class the student does not receive points):

- for those who conduct classes - 2 points (if you manage to surprise me, expand my horizons and worldview, additional points are possible);
- for other students (subgroups) - 2 points.

## Lesson plan

### The first half

1. The report (duration 45 minutes, first half) should cover the following issues:

1. General information about the country (quite briefly - a few minutes):

- borders;
- area;
- people;
- the capital.

2. Historical and economic features (up to 5 minutes)

3. The model of socio-economic development used in this country; what are its features (up to 5 minutes)

4. The country's economy (10-15 minutes)

- GDP and its structure;
- leading sectors of the economy (primarily the industrial sector);
- competitive advantages of your country! (Does Ukraine have similar competitive advantages? What should be done to obtain them and how can they be used? What gains (preferably in millions or billions of dollars) can be obtained from this?);

- forecasts and perspective directions of development of the country's economy.

5. Foreign economic activity (up to 10 minutes):

- export, import, balance in trade in goods and services;
- investing abroad and foreign investment in the country;
- MNTS;
- ties with Ukraine!

6. Interesting information, it should be really interesting (up to 5 minutes). I advise for a better perception of the information, not to leave this point at last, but to break it down into parts during your report. Scientists note that a person can perceive serious information for only 10-15 minutes. Then she has to laugh and wear out serious information. Form of presenting interesting information:

- report;



- you can sing a song in the original language (aborigines), recite a poem, dance, but all this is not - very loud;
- any of your visions.

## **The second half**

### **2. Discussion (discussion, up to 20 minutes).**

Other competing subgroups ask their speakers whether they express their views on what they have heard and what they have not heard, if any important issues have not been addressed. It is desirable that the questions were interesting and informative.

3. Practical part (15-20 minutes. Form of conducting at your discretion).

1. Survey.

2. Written task (questions and answers in writing).

3. Tests.

4. Tasks.

5. Situational exercises.

6. Competitions between groups or individual students.

7. Any combination of the above or any other option you offer.

### **Competition between subgroups, competition**

The study group is divided into subgroups.

Two subgroups are selected for one lesson.

You will compete at the country, industry or company level. From my previous experience, in raw materials industries and certain industries (metallurgy) you can compete at the level of certain countries. In more modern industries (electronics, computer technology, aircraft construction, etc.) it is better to compete at the level of individual companies (TNCs).

Each of the subgroups chooses the country, industry or company that we will consider in class. If you can't decide (two subgroups agree), I'll do it by force.

Thus, we consider competitiveness, either at the level of the chosen industry between the two countries, or at the level of companies (TNCs) in the chosen industry.

Classes are held according to the following scheme:

1. Collective reports of two subgroups (up to 10 minutes for each subgroup).

In your own report you should publish the following information:

- description of the industry or company (very briefly);
- Your main competitive advantages over a potential opponent;
- shortcomings and weaknesses of your competitors;
- prospects for the development of the industry (company).

2. Questions-answers from one subgroup to another and vice versa (at least five questions on each side).

Your questions and answers must demonstrate a high level of competence in the chosen field and knowledge of the specifics and situation in the chosen country (company) and in the competing country (company).

3. Participants in the other 6 subgroups vote and determine the winner of this debate.

4. Tasks for all other participants in the process (other subgroups).

Participants of the other 6 subgroups receive tasks from the subgroup they placed in 2nd place (from the losers). Accordingly, the losers check the tasks and give a score on a 2-point system. The task should be small.

The winners enjoy their triumph and receive congratulations.

### **International Economy in Action Competition**

You need (each subgroup) during the lesson to write a report to the 5th century. (12 font, single space; table 10 font, single space) according to the following scheme.

---

country

Draw up the country's budget: revenues and expenditures. How are formed (at the expense of what taxes and fees) and where they are spent (education, medicine, defense, etc.). At least 5 articles (Table 10).

