



Business English

International Financial Institutions

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Unit 6: International Financial Institutions

Objectives:

- Introduce terminology to talk about international financial institutions
- Practice with active-passive sentences
- Raise awareness about collocations
- Listen for details with focus on numbers, dates and percentages
- Write a descriptive paragraph using information provided

Skills: reading/listening/writing




I.

PRE-READING

A/ Get to know some International institutions. Match the logos with the corresponding institutions:

1	
2	
3	
4	

A	The United Nations Development Programme
B	The International Bank for Reconstruction and Development (World Bank)
C	Organization of Petroleum Exporting Countries
D	African Development bank

5	 Asia-Pacific Economic Cooperation	E	Internal Monetary Fund
6		F	Asia-Pacific Economic Cooperation
7		G	North American Free Trade agreement
8		H	Asian Development Bank
9		I	Organization of Economic Cooperation and Development
10		J	World trade organization

- What have the above institutions got in common? –They are:

- a) NGOs (Non-Governmental Institutions)
- b) Financial and economic International institutions
- c) Export-promoting institutions

B/ Look at the following picture and cartoon and answer the questions:



- Tick the appropriate answer:

- a) Both illustrate dissatisfaction with WTO
- b) Both celebrate WTO successes
- c) The picture is critical of the WTO whereas the cartoon is not

B/. What might some of the wider public's grievances against the WTO be about (Tick where appropriate)

- a. The WTO is tool for Globalization's prevalence
- b. It widens the gap between the rich and the poor
- c. It promotes unfair trading practices
- d. It is a forum where the rich countries exert their influence and focus on the interests of profit-making corporations rather than the interests of all.
- e. It allows influential countries to keep import duties under different appellations.
- f. It allows the rich countries to maintain high protection for agriculture while the poor countries are asked to open up their markets.
- g. It is blamed for the financial crisis
- h. It ignores issues such as working conditions, labor and environment.

I. READING

Read the text and do the tasks which follow.

Happy Birthday, WTO?



An organization best known for sparking riots also deserves some credit for promoting the interests of American entrepreneurs.

By [Elizabeth Wasserman](#) , Jan 1, 2005

People aren't clamoring to celebrate the [World Trade Organization](#)'s 10th birthday this month. Since the WTO came into being on January 1, 1995, tear gas -- not balloons -- has accompanied its gatherings. The [Geneva](#)-based group, which is modeled on the [United Nations](#) and has 148 member states, was set up as a forum for governments to negotiate trade agreements, settle disputes, and hash out a system of trade rules. The hoped-for result: economic development in both rich and poor countries.

Over the past decade, however, the WTO has found itself embroiled in one controversy after another. Its honeymoon was cut short when the Clinton administration threatened to double tariffs on Japanese luxury cars, prompting a trade war only a few months after the group's creation. Four years later, the WTO's annual meeting in [Seattle](#) was eclipsed by riots outside the convention hall and gripes within that the group put corporate interests ahead of health, labor, and environmental concerns. Last year at a summit in [Cancun](#), a group of developing nations banded together to blast the [U.S.](#) and the Europeans for hypocritically pouring billions into farm subsidies for cotton, sugar, and other crops. More generally, the group is criticized for promoting policies that lead to the outsourcing of jobs to the developing world.

As the WTO marks its first decade, observers will surely rehash these failures -- and mention America's record trade deficit, for good measure. But it should also be noted that American entrepreneurs have directly benefited from the WTO's tariff-reducing agreements. U.S. exports of goods and services topped \$1 trillion starting in 2001.

Between 1992 and 2001, the number of small and midsize companies exporting grew nearly twice as fast as the number of large exporters, according to the [U.S. Department of Commerce](#). Small and midsize companies now represent 97% of all firms that export goods and services, and they account for about a third of all goods the U.S. exports.

The case that the WTO is responsible for this expansion of trade is a pretty good one. While big multinationals rely on money, political access, and armies of lawyers to protect their interests on a global scale, the WTO's efforts help the average firm. "When we cut tariffs, it directly helps small businesses," says [Chris Padilla](#), the assistant U.S. trade representative for public liaison. "They usually cannot invest overseas to get around the tariff laws the way an [IBM](#) invests in [Brazil](#) and gets behind tariff protections in Brazil."

To be sure, there is still work to be done. Tariffs remain high in many countries. While two-thirds of all goods imported into the U.S. are duty-free -- and our average industrial tariff falls below 2% -- many nonindustrial nations maintain tariffs that are 12 times as high.



This situation persists in part because, like the U.N., the WTO struggles to forge consensus on the most basic issues among its 148 members. For example, simplifying customs rules has ranked among the priorities of U.S. negotiators in the talks that started at the WTO's [Fourth Ministerial Conference](#) in [Qatar](#), back in 2001. Nevertheless, customs procedures are often so antiquated that Padilla says some countries don't post rules on the Internet, can't rush approval for express deliveries, and maintain different rules and fee structures in different ports in the same country.

Another problem with the WTO, from an American perspective at least, is that other nations seem to be more aggressive than we are when it comes to getting what they want. The Chinese, who joined the WTO in 2001, have masterfully exploited current agreements that do not prohibit currency manipulation. [Beijing](#) has maintained its currency at its 1994 level against the dollar, thus artificially increasing the prices of our exports and lowering the prices of theirs, enabling them to flood the international markets with cheap goods.

Some Americans have found a way around this trap. For a while, [Tony Raimondo](#), CEO of Behlen Mfg. Co. of [Columbus, Nebr.](#), had suspended exports to [China](#). His company -- which manufactures agricultural grain bins, drying systems, and metal-frame building systems -- had suffered because Chinese copycats could manufacture these materials cheaper, owing to the unfair currency valuation. Later on, Raimondo stumbled on the idea of setting up a joint venture in Beijing that would also benefit from the cheap currency. "In order for us to sustain market share, we had to be on the inside," he says. He now does \$10 million a year overseas, or 10% of his annual revenue.

