

**МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
НАЦІОНАЛЬНА МЕТАЛУРГІЙНА АКАДЕМІЯ УКРАЇНИ**

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ENGLISH FOR INTERNATIONAL ECONOMICS

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Містить основні навчальні матеріали з дисципліни «Іноземна мова професійного спілкування» для студентів, що навчаються за спеціалізацією «Міжнародна економіка». Призначено для поглиблення знань, набутих при вивченні базового курсу з англійської мови.

Пропонуються тексти на основі спеціальної термінології, а також вправи, спрямовані на розвиток навичок усного та писемного мовлення.

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ВСТУП

Навчальний посібник «English for International Economics» для студентів спеціальності 051 – Економіка (магістерський рівень) укладено з метою поглиблення знань студентів з іноземної мови (англійська) у галузі, лексики та граматики на матеріалі автентичних текстів професійної тематики, що сприятиме розвитку їх соціолінгвістичної та лінгвістичної компетенцій.

Відповідно до Програми навчальної дисципліни «Іноземна мова професійного спрямування», навчальний посібник структурований сімома змістовими частинами:

- 1) Unit 1. INTERNATIONAL ECONOMICS – WHAT’S IT ALL ABOUT?
- 2) Unit 2. INTERNATIONAL TRADE
- 3) Unit 3. FINANCING INTERNATIONAL TRADE
- 4) Unit 4. BUSINESS ACROSS CULTURES 1
- 5) Unit 5. BUSINESS ACROSS CULTURES 2
- 6) Unit 6. BUSINESS ACROSS CULTURES 3
- 7) Unit 7 CONTRACT FORMATION

Усі змістові частини містять необхідний лексичний мінімум, лексико-граматичні вправи, автентичні тексти з професійної тематики, комунікативні вправи, спрямовані на розвиток усного та писемного мовлення.

Навчальний посібник містить додаток – лексичний мінімум зі спеціальності, довідковий матеріал, що сприяє розвитку навичок професійно-орієнтованого мовлення та знімає лексичні труднощі при роботі з текстами.

INTERNATIONAL ECONOMICS - WHAT'S IT ALL ABOUT?

A. *International economics* is a field of study which assesses the implications of *international trade* in goods and services and *international investment*.

There are two broad sub-fields within international economics: international trade and international finance. International trade and finance became possible across nations only due to the emergence of globalization.

Globalization can be defined as an integration of economics all over the world. It involves an exchange of technological, economic, and political factors across nations due to advancement in communication, transportation, and infrastructure systems. However, globalization has marked an increase in international competition, which results in decrease in the market share of organizations.

International economics refers to a study of international forces that influence the domestic conditions of an economy and shape the economic relationship between countries. In other words, it studies the economic interdependence between countries and its effects on economy.

International trade is a field in economics that applies *microeconomic* models to help understand the international economy. Its content includes the same tools that are introduced in microeconomics courses, including supply and demand analysis, firm and consumer behavior, perfectly competitive, oligopolistic and monopolistic market structures, and the effects of market distortions. The typical course describes economic relationships between consumers, firms, factor owners, and the government.

B. The objective of an international trade course is to understand the effects on individuals and businesses because of international trade itself, because of changes in trade policies and due to changes in other *economic conditions*. The course will develop arguments that support a free trade policy as well as arguments that support various types of protectionist policies. By the end of the course, students should better understand the centuries-old controversy between free trade and protectionism.

International finance applies *macroeconomic* models to help understand the international economy. Its focus is on the interrelationships between aggregate economic variables such as GDP, unemployment rates, inflation rates, trade balances, exchange rates, interest rates, etc. This field expands macroeconomics to include international exchanges. Its focus is on the significance of trade imbalances, the determinants of

exchange rates and the aggregate effects of government monetary and fiscal policies. Among the most important issues addressed are the *pros and cons* of fixed versus floating exchange rate systems.

C. Language study deals with/is concerned with

What is the link between column A and column B?

<i>A</i>	<i>B</i>
International economics	economic activities
international trade	goods-and-services flows

Column *A* lists a branch of economics. Column *B* lists things they are concerned with. We can show the link between them in a number of ways:

1. *International economics deals with* economic activities of countries.
2. *International economists deal with* economic activities of countries.
3. *International economics is concerned with* economic activities of countries.
4. *International economists are concerned with* economic activities of countries.
5. *Economic activities of countries are concerned with* International economics.

Match each item in column *A* with an appropriate item from Column *B* and link the two in a sentence.

<i>A</i>	<i>B</i>
1. international economics	a) goods-and-services flows across international boundaries;
2. international trade	b) the flow of capital across international financial markets;
3. international investment	c) selecting global investment instruments;
4. international finance	d) financial flows between countries.
	e) economic activities of various countries and their consequences.

TASKS

1.1 Look at A and B. Then match the sentences beginnings (1-5) with the correct endings (a-e).

- | | |
|----------------------------------|--|
| 1. International economics deals | a) studies goods-and-services flows across international boundaries. |
| 2. International trade | b) are those investments that are made outside the domestic markets. |
| 3. International investment | c) the flow of capital across international financial markets. |
| 4. International finance studies | d) provides a framework for analyzing money and considers its functions. |
| 5. Monetary economics | e) with the economic activities of various countries and their consequences. |

1.2 Complete the text with the given words.

International economics, globalization, economic interactions, goods, countries, international borders

(1) _____ deals with the economic activities of various countries and their consequences. In other words, international economics is a field concerned with (2) _____ of countries and effect of international issues on the world economic activity.

It studies economic and political issues related to international trade and finance. International trade involves the exchange of (3) _____ or services and other factors of production, such as labor and capital, across (4) _____.

On the other hand, international finance studies the flow of financial assets or investment across borders.

The scope of international economics is wide as it includes various concepts, such as (5) _____, gains from trade, pattern of trade, balance of payments, and Foreign Direct Investment (FDI). Apart from this, international economics describes production, trade, and investment between (6) _____.

International economics has emerged as one of the most essential concepts for countries. Over the years, the field of international economics has developed drastically with various theoretical, empirical, and descriptive contributions.

Over to you

Describe the role of International economics in Ukraine. How does globalization affect its development?

UNIT 2

INTERNATIONAL TRADE

A. Trade

Most economists believe in *free trade* – that people and companies should be able to buy goods from all countries, without any barriers when they cross frontiers.

The comparative cost principle is that countries should produce whatever they can make the most cheaply. Countries will raise their *living standards* and income if they specialize in the production of goods and services in which they have the highest relative productivity: the amount of output produced per unit of an input (e.g. raw materials, labour).

Countries can have an *absolute advantage* – so that they are the cheapest in the world, or a *comparative advantage* – so that they are only more efficient than some other countries in producing certain goods and services. This can be because they have raw materials, a particular climate, qualified labour (skilled workers), and economies of scale – reduced production costs because of large-scale production.

B. Balance of payment

Imports are goods or services bought from a foreign country. *Exports* are goods or services sold to a foreign country.

A country that exports more goods than it imports has a positive *balance* of trade or a *trade surplus*. The opposite is a negative balance of trade or a *trade deficit*. Trade in goods is sometimes called *visible trade*. Services such as banking, insurance and tourism are sometimes called *invisible* imports and exports. Adding *invisibles* to the balance of trade gives a country's *balance of payments*.