Table 10

### The country's budget

Budget revenues			Budget expenditures		
Article	Revenue, billion dollars	Percentage of total income, %	Article	Revenue, billion dollars	Percentage of total income, %
1.			1.		
2.			2.		
3.			3.		
4.			4.		
5.			5.		
...			...		
Total		100	Total		100

2. Identify 10 goods or services (any - industrial products, agricultural products, services) for which your country is one of the world or regional leaders. For each of the goods must be the volume of production and the wholesale price of the goods (table 11).

Table 11

### 10 goods or services

Product name	Production volumes (natural units), pcs., T, m2, etc.	Production volumes (cost units), USD / pc.	Share in the country's GDP, %	Wholesale price, USD / pc.
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

3. Export-import relations.

You need to enter into a contract for the exchange of goods with one of the other subgroups (country).

In addition, you need to describe the delivery route of the goods (place of departure, method and route of transportation, destination, and transportation costs).

Only one person from the subgroup (Minister of Economy or Foreign Trade) can go to the talks.

#### 4. Development of a joint project.

With one of the subgroups (country) you have to develop a joint project noting: direction of work; term of commissioning (months or years); amounts of funding; place of project implementation; organizations and enterprises are involved in its implementation.

Only one person from the subgroup can go to the negotiations (but it should not be the Minister of Economy or Foreign Trade, but someone else, for example - a design engineer). Everyone else should sit in their seats.

#### 5. Cooperation with Ukraine (no need to go anywhere).

5.1. Export-import (1 transaction). You need to sign a contract for the exchange of goods between Ukraine and your country.

5.2. Development of a joint project (1 project). You should develop a joint project between Ukraine and your country, noting: the direction of work; term of commissioning (months or years); amounts of funding; place of project implementation; organizations and enterprises are involved in its implementation.

## **9. Control tasks**

### **TOPIC 1. WORLD ECONOMIC SYSTEM**

1. Discover the essence of the concept of "economic potential of the country".
2. List the characteristics by which countries are classified in the world economy.
3. Indicate the existing schemes of classification of countries used in the study of the discipline "Economics of foreign countries", focusing on the features of each of them.
4. Name the main indicators of world and national economies, justifying the importance of each of them.

5. List the five largest countries in the world by population and indicate the main trends in demographic processes in the modern world.
6. Compare the most common methods of calculating GDP, justifying their use.
7. Analyze the five most powerful economies in the world in terms of GDP calculated by exchange rates.
8. Indicate the features of the sectoral structure of the economy of the most economically powerful countries in the world.
9. Conduct a comparative analysis of the economies of the world with the largest positive and negative foreign trade balance.
10. List the main trends in the world economy in the late twentieth and early twenty-first century. characterizing each of them.
11. Analyze the changes concerning the representation of countries in the Global 500 ranking of the American business publication Fortune.
12. Describe the features of the change of industry affiliation of leading TNCs at the top of the Global 500 rating.
13. Name the most profitable industries in the world economy during the XXI century explaining the reasons for this situation.
14. Give one of the definitions of "globalization", noting the main components of this process.
15. Identify the main problems posed by globalization and justify possible directions for overcoming them.
16. Conduct a comparative assessment of globalization trends and regionalization in the world economy.
17. Explain the interpretation of the concept of "Euroregion" and indicate why this form of international integration is characteristic mainly of European countries.
18. Give examples of the most famous clusters in the world economy, noting the positive and negative aspects that lead to the functioning of such economic structures.

## **TOPIC 2. ECONOMY OF EUROPEAN COUNTRIES**

1. Name and justify the main reasons for the creation of the European Union.

2. Conduct a comparative analysis of economic development in Europe with the United States and China.

3. Analyze the relationship between the development of the European economy and the place of the largest European TNCs in the world's leading rankings Global 500 and Global 2000.

4. Identify the regions into which Europe is divided and give a brief description of each of them.

5. Describe the current situation in the German economy and describe its location in the world and European economy.

6. Note the peculiarity of the development of scientific and technical sphere of Germany in comparison with other countries in Europe and the world.