BrE: visible trade; AmE: merchandise trade
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C. Protectionism

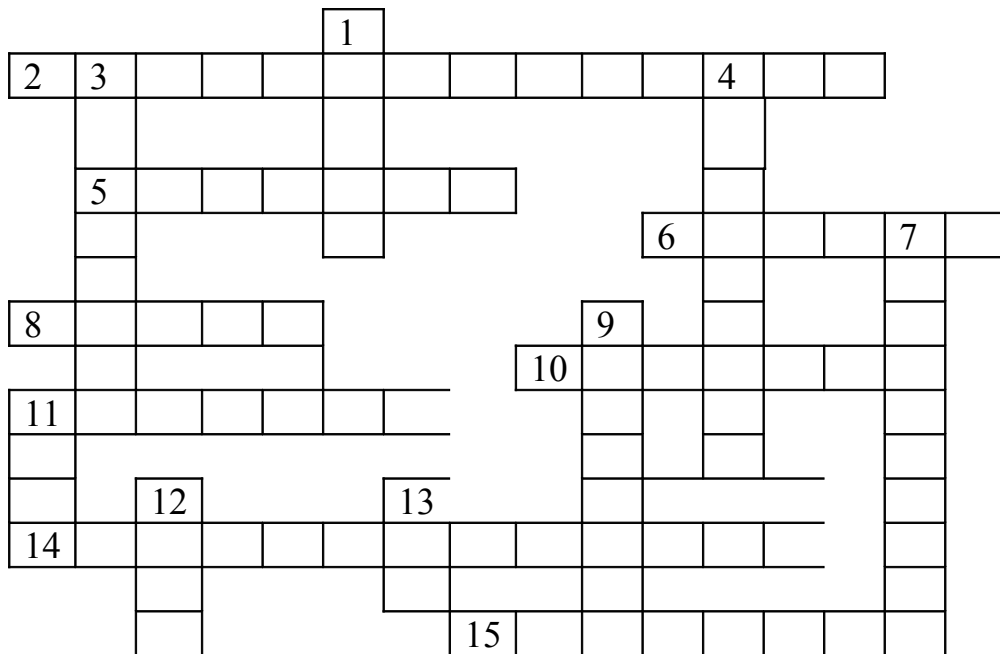
Governments, unlike most economists, often want to protect various areas of the economy. These include agriculture – so that the country is certain to have food – and other *strategic industries* that would be necessary if there was a war and international trade became impossible. Governments will also want to protect other industries that provide a lot of jobs.

Many governments impose *tariffs* or import taxes on goods from abroad, to make them more expensive and to encourage people to buy local products instead. However, there are an increasing number of free trade areas, without any import tariffs, in Europe, Asia, Africa and the Americas.

The *World Trade Organization* (WTO) tries to encourage free trade and reduce *protectionism*: restricting imports in order to help local products. According to the WTO agreement, countries have to offer the same conditions to all trading partners. The only way a country is allowed to try to restrict imports is by imposing tariffs. Countries should not use import *quotas* – limits to the number of products which can be imported – or other restrictive measures. Various international agreements also forbid *dumping* – selling goods abroad at below cost price in order to destroy or weaken competitors or to earn foreign currency to pay for necessary imports.

TASKS

2.1 Complete the crossword. Look at A, B and C to help you.



Across

2 – Countries that export a lot of oil or manufactured goods tend to have a positive _____ (7, 2, 5).

5 – A country exporting more than it imports has a trade _____. (7)

6 – In a free trade area, governments cannot impose a _____ on imports. (6)

8 – A limit to the quantity of goods that can be imported is a _____. (5)

10 and 9 down – Adding trade in services to trade in goods gives you the _____ of _____. (7, 8)

11 – Billions of dollars leave the USA every year because the country has a big trade _____. (7)

14 – Attempting to reduce imports in favour of local production is called _____. (13)

15 – The import and export of goods is called _____ trade. (7)

Down

1 – Producing in large quantities becomes cheaper because of economies of _____. (5)

3 and 4 – if a country can produce something more cheaply than anywhere else in the world it has an _____. (8, 9)

7 – Many economists encourage governments to abolish import taxes and have completely _____. (4, 5)

8 – See 10 across.

11 – A number of international agreements make it illegal to _____ goods on foreign markets at a price that doesn't give a profit. (4)

12 – The comparative _____ principle is that countries should make the things they can produce the most cheaply. (4)

13 – The _____ has established rules of trade between nations. (3)

Over to you

What are your country's major exports and imports? Which industries in your country would find it difficult to compete if there was completely free trade?

UNIT 3

FINANCING INTERNATIONAL TRADE

A. Documentary credits

A company which sells goods or services to other countries is known as an exporter. A company which buys products from other countries is called an importer. Payment for imported products is usually by **documentary credit**, also called **a letter of credit**. This is a written promise by a bank to pay a certain amount to the seller, within a fixed period, when the bank receives instructions from the buyer.

Documentary credits have a standard form. They generally contain:

- a short description of goods;
- a list of shipping documents required to obtain payment
- a final shipping date;
- a final date (or expiration date) for presenting the documents to the bank.

Documentary credits are usually *irrevocable*, meaning that they cannot be changed unless all the parties involved agree. *Irrevocable credits* guarantee that the bank which establishes the letter of credit will pay the seller if the documents are presented within the agreed time.

B. Bills of exchange

Another method of payment is a *bill of exchange* or draft. This is a payment demand, written or drawn up by an exporter, instructing an importer to pay a specific sum of money at a future date. When the bill matures, the importer pays the money to its bank, which transfers the money to the exporter's bank. This bank then pays the money to the exporter after deducting its charges.

A bank may agree to *endorse* or accept a bill of exchange before it matures. To endorse a bill is to guarantee to pay it if the buyer of goods does not. If a bill is endorsed by a well-known bank, the exporter can sell it at a discount in the financial markets. The discount represents the interest the buyer of the bill could have earned between the date of purchase and the bill's maturity date. When the bill matures, the buyer receives the full amount. This way the exporter gets most of the money immediately, and doesn't have to wait for the buyer to pay the bill.

C. Export documents

Exporters have to prepare a number of documents to go with the shipment or transportation of goods.

- The *commercial invoice* contains details of the goods: quantity, weight, number of packages, price, terms of delivery, terms of payment, and information about the transportation.
- The *bill of lading* is a document signed by the carrier or transporter (e.g. the ship's master) confirming that the goods have been received for shipment; it contains a brief description of the goods and details of where they are going.

- The *insurance certificate* also describes the goods and contains details of how to claim if they are lost or damaged *in transit* – while being transported.
- The certificate of origin states where the goods come from.
- *Quality* and *weight certificates*, issued by private inspection and testing companies, may be necessary, confirming that these are the correct goods in the right quantity.
- An *export license* giving the right to sell particular goods abroad is necessary in some cases.

TASKS

3.1 Are the following statements true or false? Find reasons for your answers in A, B and C.

1. With a letter of credit, the buyer tells the bank when to pay the seller.
2. Letters of credit are only valid for a certain length of time.
3. An exporter usually has the right to change a letter of credit.
4. The bill of lading confirms that the goods have been delivered to the buyer.
5. With a bill of exchange, the seller can get most of the money before the buyer pays.
6. Bills of exchange are sold at less than 100%, but redeemed at 100% at maturity.

3.2 Put the sequence of events in the correct order. The last stage is b. Look at B to help you.

- a. A bank accepts or endorses the bill of exchange.
- b. The accepting bank pays the full value of the bill of exchange to whoever bought it.
- c. The exporter sells the bill of exchange at a discount on the money market.
- d. The importer receives the goods and pays its bank.
- e. The importer's bank transfers the money to the accepting bank.
- f. The seller or exporter writes a bill of exchange and sends it to the buyer or importer (and ships the goods).

1		2		3		4		5		6	b
---	--	---	--	---	--	---	--	---	--	---	---

3.3 Find verbs in A, B, and C that can be used to make word combinations with the nouns below. Then use the correct forms of some of the verbs to complete the sentences.

	<i>A bill of exchange</i>

	<i>documents</i>		<i>goods</i>

1. Exporters can get paid sooner if a bill of exchange is _____ by a bank.
2. The bill of lading and the insurance certificate both _____ the goods.
3. Exporters _____ goods to foreign countries.
4. The transporter _____ a document confirming that it has _____ the goods.
5. In order to be paid, the exporter has to _____ the shipping documents to a specific bank.

Over to you

Which banks in your country specialize in trade finance? Which aspects of trade finance would be the most interesting if you worked in this field?

UNIT 4

BUSINESS ACROSS CULTURES 1

A. Cultures and culture

Alexandra Adler is an expert in doing business across cultures. She is talking to a group of British businesspeople.

‘Culture is the “way we do things here”.’ ‘Here’ may be a country, an area, a social class or organization such as a company or school. You often talk about.

- company or corporate culture: the way a particular company works, and the things it believes are important.

- canteen culture: the ways that people in an organization such as the police think and talk, not approved by the leaders of the organization.
- long-hours culture: where people are expected to work for a long time each day.
- macho culture: ideas typically associated with men: physical strength, aggressiveness, etc.

But you must be careful of stereotypes, fixed ideas that may not be true.’

B. Distance and familiarity

Distance between managers and the people who work under them varies in different cultures. Look at these two companies.

In Country A , managers are usually easy to talk to – accessible and approachable – and there is a tradition of employees being involved in decision-making as part of a team of equals.	In Country B , managers are usually more distant and remote. Employees may feel quite distant from their managers and have a lot of deference for them: accepting decisions but not participating in them.
- Call me, Stefan.	- Call me, Mr Johnson.
This company is not very hierarchical, with only three management layers.	Companies in Country B tend to be more hierarchical than those in Country A, with more management layers.

Deference and distance may be shown in language. Some languages have many forms of address that you use to indicate how familiar you are with someone. English only has one form, ‘you’, but distance may be shown in other ways, for example, in whether first names or surnames are used.

TASKS

4.1 Look at A opposite. Which word combination with ‘culture’ describes each of the following?

1. The men really dominate in this company, they don’t make life easy for women at all. All they talk about is football.
2. Among the management here we try to be fair to people from different minorities, but there are still elements of racism among the workforce.

3. Of course, the quality of the work you do after you're been at it for ten hours is not good.
4. There was a time when managers could only wear white shirts in this company – things are a bit less formal now.
5. Here the male managers talk about the market as if it was some kind of battlefield.
6. They say that if you go home at 5.30, you can't be doing your job properly, but I'm going anyway.

4.2. Read the information about two very different companies and answer the questions.

The Associated Box Company (ABC) and the Superior Box Corporation (SBC) both make cardboard boxes.

At ABC there are three levels of management between the CEO and the people who actually make the boxes. At SBC, there is only one level.

Managers at ABC are very distant. They rarely leave their offices; they have their own executive restaurant and the employees hardly ever see them. Employees are never consulted in decision-making. At SBC, managers share the same canteen with employees. Managers have long meetings with employees before taking important decisions.

Managers and the CEO of SBC have an open-door policy where employees can come to see them about any complaints they might have. At ABC, employees must sort out problems with the manager immediately above them.

At ABC, Employees call their managers "Sir", everyone uses first names.

1. Which company:
 - a. is more hierarchical?
 - b. is more informal in the way people talk to each other?
2. In which company are managers:
 - a. more approachable?
 - b. more remote?
3. In which company are employees:
 - a. more deferential?
 - b. on more equal terms with their bosses?

Over to you

Is your organization more like ABC or SBC above? Which type of company would you prefer to work for? What are the advantages and disadvantages of each type of company?

UNIT 5

BUSINESS ACROSS CULTURES 2

A. Names

In the English-speaking business world, people use first names, even with people they do not know very well. But if you aren't sure, use Mr and the family name for men, and Mrs or Miss and the family name for women, depending on whether they are married or not. Ms often replaces Mrs and Miss. You don't use Mr, Mrs, Miss or Ms with only the first name (e.g. Mr John) or by itself.

You can listen:

- 1) – My real name is Thomas, but please, call me Tom.
- 2) - I'm from the US. The 'R' stands for Robert – that's my middle name . My dad is also called Douglas R. Baxendale, so he puts Sr (senior) after his name, and I put Jr (junior). This is unusual in the UK.
- 3) – They stand for John Gregory, if you really want to know.

B. Dress

In Alphaland, businesspeople dress quite formally. The business suit is common, but for men, wearing non-matching jacket and trousers is also a possibility.

In Betatania, the dark business suit is obligatory for men. Some companies allow women to wear trouser suits.

In Gammara, the business suit is almost as necessary as in Betatania, but with more variation in colours. Some companies require employees to wear formal clothes from Monday to Thursday, and allow less formal ones on what they call casual Fridays or dress-down Fridays. In some places, many banks and shops require people dealing with consumers to wear uniforms so that they all dress the same.

In Deltatonia, people dress more casually at work than in the other countries. For men, suits and ties are less common than elsewhere. This is smart casual.

TASKS

5.1 Look at A opposite and decide whether these pieces of advice about the English-speaking business world are true or false.

1. It's possible to introduce yourself by saying your family name then your first name.
2. It's possible to use Mr, Mrs or Miss on its own, or with a first name.
3. British people use Sr and Jr to refer to a father and his son.
4. Americans often show their middle name with an initial.
5. You can always use someone's first name to talk to them, even if you don't know them very well.
6. Ms is being used more and more as a title for women.
7. You can show your qualifications after your name on your business card.

Over to you

How are names used in business in your country?

How do people dress at work? Do any companies have dress-down days in your country? What are the advantages and disadvantages of how people dress?

UNIT 6

BUSINESS ACROSS CULTURES 3

A. Entertaining and hospitality

Alexandra Adler continues her seminar on cross-cultural issues. Entertaining and hospitality vary a lot in different cultures.

- In Alphaland, entertaining is important. There are long business lunches in restaurants, where deals are discussed. Professional and private life are separate, and clients are never invited home.
- In Betatania, evenings are spent drinking and singing in bars with colleagues and clients.

- In Gammaria, lunch can be important, but less so than in Alphaland. Important contacts may be invited to dinner at home. Corporate hospitality is a big industry, with clients invited to big sports events.
- In Deltatonia, restaurants are rare outside the capital. Some entertainment take place when important clients are invited to people's houses for dinner, or go sailing or to country houses for the weekend, etc.

B. Time

Attitudes towards time can vary enormously.

In Busyville, people start work at eight, and officially finish at six, though many managers stay much longer. There is a culture of presenteeism: being at work when you needn't be.

There is a two-hour lunch break, and a lot of business is done over restaurant lunches. (Lunch is the main meal. The working breakfast is rare.) there are no snacks between meals, just coffee, so eat properly at meal times.

As for punctuality, you can arrive up to 15 minutes 'late' for meetings. If invited to someone's house (unusual in business), arrive 15-30 minutes after the time given. Don't phone people at home about work, and don't phone them at all after 9 p.m.

There are a lot of public holidays (about 15) during the year. Busyville is empty in August, as many companies close completely for four weeks. Employees have five weeks' holiday a year and they usually take four of them in August.

BrE: holiday, AmE: vacation

C. Cross-cultural communication

Here are some other areas of potential cultural misunderstanding:

- distance*: when talking to people: what is comfortable?
- eye contact*: how much of the time do people look directly at each other?
- gesture*: do people make lots of facial gestures? How much do they move their arms and hands?
- greetings/goodbyes*: do people shake hands every time? Are there fixed phrases to say?
- humour*: is this a good way of relaxing people? Or is it out of place to some contexts?

- f. *physical contact*: how much do people touch each other?
- g. *presents*: when should you give them? When should you open them? What should you say when you receive one?
- h. *rules of conversation and the role of silence*: how long can people be silent before they feel uncomfortable? Is it acceptable to interrupt when other are speaking?

TASKS

6.1 In which country from A opposite might you hear these things?

1. How about a trip out tomorrow afternoon? We could see some horse racing and have a glass of champagne.
2. Do come out with us this evening! I know some great bars. How's your singing?
3. What are you doing this weekend? You could come to our summer cottage. You'll meet my family and we can take the boat out.
4. Let's get out of the office to discuss the deal. I know a nice restaurant near here, with some very good local dishes.

6.2 Look at B opposite. Tick (✓) the things this visitor to Busyville does right, and put a cross (X) by the mistakes.

I phoned my contact to her office at 7.30 pm. (1...) I suggest a working breakfast the next morning. (2...) She wasn't keen, so I suggested lunch. (3...) We arranged to meet at her office at 12.30. I arrived at 12.45 (4...) and we went to a restaurant, where we had a very good discussion. That evening I wanted to check something, so I found her name in the phone book and phoned her at home. (5...) She was less friendly than at lunchtime. I said I would be back in Busyville in mid-August (6...). Not a good time, she said, so I suggested September (7...).

6.3 Which points in C opposite are referred to in this story?

Sally, a student, is working for a company abroad for work experience. The company has employees from all over the world. The head of the company, Henrik, invites Sally to a barbeque for his employees at his home, at 3 pm on Saturday.

She is the first to arrive, at exactly 3 o'clock. When the others arrive, some shake hands with each other. Some kiss on one cheeks. Others arrive and say hello without kissing or shaking hands. (1...). Some bring wine or flowers, which the host does not open and puts to one side. Others bring nothing. (2...).

In conversations, some people move their arms around a lot and seem to make sign with their hands, others keep their hands by their sides. (3...). Some people do not let others finish what they are saying, and others say almost nothing; the people with them seem upset and move away when they can. (4...). Some people look directly at the person they are talking to. Others look away more. (5...). Some touch the arm of the other person whenever they are speaking to them. (6...). She notices that some people seem to be slowly moving backwards across the garden as the conversation goes on, while the person with them is moving forward. (7...).