7. Describe the current state and list the most promising areas of development of Ukrainian-German cooperation.

8. Describe the current situation in the British economy and describe its place in the world and European economies.

9. Analyze the main factors that influenced the development of the British economy in the second half of XX and early XXI century.

10. Describe the role of services in the UK economy and the place of London among the world's leading financial and economic centers.

11. Name the main features of the United Kingdom in the foreign economic sphere of activity.

12. Describe the current state and possible prospects for the development of Ukrainian-British cooperation.

13. Describe the current situation in the French economy and describe its location in the world and European economy.

14. Analyze the main factors that influenced the development of the French economy in the second half of XX and early XXI century.

15. Name the directions of development of the French economy, which are a priority from the point of view of the state and give a detailed description of one of them.

16. Analyze the changes that have occurred in the foreign economic activity of France since the beginning of the XXI century.

17. Describe the current situation in the field of Ukrainian-French cooperation and indicate promising areas of cooperation.

18. Describe the current situation in the Italian economy and describe its location in the world and European economy.

19. Analyze the main factors that influenced the development of the Italian economy and describe the role of the state in this process.

20. Name the leading sectors of the Italian economy and give a detailed description of one of them.

21. Name the main features inherent in Italy in the field of foreign economic activity.

22. Describe the differences between Ukrainian-Italian cooperation from Ukraine's cooperation with other countries of the "European Big Four".

23. Describe the current situation in the economy of and describe its location in the world and European economies.

24. Name the leading sectors of the economy of and give a detailed description of one of them.

25. Justify the importance of the resource component in the development of the economy and export potential of the Russian Federation.

26. Conduct a comparative analysis of the development of the fuel and energy sector in Germany and France.

27. Give a comparative description of the development of the machine-building industry of Great Britain and Italy.

28. Compare the situation in the field of foreign economic relations between Germany and the United Kingdom, noting the advantages and disadvantages inherent in each of these countries.

### **TOPIC 3. ECONOMY OF ASIA AND PACIFIC COUNTRIES**

1. Name the main integration associations in Asia and the Pacific and give a detailed description of one of these associations.
2. Analyze the relationship between the economic development of Asian countries and the place of the largest Asian TNCs in the world's leading rankings Global 500 and Global 2000.
3. Explain the main differences in industry affiliation and features of the largest TNCs in Asia compared with similar companies in Europe and the United States.
4. Describe the main trends in demographic processes in Asia.
5. Name the regions into which Asia is divided and give a detailed description of one of them.
6. Describe the current situation in China's economy and describe its location in the world economy.
7. Analyze the main factors that contributed to the successful development of China's economy since the late 70's of the twentieth century.
8. Name the leading sectors of the Chinese economy and give a detailed description of one of them.
9. Compare the features of China's economic transformation in the process of developing more high-tech sectors of production with a similar situation in Japan and South Korea.
10. Describe the leading financial and economic centers of China (Beijing, Shanghai, Hong Kong), noting the features inherent in each of them.
11. Name the main features inherent in China in the field of foreign economic activity.
12. Describe the current state and list the most promising areas of Ukrainian-Chinese cooperation.
13. Describe the current situation in the Japanese economy and describe its location in the world economy and the economies of the Asia-Pacific region.



14. Discover the main features of Japan's economic development after World War II and name the stages of development that the country's economy went through in the second half of the twentieth century.

15. Analyze the changes that took place in the Japanese economy in the 90s of the twentieth century, and at the beginning of the XXI century.

16. Name the leading sectors of the Japanese economy and give a detailed description of one of them.

17. Name the main features that are inherent in Japan in the foreign economic sphere of activity.

18. Describe the current state and list the most promising areas of Ukrainian-Japanese cooperation.

19. Describe the current situation in the Indian economy and its place in the world economy and in the region of South Asia.

20. Discover the main features of the Indian economy in the second half of the twentieth century, and at the beginning of the XXI century.