Later, somebody makes a joke but nobody laughs. Everyone goes quiet. (8...). People start saying goodbye and leaving.

Over to you

What should visitors to your country know about the points in A, B and C opposite?

UNIT 7

CONTRACT FORMATION

LEAD-IN

Negotiation is something which many people do regularly on a day-to-day basis. It is what is done when the family discusses which TV programme to watch, or when a couple decide what to eat for dinner, or when the neighbours play their music too loud. Business people negotiate prices and delivery dates. Politicians negotiate over spending public funds. Diplomats negotiate borders and international trade treaties.

Negotiations go through a series of stages, and understanding these stages is useful in trying to work out potentially useful language. The following steps might be involved:

- **Preparation:** deciding what is important, defining goals, thinking ahead how to work together with the other party.
- **Relationship building:** getting to know the other party, understanding how you and the other are similar and different, and building commitment toward achieving a mutually beneficial set of outcomes.
- **Information gathering:** learning what you need to know about the issues, about the other party and their needs, about the feasibility of possible settlements, and about what might happen if you fail to reach agreement with the other side.

- **Information using:** at this stage, negotiators assemble the case they want to make for their preferred outcomes and settlement, one that will maximize the negotiator's own needs. This presentation is often used to 'sell' the negotiator's preferred outcome to the other.
- **Bidding:** the process of making moves from one's initial, ideal position to the actual outcome. Bidding is the process by which each party states their opening offer, and then makes moves in that offer, towards a middle ground.
- **Closing the deal:** the objective here is to build commitment to the agreement achieved in the previous phase. Both the negotiator and the other party have to assure themselves that they reached a deal they can be happy with, or at least live with.
- **Implementing the agreement:** determining who needs to do what once the hands are shaken and the documents signed. Not uncommonly, parties discover that the agreement is flawed, key points were missed, or the situation has changed and new questions exist. Flaws in moving through the earlier phases arise here, and the deal may have to be reopened, or issues settled by arbitrators or the courts.

(From "Managing Strategic Relationships" by L. Greenhalgh)

An effective contract is an invaluable tool that will help your organization and the contractor understand what is expected, and how to resolve any problems. The process of writing and then negotiating through the contract is in some ways as important as the words chosen. It sets a tone for how you work together and hopefully displays a balance of flexibility as well as focus and excellence.

The contract defines the parameters of your ongoing working relationship. First you'll need to negotiate a specific scope of work for a particular price and payment schedule. Remember that any contract, especially one with lots of technical details in it can be confusing and full of language that leaves things open to interpretation. Before you sign on the dotted line, you may want a legal opinion on the proposed contract and have your organization's lawyer review it. You might also want it reviewed by a consultant who is experienced in this area so you can avoid any pitfalls and decode any technology jargon. The couple hundred dollars that you spend for an independent

consultant to look at a contract can be an excellent way of ensuring a good project. The contract is a document to guide your work together.

Do you agree with the opinion that no piece of paper will replace the assurance that comes with working with a provider that you know is honest, flexible, and responsive?

Read the following definition, analyze and memorize it before studying reading section on different aspects of contract formation.

Contract is any legally binding agreement between two or more parties. To be effective according to law, it is essential that the parties to a contract have legal capacity (power) and freedom of contract;

- they must intend it to be binding;
- they must be agreed on the purpose of the contract and the purpose must not be illegal;
- there must be valuable consideration, i.e. some payment or service or sacrifice must be promised by each party;
- meaning of the agreement must be clear enough to be understood.

READING 1: DRAFTING OF CONTRACTS

1. Read the text. Does a contract give you full legal protection? What does it give you? If you sue and win the judgment, how do you make up for the lost time?

2. Read the text again and answer the following questions:

- What can help you avoid litigation and keep your business moving forward?
- What is the best legal strategy for contracts?
- What can poor investigation and negotiation result in?

A contract is only as good as the relationship with the other party in the contract. Many lawyers see contracts as a legal end-all - if you have it signed and in writing, you are legally protected. Legal textbooks would call them correct.

From a business perspective, however, they could not be more wrong. A contract only gives you the right to sue, and everybody knows how expensive and time-consuming suing can be. But even a successful suit may not solve your problems. You may win a case because your supplier failed to supply you, but how do you stay in business in the interim? Who makes up for the lost time until you win the judgment? And, perhaps most importantly, who explains to your impatient customers that the matter is “in litigation”? So relying on a written contract alone to get you through a deal is poor legal strategy. Fruitful negotiations and a good working relationship with the other party or parties will be far more effective in limiting contract problems, avoiding litigation, and keeping your business moving forward.

The best legal strategy for contracts is to negotiate everything up front. You also need to have a good understanding of your business and that of the other party so that the contract is appropriately written, addresses the needs of both parties, and anticipates the types of problems that can arise because of the nature of both businesses. The signing of the contract should be the end of a great deal of work, not the beginning of the relationship. Poor investigation and negotiation can result in ambiguities, disputes, and, frequently, litigation.

3. Give English equivalents and use them in your own sentences:

1. інша сторона в договорі
2. у письмовому вигляді
3. у проміжний період
4. допомогти довести угоду до кінця
5. погана / невдала юридична стратегія
6. добре розуміння вашого бізнесу і бізнесу іншої сторони
7. щоб контракт відбивав потреби обох сторін і враховував проблеми, які можуть виникнути
8. підписання контракту
9. недостатнє вивчення питання і незадовільні переговори
10. призвести до двозначності
11. заходи, які слід вжити

4. Fill in the gaps with prepositions:

- 1.relationship ... the other party ... the contract
- 2.How do you stay ... business?
- 3.Who makes up .. the lost time?
- 4.Who explains ... your customers that the matter is ... litigation?
- 5.relying ... a written contract alone
- 6.the best legal strategy... contracts
- 7.your business and that... the other party
- 8.the signing ... the contract
- 9.the beginning ... the relationship
10. can result... ambiguities

Over to you

Think of points you would like to discuss during preliminary negotiations. What do you think should be paid most attention to?

7.5. Translation. Translate the following part of an agreement in writing.

Validity of quotation

Lux Limited reserves the right to refuse acceptance of a purchaser's interpretation of a quotation unless the quotation is authorised, in writing, by an official representative of Lux Limited. The quotation will remain open for no longer than 60 days from issue, unless stated otherwise in writing. In the event that no quotation has been issued by Lux Limited and an order to supply has been received, Lux Limited refer the purchaser to the Terms and Conditions of Sale.

READING 2: PRELIMINARY STEPS

1. ***Read the text. If you want to sign a contract with somebody, what must you find out about them? How can you check the background of a firm?***
2. ***Read the text again and answer the following questions:***

- Why do new subcontractors often underbid a project?
- Why do new subcontractors sometimes find themselves in debt?
- Under what circumstances may the hirer find its property subject to liens?
- What kind of checks would it be wise to make on the other party?
- How is it possible to conduct such checks?
- What can happen if a subcontractor goes bankrupt in the middle of the project?
- How can you get references for the other party and how can you verify them?

Before a contract is signed or even written, **businesses** have to do their homework. Because a contract is only as good as the working relationship behind it, the parties need to understand whom they will be working with and what work will be involved.

Do **Background** Checks. You need to know the party or parties with whom you are contracting. The best contract in the world will do you little good if you are working with someone unreliable. Therefore, find out how long the person or firm has been in business. Ask for references and talk to previous **customers**. Check with **state agencies** and private complaint bureaus to discover how many complaints or other problems the firm has experienced. Most legal problems that arise after a contract is signed come from business problems that could have been uncovered by a background check, yet, sad to say, many businesses check the backgrounds of prospective employees more carefully than they check those of companies with which they sign multimillion-dollar contracts.

Particularly in the construction industry, many firms are discovering that the lowest bid is not always the best-bid. New **subcontractors** often **underbid** a project in an effort to get started. They get the work, then find themselves in debt and unable to complete the job. **The hiring business** is men left with a mess, made of unfinished work and work that has no **warranty**. Furthermore, if the subcontractor has not paid **suppliers** and laborers, the hirer of the subcontractor may find its property **subject to liens that tie up property closings**. The “cheap” subcontractor thus ends up costing a considerable amount more than was saved by the difference in bids. A background check revealing lack of work experience or the presence of previous complaints might prevent these problems.

It would be wise to check **the other party** for court judgments, **property liens**, **tax liens**, and other types of **judicial actions**. If the party is involved in any suits, check to see whether the suits are the result of the way the party does business. Suits can also be the **indication** of financial troubles that may **come to a head** during the course of your **contract performance**. A subcontractor who goes bankrupt in the middle of a project can cause **confusion** about who will give and receive payment and who will guarantee the work performed prior to bankruptcy.

Check with others who have done work for the party. Ask for references and **verify** the references and previous projects **listed**. If the firm deals with consumers, check with the Better Business Bureau for complaints. Check with the state fraud offices and licensing bureaus if the business is licensed. Public records will show whether a company has a **litigious nature** or has difficulty in dealing with others.

3. Fill in the gaps with prepositions:

1. the party or parties ... whom you are contracting
2. how long the person or firm has been ... business
3. Ask ... references and talk ... previous customers.
4. Check ... the state agencies and private complaint bureaus.
5. Most legal problems come ... business problems that could have been uncovered ... a background check.
6. an effort to get started ...
7. a mess made up ... unfinished work and work that has no warranty
8. the hirer ... the subcontractor
9. more than was saved ... the difference in bids
10. lack ... work experience
11. the presence ... previous complaints
12. if the party is involved... any suits
13. an indication ... financial troubles
14. during the course ... your contract performance
15. confusion ... who will give and receive payment
16. the work performed ... bankruptcy
17. Check with others who have done work ... the party.
18. if the firm deals ... consumers

19. The company has difficulty in dealing ... others.

4. Translation. Translate the following part of an agreement in writing.

Prices

Unless otherwise authorised in writing, all orders are executed subject to trade prices and discounts applicable at the time of dispatch. Any price list of Lux Limited, published or not, shall not affect the right of Lux Limited to charge for goods in accordance with this clause. All prices are subject to Value Added Tax at the appropriate rate.

Over to you

What problems could be caused by a poor understanding of the business specific aspects?

READING 3: LEARN THE NATURE OF THE BUSINESS

1. Read the text. How can you learn the nature of the business you are going to be involved with? Why is it advisable to learn the trade jargon? Why is it necessary that the other party understand your needs and your use of the goods?

2. Read the text again and decide whether these statements are true (T) or false (F).

1. You should investigate both the character of the individual contractor and the nature of business.
2. It is not necessary to learn the trade jargon.
3. All industries have the same standards.
4. Constraints are usually easier to discover.
5. In computer sales to businesses more than 50 percent of new systems have problems.
6. In producing layettes thread costs are minimal.
7. Parts and supplies are always included in the contract price.

In addition to investigating the character of the individual contractor, you should investigate the nature of the business with which you will be involved. For example, a company that sells thread to large firms for mass production will be different from a company that sells thread to tailors for **custom product** use. The two will have different timetables, different needs **in terms of** quantity and quality and different **consequences** of a **contract breach**. If you do not already know it, learn the trade jargon. Find out the meaning of any specialized terms or language that might appear in the contract. For example, if a contract says “**Grade** poultry”, does that mean that all chickens must be Grade A, or can there be a few **stragglers** in there? What standards are used to determine whether a chicken is Grade A? What **margins for error** are allowed? Also, be certain that the other side understands your needs and your use of the goods. For example, the timing of a shipment of meat to a luxury cruise liner is more critical than that of a shipment to a restaurant because ships must leave at a certain time, whereas a restaurant could change its menu temporarily if it had to. In the clothing manufacturing market, there are certain rules about sizes, including the number of each size manufactured and shipped at any given time. In computer sales to businesses, more than 50 percent of new systems have problems (with some sellers, that figure is over 70 percent), and the average installation period is one year. Before signing a computer purchase contract, establish when “**acceptance**” of the computer is deemed to take place – how much testing will be done and when the system will be considered **to be up to speed**.

Industry custom is a part of every contract, whether it is or is not negotiated. For example, a **garment** manufacturer who was new to the industry agreed to include thread as part of the price quoted for the manufacture of jackets. The manufacturer has been used to producing **layettes**, in which thread costs were minimal. However, long-sleeved jackets require a significant amount of thread. As a result, the manufacturer lost almost fifty cents per jacket on the deal, when there was a profit margin of only seventy-five cents per jacket. The **loss** was caused by a poor understanding of the ways that manufacturing of particular items of clothing can differ. Every industry has its own set of standards, and discovering those standards is a key to negotiating a good contract. For example, when contracting for **vehicle services**, you need to find out whether parts and supplies are included in the contract price. Many quotes are for labour only, yet recipients of the quotes often believe they have a full-service contract. **Constraints** are

also important and are sometimes harder to discover. For example, hiring a computer programmer involves **immense** possibilities in terms of what the programmer can do, but an understanding of the proposed project in particular as well as programming in general is needed in order to understand the **scope of the contract**. In such technical contracts, using a programmer to hire a programmer is probably a wise business practice.

3. Give English equivalents and use them in your own sentences:

1. вивчити характер бізнесу
2. компанія, що продає нитки
3. неоднакові потреби за кількістю і якістю ("in terms of")
4. наслідки порушення контракту
5. професійна мова
6. термін поставки партії м'яса
7. продаж комп'ютерів компаніям
8. період установки
9. до підписання контракту на купівлю комп'ютера
10. незалежно від того, чи обговорюється він в процесі переговорів
11. ціна, призначена за виготовлення курток
12. виробник звик робити придане для новонароджених ("be used to")
13. прибуток у розмірі лише 75 центів за куртку ("of" and "per")
14. укладаючи контракт на обслуговування автотранспорту
15. чи включені запасні частини і допоміжні матеріали в контрактну ціну ("whether")
16. багато пропозицій включають тільки оплату роботи
17. величезні можливості з точки зору того, що здатний робити програміст ("in terms of")

4. Fill in the correct preposition:

1. a company that sells thread... large firms
2. different needs in term ... quantity and quality
3. what margins ... error are allowed

4. your needs and your use ... the goods
5. acceptance ... the computer
6. a manufacturer who was new ... the industry
7. The manufacturer has been used ... producing layettes.
8. The manufacturer lost almost fifty cents ... jacket.

5. Match the words from the list with their definitions.

a) loss	b) constraint	c) jargon	d) acceptance	e) industry
f) recipient	g) immense	h) scope	i) breach	j) shipment

1. an amount of goods carried on a ship, plane, train, or truck
2. extremely large, syn. enormous
3. an action that breaks a law, rule, or agreement
4. something that limits you freedom to do what you want
5. opposite to profit
6. when you officially agree to take something that you have been offered
7. words and expressions used in a particular profession or by a particular group of people, which are difficult for other people to understand
8. businesses that produce a particular type of thing or provide a particular service
9. the range of things that a contract deals with
10. someone who receives something

6. Translation. Translate the following part of an agreement in a written form.

Variation

In the event of variation or suspension of the work by the purchaser's instructions or lack of instructions, the quoted price may be altered to reflect costs involved. Lux Limited reserve the right to adjust prices where units ordered are of a smaller quantity than those quoted.

Over to you

Discuss the provision in pairs. Why can the company alter the price? Use the helpful expressions below to say what you think.

USEFUL LANGUAGE

<i>I wonder if you'd mind telling me...</i>	<i>I want:</i>	<i>-to clarify</i>
<i>Can you give me some information about...</i>		<i>-to explain</i>
<i>I'm afraid I need to know...</i>		<i>-to put another way</i>
<i>Let me spell out...</i>		<i>-to put in other words</i>
<i>Is that clear?</i>		

READING 4: NEGOTIATIONS

1. ***Read the text. Why do both parties to a contract need to understand the purpose of the contract?***

2. ***Read the text again and decide whether these statements are true (T) or false (F).***

1. Both parties to a contract need to understand the purpose of a contract.
2. Failure to include needs and expectations into the contract terms can lead to litigation.
3. Form agreements are an ideal way of doing business.
4. Form agreements are safer than drafting an agreement.
5. When parties draft an agreement they reflect their true understanding and intentions.
6. The terms of the agreement must be complete and clear.

Once you have done your background homework, you are ready to negotiate the ***terms*** of your contract. Work carefully to make the terms of the agreement as complete and clear as possible.