21. List the sectors of the Indian economy that are a priority from the point of view of the state, and give a detailed description of one of them.

22. Describe the foreign economic activity of India by areas and areas of export-import operations.

23. Analyze the current situation in the field of Ukrainian-Indian cooperation and indicate promising areas of cooperation.

24. Describe the current situation in the economy of South Korea and its location in the world and Asian economies.

25. List the main factors that contributed to the successful development of South Korea's economy in the second half of the twentieth century, and the stages she went through during that time.

26. Analyze the changes that took place in the economy of South Korea in the late 90's of the twentieth century, and at the beginning of the XXI century.

27. Name the leading sectors of South Korea's economy and describe one of them in detail.

28. Name the main features of South Korea in the field of foreign economic activity.

29. Describe the current state of Ukrainian-Korean cooperation and indicate possible directions for its further development.

30. Conduct a comparative analysis of economic development in China and Japan in the early XXI century.

31. Give a comparative description of economic transformations in China and India in the late twentieth century. - at the beginning of the XXI century, stopping on the peculiarities inherent in each of these countries.

#### **TOPIC 4. ECONOMY OF THE COUNTRIES OF NORTHERN AND SOUTH AMERICA (NORTHERN AND LATIN AMERICA)**

1. Name the main integration associations in the Nordic countries and South America and give a detailed description of one of these associations.

2. Conduct a comparative analysis of the level and depth of integration in North and South America with similar processes in the EU.

3. Analyze the relationship between the economic development of North and South America and the place of the largest TNCs in the region in the leading global rankings Global 500 and Global 2000.

4. Describe the main trends in demographic processes in North and South America.

5. Name the regions into which North and South America are divided and give a detailed description of one of them.

6. Describe the current situation in the US economy and describe the location of this country in the world economy.

7. Name the leading sectors of the US economy and give a detailed description of one of them.

8. Describe the place and role of leading TNCs from the United States in certain sectors of the world economy.

9. Discover the features inherent in the US education and science system and the impact they have on the development of the country's economy and the world.

10. List the sectors of the US economy that belong to high-tech and give a detailed description of one of them.

11. Name the features inherent in the United States in the field of foreign economic activity.

12. Describe the current state of Ukrainian-American relations and give the most promising areas for cooperation in future.

13. Describe the current situation in the Canadian economy and describe its location in the world economy.

14. Justify the importance of natural resource potential for the development of Canada's economy.

15. Name the leading sectors of the Canadian economy and give a detailed description of one of them.

16. Name the features inherent in Canada in the field of foreign economic activity.

17. Describe the current state and possible prospects of Ukrainian-Canadian cooperation and the role of the Ukrainian community in Canada in this process.

18. Describe the current situation in the Brazilian economy and describe its location in the world economy and in the Latin American region.

19. Analyze the difference in the development of the Brazilian economy from the NIC of East and Southeast Asia.

20. Name the leading sectors of the Brazilian economy and give a detailed description of one of them.

21. Note the features inherent in Brazil in the field of foreign economic activity.

22. Describe the current state of Ukrainian-Brazilian cooperation and describe possible directions for its further development.

23. Conduct a comparative analysis of the development and structure of the economy of the United States, Canada and Brazil.

24. Give a comparative description of the importance of natural resources for economic development and the formation of export potential of Brazil and Canada.

### **TOPIC 5. ECONOMY OF AFRICAN COUNTRIES**

1. Name the main integration associations in Africa and compare the level and depth of integration with similar processes in the EU.

2. Assess the natural resource potential of African countries and indicate its role in the development of the African continent.

3. Analyze the changes in cooperation between world economic leaders and African countries that have taken place since the beginning of the XXI century.

4. Describe the general socio-economic and demographic situation in Africa.

5. Name the regions into which Africa is divided, and give a detailed description of one of them.

6. Describe the main factors that enabled South Africa to take a leading position in the economy region of South Africa.

7. Draw a comparative description of economic development in North and South Africa.

### ***Cases***

#### ***Case of Globalization and European Manufacturers of Household Goods***

In the 80's and 90's there was a significant globalization of the world economy. However, not all sectors of the economy were equally involved in the globalization process. In the industrial sector of the European economy, some industries, such as mechanical engineering, remain an industry consisting of a large number of different sized companies. The service sector also has a large number of national features.

The question is globalization necessarily affecting all industries, how should companies respond to such an impact, do companies need to maintain national strategies or develop global ones? The study, which was carried out on the example of

the European consumer goods industry, will help answer some questions. Researchers have divided all manufacturers in the market of household goods into three groups:

1. National players (production facilities are in their country, 90% of products are sold locally).

2. Exporters (production facilities are located in their home country, but more than 30% of production is sold in foreign markets). Such companies include Bosch-Siemens, AEG, Merloni.

3. Global players (companies that produce and sell products in different countries - Electrolux, Philips, Whirlpool).

Consumer behavior in different European countries is different. For example, the French prefer washing machines with a vertical load, and the British with front, the Germans choose machines with high spin speeds, and Italians with low. Creating a single European market contributes to the formation of a single "pan-European" lifestyle. The unification of technical requirements and standards allows manufacturers to achieve greater standardization of goods, which in turn contributes to the formation of more homogeneous tastes and requirements of consumers.

Its players represent retail in different European countries, but the creation of a single market leads to the consolidation of retail companies, their increase. Because of a series of mergers or the formation of strategic alliances, pan-European retail networks are being formed. This allows them to not only buy products from manufacturers around the world, but also to significantly optimize stocks, improve customer service. Modern flexible manufacturing technologies allow companies to produce different product models on the same basic platform that meet local preferences without significantly increasing production costs. Changes in the competitive environment of the industry (concentration or international mergers of companies, the need for more sophisticated information on the state of the market, changes in technology and production management) have led to the need to prioritize the companies of this industry global or at least regional (for example, pan-European) strategies. Researchers believe that in the future, the industry will be controlled by five or six giants, and all

small and medium-sized companies will be associated with them in one way or another - licensing agreements, franchises, joint ventures, strategic alliances, etc.

*Case questions:*

1. Considering the general situation in the industry, make a development forecast for the three groups of companies that have been in the situation.
2. How do the integration and consolidation processes affect the different types of companies represented in the industry?

*Transformation of the state policy of involvement foreign direct investment*

Public policy on foreign direct investment (FDI) is now becoming an increasingly important element of the overall economic policy of all countries without exception. Yes, if during the 1980s. Most countries in the world introduced regulations that limited the inflow of foreign direct investment into their national economies, then, since the 1990s, the situation has changed radically. Today, there is a departure of states from the policy of control and restriction of foreign investment of their national economies, which is accompanied by increasing trends in the liberalization of conditions for attracting FDI. Thus, in 2008 alone, 59 bilateral investment agreements were concluded between countries (a total of 2,676; 6 agreements ceased to exist) and 75 double taxation agreements (a total of 2,805), and the laws and regulations governing direct foreign investment, 110 amendments were made, 85 of which concerned further liberalization of the foreign investment process.

The number of changes due to the deterioration of FDI import and export conditions remained almost stable compared to the period 2004-2006. The number of free trade agreements, which contain provisions on investment protection, also increased, reaching 273. At the same time, the number of disputes between investors and states increased to 317.

In 2010, more than 2/3 of investment policy measures were taken in favor of liberalization and promotion of FDI. This was especially true in the countries of the Asian region, where a significant number of measures were aimed at facilitating access

to and placement of foreign investment. However, despite significant positive developments, 1/3 of all new investment initiatives were related to those that regulate and restrict the investment activities of international business entities, in particular, in the areas of nature management and financial services. This, in turn, only confirms the trend that began in 2003 to tighten FDI admission procedures and generally increase the risks of introducing investment protectionism.