Understand the Purpose of the Contract. Both parties to a contract need to understand what they and their ***opposite number*** hope to accomplish with the contract and how they hope to achieve it. A contract to purchase sand, for use in making cement will read very differently from a contract to purchase sand for filler. In one case, Mobil

Oil needed *bulk plastic* for making garbage bags. The plastic had to have a certain *density* to be usable for this purpose. When Mobil tested a shipment of the plastic, it found that the density was unsatisfactory. The supplier and Mobil then went through a *bizarre* series of events that involved shipping plastic back and forth, across Texas and eventually burying it. Later litigation relied on provisions of the Uniform Commercial Code and its application and interpretation, to determine who was right and who was wrong (AskcoEngineering Corp. v. Mobil Chemical Corp., 1976).

None of that should have been necessary. The contract should have *spelled out* the density *standards* the plastic would have to *meet* and the testing procedures that would be used to determine whether those standards had been met. It should also have included preliminary shipping instructions and instructions on what to do if the plastic proved to be unacceptable. The problem was that the two parties had different understandings of the contract's purpose. For one side, the contract was simply for purchase of bulk plastic. For the other, the contract was for the purchase of plastic that was the right density and *durability* for garbage bags. Lack of understanding of buyer's particular needs and expectations, and failure to *incorporate* those needs and expectations into the contract terms, created great confusion, added expense, and resulted in litigation.

Avoid Relying on Form Contracts. *Form agreements* are a common way of doing business. In some cases, the buyer sends a *purchase order* with all sorts of printed terms on it to the seller, and the seller responds with an *invoice* containing printed terms that do not match those of the buyer. If problems result, no one will be certain what rights are *afforded* by the jumbled agreement.

Form agreements are not created for a particular contract or set of business circumstances and have a high potential for causing difficulties for both parties. If the parties use a form agreement that has some blank spaces for filling in details, they may fill in details that contradict the terms in the form. Drafting an agreement that reflects the particular *transaction* and the parties' true understanding and intentions is generally safer and more functional than using form contracts.

3. Give English equivalents and use them in your own sentences:

1. як тільки ви виконали підготовчу роботу ("once")
2. умови контракту

3. обидві сторони в контракті (the preposition "to")
4. буде сформульований по-іншому
5. неоднакове розуміння мети контракту
6. невключення цих потреб і намірів в умови контракту ...
7. поширений спосіб ведення торгівлі
8. що не збігаються з умовами покупця
9. пропуски для вписування подробиць
10. безпечніше і раціональніше, ніж використання типових контрактів

4. Answer the following questions:

1. What was the cause of litigation between Mobil Chemical Corporation and its supplier?
2. What should have been done to avoid litigation in that case?
3. Did the two parties have different understanding of the contract's purpose?
4. What are the advantages and disadvantages of form contracts?
5. What is generally safer and more functional than using form contracts?

5. Fill in the gaps with prepositions:

1. the terms ... your contract
2. the terms ... the agreement
3. the purpose ... the contract
4. both parties ... a contract
5. what they hope to accomplish ... the contract
6. bulk plastic ... making garbage bags
7. a bizarre series ... events
8. instructions ... what to do if the plastic proved to be unacceptable
9. The contract was simply ... the purchase ... bulk plastic.
10. Lack ... understanding created great confusion.
11. to incorporate those needs and expectations ... the contract terms
12. resulted...litigation
13. a common way ...doing business
14. sends a purchase order... the seller
15. The seller responds ... an invoice

16. what rights are afforded ... the jumbled agreement
17. a set... business circumstances
18. some blank spaces ... filling... details

6. Match the words from the list with their definitions.

a) durability	b) spell out	c) incorporate	d) draft	e) transaction
f) preliminary	g) bizarre	h) purchase	i) invoice	j) contradict

1. to disagree with smth, especially by saying that the opposite is true
2. to include smth as part of a contract
3. staying in good condition for a long time, even if used a lot
4. a list of goods that have been supplied or work that has been done, showing how much you owe for them
5. to explain smth clearly and in detail
6. very unusual and strange
7. to write a contract that will need to be changed before it is in its finished form
8. happening before smth that is important, often in order to prepare for it
9. a business deal or action, such as buying or selling smth
10. smth you buy, or the act of buying it

7. Translation. Translate the following text in writing:

LETTER OF INTENT FOR POSSIBLE CONTRACT FOR SALE OF ASSETS

This is a non-binding letter of intent that contains provisions that are being discussed for a possible sale of the Business named above from the possible Seller named above to the possible Buyer named above. This is not a contract. This is not a legally binding contract. This is merely an outline of possible contract terms for discussion purposes only. This is being signed in order to enable the potential Buyer to apply for financing of the purchase price. This letter of intent is confidential and shall not be disclosed to anyone other than the parties and their employees, attorneys and accountants and the possible lenders of the Buyer. The terms of the transaction being discussed are attached hereto, but the terms (and the possible sale itself) are not binding unless and until they are set forth in a written contract signed by Seller and Buyer. The

word "shall" is used in the attached terms only as an example of how a contract might read, and it does not mean that the attached terms are or ever will be legally binding.

8. Discussion. Discuss in pairs the Letter of intent from exercise 7. Use the helpful expressions below to express your ideas:

USEFUL LANGUAGE

I'd like to point out...	Have you considered...?
- emphasise...	Don't you think...?
- draw your attention to...	There's another way of looking at this.
Interrupting	Accepting the interruption
Do you mind if I just interrupt?	Certainly/ Please, do go ahead/ Sure
Can I just say something here?	Refusing the interruption
Could I say a word about...	If you could just allow me to finish
<p>In other words, that means, namely, that is to say In addition, moreover, furthermore, besides In particular, in detail, especially, chiefly, mainly In conclusion, finally, to conclude</p>	

READING 5: IRON OUT THE DETAILS

1. Read the text. What is the role of an abandonment clause in a contract? What is the role of a price review or increase provision? Does the price increase provision protect the buyer or the seller? Can you describe any residential development near the place you live?

2. Read the text again and decide whether these statements are true (T) or false (F).

1. Provisions for all steps should be included in the contract.
2. Ironing out details during negotiations results in many kinds of misunderstandings.
3. Two joint venturers were at odds because one of them had little residential development experience.

4. You should review similar to your transactions in order to see what unforeseen events may happen.
5. The oil glut demonstrated the need for protection for the seller.
6. If a product needs testing, the contract must specify what will happen if the product fails to pass the tests.

Parties should carefully spell out their expectations concerning time, defects, corrections, and so on, and even include an **abandonment** clause to be used in case the project proves to be **futile**. The contract should list the steps involved in the business transaction and contain provisions for all the steps, including option to be **invoked** if things go wrong. For example, many contracts have a **price review** or increase provision for the seller, particularly in cases where prices can vary **tremendously**, such as fuel contracts. The clause has generally been for the protection of the seller, but the recent oil glut has demonstrated the need for the same protection for the buyer if the price greatly decreases. Many firms are now **litigating** this issue, and future buyers are likely to insist on two-sided price protection.

If a product or service needs testing, be sure to have the contract describe what tests will be performed and what will happen if the product fails to pass the tests. The Mobil case showed what can happen if this is not done.

Ironing out details during negotiations can prevent many kinds of unhappy misunderstandings. For example, in one joint venture for the **development** of a subdivision, the parties failed to **specify** matters such as whether homes could be built **on speculation**, who would maintain the project, and who would carry the cost of building a model. All of these issues were resolved in the mind of one **joint venturer**, who was an experienced developer. But the other joint venturer, who had little **residential development** experience, did not realize the costs involved and assumed that the **lots** would sell very quickly. When the lots did not sell, the parties found themselves at **odds, quibbling** over **interim loan fees** for the model and the number of **spec homes** that should be built. Before deciding on the terms to be spelled out in a contract, it is wise to review earlier, similar transactions to see how they progressed and what unforeseen events occurred. Then the contract can provide as many details and as much **coverage** as possible.

3. Give English equivalents and use them in your own sentences:

1. усунути можливі суперечки через деталі
2. докладно викласти свої вимоги
3. включити застереження про відмову від позову
4. на випадок, якщо проект виявиться марним ("in case")
5. включаючи варіанти, до яких можна буде вдатися в разі невдачі
6. застереження про перегляд або збільшенні ціни
7. у випадках, коли ціни можуть різко змінюватися ("where")
8. якщо продукція не пройде випробування задовільно
9. перш, ніж визначити, які умови повинні бути обумовлені
10. раніше укладені аналогічні угоди
11. які непередбачені обставини виникли
12. детальний і повний контракт

4. Fill in the correct preposition:

1. The parties should spell out their expectations ... times, defects, etc.
2. contain provisions ... all the steps
3. a price review or increase provision ... the seller
4. the need ... the same protection for the buyer
5. to insist...two-sided price protection
6. ironing out details ... negotiations
7. in one joint venture ... the development... a subdivision
8. quibbling ... interim loan fees
9. the number ... spec homes that should be built
10. before deciding ... the terms to be spelled out... a contract

5. Match the synonyms. Use a dictionary if necessary.

1.futile	a) differ	7. unforeseen	g) temporary
2. to quibble	b) hope	8. spec	h) get rid of problems
3. to iron out	c) pointless	9. expectation	i) to state
4. to specify	d) to use	10. to vary	j) specification
5. lot	e) unexpected	11. to invoke	k) land
6. interim	f) to argue		

OVER TO YOU

Find a contract sample in the Internet. What parts does it consist of? Pay attention to the contract title. Why is it important to specify the subject of a contract in its title?

READING 6: THE CONTENT OF THE AGREEMENT

1. Read the text. What issues can arise in case of a government contract? What is the best question the parties can ask when choosing the language for a contract? How can you check whether the person or persons signing the contract have the authority to enter into the contract? Who should drafts be reviewed by before being signed?

Regardless of the type of contract, certain basic steps should be followed in its preparation. These steps are often **overlooked**, but paying attention to them can help greatly in avoiding confrontation later.

Drafting. As noted earlier, no major contract should rely on forms (Forms for minor, routine contracts such as customer **retail** contracts and small supplier contracts may be perfectly acceptable, however, and the old purchase-order-and-invoice system will work quite well for simple purchases.) However, for major contracts, it is risky business to use **boiler-plate contracts** for protection. In fact, boiler-plate contracts are the things **commercial litigation** is made of; so often, although the transaction does not fit the language, the parties keep trying to make their conduct fit the language, and, inevitably, a disagreement results. Granted, some language should be boiler-plate - the **attorney's fees clause**, the state where trials will be held, and what law applies - but there should be direct language governing the transaction itself. Most sales contracts use boiler-plate forms, with the **subject matter of the contract** and a price added on a few blank lines. What if the goods do not arrive? Are there peculiar problems that will result for non-timely performance? What if the sale involves **livestock** – what testing procedures will there be, and what time limits will be imposed? If it is a government contract, are there security issues and **late performance penalties**? All of these issues are contract specific and will not be addressed as part of a standard contract, but many firms continue to use the same standard contracts for all transactions.

The best question the parties can ask when choosing the language for the contract is “What if?” This question anticipates all the difficulties that may arise that are peculiar to the contract, the business, or the industry. For example, in the case of a mineral supply contract, what if the supply is affected by an embargo? In the case of an **instalment contract** what if the buyer has financial problems during the period the contract covers? In the case of a **construction contract**, what if a supplier **puts a lien** on the project for non-payment by a subcontractor? What if a contract payment is late? The contract should reflect the parties' working knowledge of the industry and the business and anticipate the types of difficulties **encountered** in their areas.

Check Authority. One simple, yet very important part of a contract is the signature on the bottom line. Both sides should be assured that the party signing the contract has the authority to enter into the contract. For example, a firm accepted the signature of another company's bookkeeper on a promise of **indemnification**. Since bookkeepers generally do not have the authority to perform such a transaction, the contract should have been **cleared** with an officer of the corporation. The best contract in the world is not valid if it is not signed by someone who has the authority to agree to it.

In some firms, certain employees can negotiate but do not have the authority to sign contracts. When this is the case, the limit and the scope of the negotiating parties' authority should be established early on, and drafts should be reviewed by those who will actually sign the completed contract.

The signature section of a contract should **identify** the **capacity** of the person who signs the agreement. **The title** should appear after the name so it is clear that the signer is acting **on behalf** of the firm and intends to bind the firm. In many cases, a copy of a board resolution authorizing the transaction is also necessary. For example, in land transactions, a **title company** will not **go through with** a sale until a copy of the approving resolution from the **corporate board** is obtained.

2. Give English equivalents and use them in your own sentences:

1. зміст угоди
2. незалежно від типу контракту ("regardless of")
3. система "замовлення на покупку – накладна"
4. застосування шаблонних контрактів

5. Хоча угода не відповідає формулюванню ...
6. ... в результаті виникає суперечність ...
7. більшість контрактів на продаж
8. несвоєчасне виконання
9. питання безпеки
10. специфічний для даного контракту
11. передбачати всі можливі труднощі
12. контракт на поставку мінералів
13. період, що охоплюється контрактом
14. перевірити повноваження
15. вступити в угоду ("into")
16. межа і розмір повноважень сторін

3. Fill in the gaps with prepositions:

1. regardless ... the type of contract
2. paying attention ... them
3. will work quite well ... simple purchases
4. Boiler-plate contracts are the things commercial litigation is made ...
5. to use the same standard contract ... all transactions
6. when choosing the language ... a contract
7. the difficulties that are peculiar ... the contract
8. What if the supply is affected ... an embargo?
9. the signature ... the bottom line
10. someone ... the authority to agree to the contract
11. the title should appear ... the name
12. a copy ... the approving resolution

Over to you

Using internet sites find some facts about different clauses which companies include in contracts in order to anticipate problems that may arise.

BRAINSTORMING

1. In what circumstances might you do the following? Think of as many reasons as possible.

sign a contract	negotiate a contract	break a contract	cancel a contract
draft a contract	award a contract	renege on a contract	take out a contract

2. Calisto Instruments have drawn up a contract to supply JZ Music with 500 tenor saxophones for the Christmas market. Read the extract from the contract, and find expressions which mean:

- | | |
|---------------------------|--------------------------|
| 1. accepted | 6. pay the bill |
| 2. in this document | 7. considered as |
| 3. promises | 8. for whatever reason |
| 4. not later than | 9. inform |
| 5. later in this document | 10. impossible to change |

This agreement, made and entered into this fourth day of June by and between Calisto Instruments, the Seller, and JZ Music Ltd, the Buyer:

1. The seller hereby undertakes to transfer and deliver to the buyer on or before 1 November, the goods as specified hereinafter.
2. The buyer hereby undertakes to accept the goods and pay for them in accordance with the terms of the contract.
3. The buyer shall make payment within 30 days of reception of the goods.
4. Goods shall be deemed received by the buyer when received by him at the port of Southampton...)
5. The risk of loss from any damage to the goods regardless of the cause thereof shall be on the seller until the goods have been accepted by the buyer.
6. The buyer shall have the right to examine the goods on arrival, and he must give notice to the seller of any claim for damages within seven business days after such delivery. The failure of the buyer to comply with these rules shall constitute irrevocable acceptance of the goods.

3. Use the expressions from Exercise 2 to complete this second extract from the contract.

9. The seller (1) ____ (2) ____ to provide maintenance and repair for one calendar year. The buyer shall be required to (3) ____ to the seller of any request for repair. On expiry of the warranty, an extension agreement may be (4) ____: the buyer shall (5) ____ of the annual fee before any repair work can be undertaken, (6) _____. Signature of the warranty extension shall constitute (7) ____ acceptance of the terms and conditions (8) ____ specified. Warranties not renewed (9) ____ 1 April shall be (10) ____ lapsed.

4. Choose the correct word to complete the paragraph about litigation.

A legally (1) **holding / binding / sticking** contract is one which can be (2) **obliged / inflicted / enforced** by the legal system. Many contracts include a (3) **penalty / punishment / price** clause which (4) **concerns / applies / effects** if deadlines are not met. A company which fails to respect its commitments can be (5) **charged / processed / sued** for (6) **violation / breach / breaking** of contract. However, in some cases the two (7) **participants / parties / factions** can avoid the expense of litigation by agreeing an out-of-court (8) **settlement / agreement / conclusion**. If the case (9) **moves / goes / takes** to court, the loser may be ordered to pay millions in (10) **payments / damages / expenses**.

5. Calisto and JZ Music have now signed the contract. Discuss what will happen if...

1. Calisto deliver on 1 December.
2. Calisto deliver 500 alto saxophones instead of 500 tenor saxophones.
3. Calisto send JZ Music an invoice on 1 September.
4. the saxophones are delivered to Portsmouth.
5. some of the saxophones are damaged during shipping.
6. JZ inform Calisto of the damage in January after the Christmas holidays.
7. JZ refuse to pay.
8. JZ forget to extend the warranty.