In the sectoral breakdown, more than half of the measures aimed at changing investment policy concerned very specific industries. The largest share of restrictive procedures fell on agriculture (62%) and mining (93%), while the liberalization of investment regimes could be observed in the financial services sector (61%), communications and transport (other services - 61%) and industries, based on nature (electricity, water, gas - 75%).

Governments continue to apply the state policy of buying illiquid assets of companies, which began actively during the crisis. As of April 2011, UNCTAD experts estimate that a number of distressed assets of financial and non-financial enterprises worth more than \$ 2 trillion remain in state ownership.

A total of 6,092 international investment agreements (IMIs) were concluded in 2010 (48 more in the first 5 months of 2011), of which 2,807 were bilateral, 2,976 were double taxation avoidances and 301 were other international investment agreements. The current number of IMIs protects only 2/3 of the global FDI and covers 1/5 of bilateral investment agreements (SMIs). According to experts, an additional 14,100 bilateral agreements are needed to create a favorable investment climate worldwide.

EU countries have signed 1300 (SMI) with countries that are not members of this integration bloc. In 2010, 390 cases on settlement of investment disputes were initiated, and 197 were completed. As a rule, the initiators were industrialized countries, the defendants - developing countries.

The policy aimed at improving the conditions of foreign investment has its positive consequences, which is manifested primarily in the scale of TNCs. As the most mobile component of the saving part of world income in the conditions of "blurring" of national borders, which determine the national affiliation of the created value,

foreign direct investment becomes a catalyst for deepening globalization processes, while remaining the object of fierce competition for world economies.

*Case questions:*

1) Justify the benefits of free movement of foreign direct investment for donor and recipient countries of investment capital.

2) What are the negative consequences of the process of unregulated foreign direct investment in the economies of host countries?

3) Is the thesis that both the donor country and the recipient country of investment capital receive a positive effect from foreign investment justified?

4) Describe the dynamics and structure of the formation of international investment regimes in crisis and post-crisis periods. What are the consequences of the introduction of protectionist measures by countries in the implementation of their investment policies?

5) Do the dynamics of changes in the investment regimes of countries and the dynamics of changes in world production and activities of TNCs correlate with each other? Answer, given the fact that in recent years TNCs have tended to move capital in the form of intra-firm loans and credits and often resort to mergers and acquisitions with domestic firms.

*Liberalization of the Polish financial market in the process of its preparation for EU accession*

Liberalization of the financial market includes: increasing the speed of capital circulation, creating conditions for a common market for financial services, harmonization of supervision of banks and insurance companies, liberalization of securities circulation.

In general, the liberalization of capital flows can be beneficial, as additional capital stimulates economic growth in countries that import it. However, the liberalization of capital movements can create serious problems, confirming the currency and financial crises in Latin America, Southeast Asia, the Czech Republic



(1997), Russia (1998). However, Poland managed to liberalize capital flows without serious negative consequences.

In order to successfully carry out capital liberalization, it is necessary to fulfill two sets of conditions:

- Proper coordination of capital flow liberalization with structural reforms. This mainly concerns the financial system - a strict regulatory and control framework should be defined before capital liberalization begins.

- Macroeconomic regulation must be coordinated.

However, it is not possible to achieve at the same time:

- Free movement of capital,

- Exchange rate stability

- Monetary autonomy (ie interest rate policy focused on domestic interests)

The liberalization of capital movements in Poland began in mid-1991 with the enactment of laws that lifted most restrictions on foreign direct investment and liberalized portfolio investment by non-residents. Since 1992, flows sensitive to the % rate have been liberalized. By 1995, only capital inflows had been liberalized. After 1995, the liberalization of outflow of capital began, although it was somewhat uneven.