5. Translate the contract sample into Ukrainian. Pay attention to its organization.

**CONTRACT NO. 1
FOR SALE OF GOODS**

This Contract for Sale of Goods is made this ___ day of _____, 20__ by and between _____, a [state of organization or residence] [corporation/ partnership/ sole proprietorship/ resident], with its principal place of business at [complete address], (“Seller”) and _____, a [state of organization or residence] [corporation/ partnership/sole proprietorship/resident], with its principal place of business at [complete address] (“Buyer”) for the purchase of the goods described below: _____

1. Term

This Contract shall begin on _____, 20__, and end upon the last delivery, which shall be shipped, with or without requisition for the balance of goods then unshipped, by _____, 20__, unless the parties agree otherwise. However, if as of such date, Buyer is in arrears on the account, Seller may then cancel this Contract and sue for its damages, including lost profits, offsetting the deposit there against, and further recover its cost of suit including attorney fees.

2. Delivery

Buyer will give Seller _____ days’ advance notice regarding the quantity requested for delivery. Upon receipt of the request for delivery, Seller will arrange for delivery through a carrier chosen by Seller, the costs of which shall be F.O.B. _____.

3. Risk Of Loss

The risk of loss from any casualty to the Goods, regardless of the cause, will be the responsibility of the Seller until the Goods have been received by the Buyer.

4. Acceptance

Buyer will have the right to inspect the goods upon receipt, and within ___ business days after delivery, Buyer must give notice to Seller of any claim for damages on account of condition, quality, or grade of the goods, and Buyer must specify the basis of the claim in detail. Failure of Buyer to comply with these conditions will constitute irrevocable acceptance of the goods by Buyer. All notices between the parties must be in writing and delivered by courier or by certified mail, return receipt requested.

5. Charges

Seller shall invoice Buyer upon and for each shipment. Buyer shall pay all charges on terms of _____. Any late payment shall bear 103 a late charge of ____%. Overdue invoices shall also bear interest at the rate of ___% per _____. If Seller undertakes collection or enforcement efforts, Buyer shall be liable for all costs thereof,

including attorney fees. If Buyer is in arrears on any invoice, Seller may, on notice to Buyer, apply the deposit thereto and withhold further delivery until the deposit and all arrearages are brought current.

6. Deposit

Upon signing this Contract, Buyer shall pay Seller a deposit of \$_____ toward the total price as a precondition for Seller's performance, which deposit is to be credited to the last shipment.

7. Warranty

Seller warrants that the goods sold hereunder are new and free from substantive defects in workmanship and materials. Seller's liability under the foregoing warranty is limited to replacement of goods or repair of defects or refund of the purchase price at Seller's sole option. No other warranty, express or implied, is made by Seller, and none shall be imputed or presumed.

8. Taxes

All sales taxes, tariffs, and other governmental charges shall be paid by Buyer and are Buyer's Responsibility Except As Limited By Law.

9. Governing

Law This Contract shall be governed by the laws of the State of _____. Any disputes hereunder will be heard in the appropriate federal and state courts located in [name of county], [state].

10. Force Majeure

Seller may, without liability, delay performance or cancel this Contract on account of force majeure events or other circumstances beyond its control, including, but not limited to, strikes, acts of God, political unrest, embargo, failure of source of supply, or casualty.

11. Miscellaneous

This Contract contains the entire agreement between the parties and supersedes and replaces all such prior agreements with respect to matters expressly set forth herein. No modification shall be made to this Contract except in writing and signed by both parties. This Contract shall be binding upon the parties and their respective heirs, executors, administrators, successors, assigns and personal representatives.

Додаток

UNIT 7: Key vocabulary

Reading 1

make up (v)	відшкодувати, надолужити
litigation (n)	цивільний судовий процес
negotiation (n)	переговори
negotiate (v)	вести переговори
up front	заздалегідь

address (v)	займатися (питанням)
investigation (n)	вивчення (питання)
ambiguity (n)	неясність, двозначність
dispute (n)	суперечка
drafting of a contract	складання проекту контракту
Reading 2	
business (n)	справа, підприємницька діяльність
background (n)	біографічні дані, фон, задній план
state agency (n)	установа штату, державний орган
bid (n)	ставка, заявка, ціна
subcontractor (n)	субпідрядник
underbid a project	призначити занадто низьку плату за виконання проекту, збити ціну
the hiring business	фірма, яка найняла (субпідрядника)
warranty (n)	гарантія
supplier (n)	постачальник
lien (n)	право утримання майна до сплати боргу, право арешту майна за борги, заставне утримання
subject to liens	підпадає під арешт
closing (n)	ліквідація, закриття
tie up property	завадити остаточному оформленню документів про право власності
the other party	контрагент
property lien	арешт майна за борги
tax lien	заставне право на майно в забезпечення сплати податку
judicial action	акт судової влади
indication	ознака, вказівка
to come to a head	досягти кульмінації
contract performane	виконання контракту
verify (v)	перевіряти, вивіряти, вносити в список
public record	документ публічного характеру
litigious nature	сутяжницький характер
Reading 3	
consequence (n)	наслідок

contract breach	порушення контракту
grade (n)	сорт
poultry (n)	домашня птиця
straggler (n)	відсталий
a margin for error	межа помилки
shipment (n)	відвантаження; партія (товару)
ship (v)	відвантажувати
acceptance (n)	приймання
deem (v)	вважати
to be up to speed	бути у повному порядку
industry (n)	галузь
garment (n)	предмет одягу
layette (n)	придане новонародженого
profit margin	прибуток, коефіцієнт прибутковості
loss (n)	втрата, збиток
vehicle services	обслуговування автотранспорту
recipient (n)	одержувач
Reading 4	
once... (conj)	як тільки
terms (n)	умови
term (n)	термін, строк
opposite number	контрагент
filler (n)	шпаклівка
bulk plastic	нерафінована пластмаса
density (n)	щільність, густина
bizarre (adj)	дивний, химерний
spell out (v)	ясно викласти
meet standards	відповідати стандартам
durability (n)	зносостійкість
incorporate (v)	включати, об'єднувати
form contract	типовий / стандартний контракт
form agreement	типова / стандартна угода
purchase order	замовлення на покупку
invoice (n)	рахунок-фактура / накладна
afford (v)	надавати

jumbled (adj)	переплутаний
blank (n)	незаповнений
draft (v)	складати проект, проектувати
transaction (n)	угода
Reading 5	
iron out (v)	усувати, згладжувати
abandonment (n)	відмова від позову
futile (adj)	марний, даремний
option (n)	вибір, право вибору, право заміни
invoke (v)	застосовувати статтю / застереження / прецедент
price review	перегляд ціни
oil glut	перенасичення ринку нафтою
litigate (v)	судитися, оскаржувати (на суді)
development (n)	господарське освоєння, забудова
subdivision (n)	земельна ділянка під житлове будівництво
specify (v)	конкретизувати, перераховувати
on speculation	з ризиком
joint venturer (n)	учасник спільного підприємства
developer (n)	будівельник, забудовник
residential development	освоєння землі з метою житлового будівництва
lot (n)	підготовлену ділянку для будівництва будинку
be at odds	посваритися, розходитися
quibble	сваритися, вишукувати недоліки
interim loan fees	внески за короткострокову позику
interim loan	проміжне фінансування
spec home	новий будинок без остаточної обробки, побудований для продажу
coverage	охоплення
Reading 6	
regardless of (adv)	незалежно від, незважаючи на
overlook (v)	пропускати, не помічати
retail (n)	роздрібна торгівля
boiler-plate contract	шаблонний контракт
commercial litigation	судові процеси в зв'язку з торгівлею
the attorney's fees clause	стаття про винагороду адвокатам

subject matter of the contract	предмет контракту
late performance penalty	санкція за затримку виконання
installment (n)	частковий платіж, черговий внесок
installment contract	договір з оплатою в розстрочку
construction contract	договір на будівельні роботи
put a lien	накласти арешт
encounter (v)	зустріти(ся), зіткнутися з
indemnification (n)	компенсація, відшкодування шкоди
clear (v)	виправдовувати, очищати від підозр
identify (v)	встановити, ідентифікувати
capacity (n)	посада, компетенція
title (n)	звання, титул, посада
on behalf of	від імені та за дорученням
title company	компанія, що займається страхуванням від дефектів правових титулів
go through with something	завершити що-небудь, довести до кінця
corporate board	рада директорів корпорації

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