The country has taken a very gradual and pragmatic approach to removing capital restrictions over 12 years (from 1991 to 2002). The general sequence is as follows:

- Liberalization of the inflow of foreign direct investment and treasury securities;

- Reducing interest rates and increasing exchange rate flexibility;

- Liberalization of long-term portfolio investments (first inflows, then outflows together with outflows of foreign direct investment), as well as long-term credit flows;

- Floating exchange rate;

- Liberalization of short-term capital movements (first inflows, then outflows) and operations with derivatives.

However, full capital liberalization has not yet been achieved in Poland, as some minor restrictions remain, mainly on short-term capital movements with so-called non-EU third countries.

The main measure of Polish government in response to growing threats to the liberalization of capital flows is a gradual transition to a more flexible exchange rate, culminating in the introduction of a free navigation regime in 2000. Today, Poland is the only post-socialist country with such an exchange rate regime. . Like the process of capital liberalization, the exchange rate regime has gone through all stages of development: rigid pegging (1990-1991), floating pegging (1991-1995), floating corridor (1995-1999), free swimming (since 2000). The gradual liberalization of capital was accompanied by a gradual increase in exchange rate flexibility.

However, capital inflows could have adverse effects because:

- Current account deficits contributed to the financial crisis
- Very large investments could cause an economic crisis (in 1997, investments increased by almost 22%)
- The growth of external debt could create a problem of non-payment.

The National Bank of Poland warned of these negative consequences by the following macroeconomic methods:

- Floating exchange rate (by which the central bank ignored capital flows sensitive to interest rates);
- Broad autonomy in shaping the policy of the National Bank of Poland
- Reliable institutional infrastructure of the financial sector.

However, despite these measures, in 2001-2002 there was a downturn in the economy. After all, the inflow of capital, even if it is represented by foreign direct investment, can have a great destabilizing effect.

Liberalization of the capital account in Poland was carried out consistently and pragmatically. It was based on a strict sequence associated with the implementation of certain structural (stability of the financial sector) and macroeconomic preconditions. In particular, liberalization began with a gradual increase in exchange rate flexibility and continued with a long-term decline in inflation and interest rates.

*Case questions:*

What factors have led Poland to effectively liberalize capital? What are the indicators of these factors in Ukraine?

Why do you think uncontrolled investment inflows could lead to an economic downturn?

What stages of capital liberalization has Ukraine already gone through?

*Features of foreign trade in services of Ukraine with the countries of the European Union*

In the structure of Ukraine's foreign trade from the first years of independent development, trade in services has occupied an important place, ensuring the implementation of a favorable, unique geoeconomic location between the Russian Federation and other CIS countries and Europe, including the European Union. Exports of services to Ukraine have always prevailed over imports, and a negative balance has never been recorded.

The analysis of statistical data for 2005-2020 shows that during this time the total export of services to Ukraine developed dynamically, except for 2009, when due to the crisis in the economy it decreased, although the following year it returned to pre-crisis levels. Similar dynamics characterizes the export of services to European countries, but there is a negative decrease in both total and exports of services to Europe in 2020.

In contrast to trade in goods, where the CIS countries are the main market and the most important region for imports for Ukraine, the role of European partners in trade in services is more noticeable. This is especially true for the import of services. In general, the share of European countries in exports of services for this period ranges from 35.6% in 2008 to 28% in 2010, and in imports of services European countries are the main for Ukraine: their share in imports reached a maximum in 2008 ( 53.9%), it was the lowest in 2005 (41.6%).

The balance of trade in services with European countries has been positive over the years, but its sharp decline in 2009 and a significant reduction in 2012 indicate that the growth rate of imports of services outpaced the growth rate of their exports. If this trend continues, the trade surplus may be lost.

Against the background of declining exports of services to the CIS countries in 2013, we consider the growth of exports of some types of services to Europe to be a favorable trend. Exports of royalties (+ 73%), as well as telecommunications and information services (+ 34%) grew the most. Imports of transport, especially aviation services, have decreased, but the demand of Ukrainian citizens for foreign tourist services continues to grow.

The largest markets for Ukrainian services are the following European countries: Great Britain, Switzerland, Germany, Cyprus, Belgium, Estonia, Austria, France, Poland, and the Netherlands.

The largest exporters of services to Ukraine are Cyprus, Great Britain, Germany, Switzerland, Austria, Poland, the Netherlands, France, Sweden, and Hungary.

With the vast majority of European countries, Ukraine has a positive balance in trade in services, but with Austria, Germany, Poland, Portugal, the Netherlands, Andorra and Lithuania, it is negative.

Services play a major role in all modern national economies of developed countries. An efficient service sector is crucial for trade and economic growth and for full economic development, and is a catalyst for all world trade and development. The European Union continues to be the largest global player in the global services market: both as an exporter with a share of 28% and as an importer with 24%.

The services sector accounts for more than 70% of Europe's gross domestic product; 86% of the inflow of foreign direct investments to the EU is directed to it.

The importance of trade in services with the EU for Ukraine is difficult to overestimate, primarily because in the process of economic transformation, the importance of services in Ukraine's economy is constantly growing. The EU occupies a leading position in world trade in almost all types of services, with the exception of audiovisual, as well as personal, cultural and recreational services, in the export of

which the world leadership belongs to the United States. The United States is also ahead of the European Union in the import of insurance services, buying more than 42% of the services of the world's ten largest importers abroad.

Ukrainian trade in services is traditionally dominated by transport services, although trade in computer and information services is gaining momentum. It is advantageous for Ukraine to import high-quality financial, insurance, audiovisual, personal, cultural and recreational services from the European Union.

Trade in Ukraine's services with the EU has more than quadrupled in 10 years (from 1999 to 2008), but declined in 2009, although not as much as trade in goods. In 2009, exports and imports of goods from Ukraine fell by almost half, and exports and imports of services by about a quarter. The EU is Ukraine's largest trading partner in trade in services, especially in imports.

The peculiarity of trade of services with the EU of Ukrainian partners is their positive balance, in contrast to trade in goods. The structure of sales and purchases of Ukrainian services in the EU changed qualitatively during the 2000s: if at the beginning of the period the main export item was transport services, which accounted for almost 81% of all exports to the EU, in 2010 the share of transport services in exports decreased to 58%, while the role of various business, professional and technical services (from less than 3% to almost 20%), financial services (from 0.7% to 6.4%), insurance (from 0.4% to 2.2%) increased. %) and computer (from 0.4 to 2.3%). The share of financial services (from 8.8% to 30.8%), computer (from 1.7 to 4.7%), personal, cultural and recreational services in imports increased sharply (from 0.7% to 3, 9%). The share of imports of public services decreased from 13 to 2.5% and transport from 26 to 20%.

As is known, the regulation of access of foreign suppliers to national markets of services is regulated by two approaches: restriction of access to the market and exclusion from the national regime. In most sectors, Ukraine has no restrictions on access to the market for services and on the provision of national treatment to suppliers under models 1-3, ie cross-border supply, consumption abroad and commercial presents.

Examples of the application of restrictions by Ukraine are the following:

In market access: in the legal services sector only citizens of Ukraine can provide notaries services; in accounting, official audit reports must be confirmed by an auditor or an audit firm from Ukraine; requirements for professional qualification of medical service providers must be in accordance with Ukrainian legislation, foreign providers of these services must speak Ukrainian; There is a system of licenses for certain sectors of postal and courier services; the participation of foreign distributors is limited to 30% for 5 years after entering the market, after which time the restrictions are lifted; in the field of education, according to Ukrainian legislation, only citizens of Ukraine may head educational institutions, regardless of the form of ownership; in news agencies, foreign investment is limited to 35%.

*Case questions:*

How do you think why in Ukraine imports of services began to exceed exports?

Why trade in services today form the basis of the economies of developed countries?

What does Ukraine's specialization in such types of services as transportation and trade in information services mean? Why did this happen?

How can it be explained that the largest exporters of services are economically developed countries?

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