Like China, the Europeans often seem to be more astute when it comes to trade diplomacy. [Jerry Smith](#), the owner of Transcom Trading, a 15-person company in Irmo, [S.C.](#), saw this firsthand. His company, which exports equine, pet, and livestock products to [Europe](#) and [Asia](#), used to benefit from tax advantages under which the U.S. government allowed small businesses to shelter some export income in foreign sales corporations. A few years ago, the [European Union](#) brought a complaint against the U.S. before the WTO, arguing that those incentives amounted to subsidies. The Europeans won.

But then, in a move that still irks Smith, the WTO ruled that the E.U. countries were allowed to keep tax breaks for their small businesses. "There are all sorts of subsidies other governments find to duck the regulations," he grouses. "I'm confident that our competitors overseas will find ways to help their exports."

Such disappointments aside, the WTO's efforts have removed some of the cost from exporting. The group has also generated more interest in overseas markets. "A major part of the reason that small and midsize exporters grew in the last 20 years is the WTO," says [Jim Morrison](#), of the [Small Business Exporters Association](#) in [Washington, D.C.](#) "In some cases, if someone is just making a sale to [Canada](#) or [Mexico](#), it's incremental change. But others are opening their minds to possibilities that might not have been there before."



Randy Tofteland is emblematic of the entrepreneurs who have stepped up their international sales efforts in recent years. He's the president and CEO of SoftBrands, a 500-person [Minneapolis](#) firm that sells software to the hospitality and manufacturing industries. The company now has clients in 60 different countries. International sales account for almost half of its \$70 million in annual revenue. "Trade is now seamless and global," he says, "and those that take advantage of it are going to be the long-term winners." One can imagine the founding fathers of the WTO making the same bold prediction a decade ago.

Source :[http:// www.inc.com/magazine/20050101/wto.html](http://www.inc.com/magazine/20050101/wto.html)

A/ Using the information provided in the passage, complete the following fact sheet about the WTO

Date of foundation	
Headquarters	
Number of member countries	
Overall objective	
Specific objectives	

B/ The above information is 5 years old. Which of the following items of information has most likely changed now?

- a) WTO's premises
- b) The number of its member countries
- c) Its overall objective

C/ State whether the following statements are True or False.

- a. The Cancun WTO summit took place in 2003.
- b. The number of export-oriented small and medium-sized businesses in the USA almost doubled within a decade compared to that of large corporations
- c. WTO managed to reduce tariffs in all member countries.



- d. The Americans think that other nations have succeeded better than they did in getting what they want from the WTO
- e. Two thirds of US exports of goods are accounted for by big corporations.

D/ From the sentence: “Since the WTO came into being on January 1, 1995, tear gas -- not balloons – has accompanied its gatherings ». **It can be implied that WTO meetings have:**

- a) always been popular and constructive
- b) given rise to riots and demonstrations
- c) frequently been occasions for joy and celebrations

E/ Cross out the wrong word among the options given:

Reducing tariffs is mostly (**harmful / beneficial**) to (**smaller firms / bigger corporations**) because the (**former/the latter**) usually cannot invest (**overseas/at home**) to get around the laws the way a multinational does.

F/ It is understood from the passage that subsidies used by certain countries to help exports are:

- a) in compliance with the trade rules set by the WTO
- b) allowed only in some cases
- c) totally illegal

G/ Drag and drop in the table below the statements depending on whether they are mentioned as advantages, drawbacks and/or whether they are not mentioned at all.

- American entrepreneurs have benefited from WTO's tariff-reducing agreements-
- The number of SM-sized enterprises expanded thanks to WTO –
- -Volume of trade grew-
- -Corporate interests were given priority over environmental, health or labor-related issues-
- -WTO policies lead to the relocation of job markets –
- WTO decisions are reached through consensus-
- Due to WTO agreements , much damage is done to the environment-
- -Despite all the efforts made, tariffs in some countries are still high

Advantages	Drawbacks	Not mentioned
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H/ Fill in the table with information about the businesses mentioned in the Passage

Name of company	Size of workforce	Field of activity	Problem faced	Solution
	Not available			Setting up a joint venture
Transcom Trading				
		Software sale to the hospitality and manufacturing industries		

I/ Match phrases from Column A with the corresponding ones from B

Tariff-reducing agreements	A situation when imports exceed exports
Outsourcing of jobs	All the formalities which must be carried out by an importer and/or an exporter as goods enter/leave the country



Trade deficit	Manipulating the currency's value to keep it artificially undervalued so as to boost a country's exports
Customs procedures	Financial assistance granted by an entity (the government) to an individual/entity in support of an activity regarded as being in the public interest
Currency valuation	The title used to refer to the senior manager responsible for overseeing the activities of the entire company
Subsidies	One that imitates others' work without adding any ingenuity
CEO	Any factors (financial or non-financial) that enable or motivate a particular course of action
Copycat	Agreements enabling the reduction of customs duties on merchandise imports
Incentives	Relocation and subcontracting of employment

J/ Choose the option which is closest in meaning to the underlined words:

- A forum ...**to settle** disputes
a) solve b) institute c) turn a blind eye on
- ...**prompting** a trade war
a) triggering b) pre-empting c) preventing
- A group of developing countries banded together **to blast** the US...
a) bless b) praise c) attack vigorously
- Observers will surely **rehash** these failures...
a) use again without any change b) use again after changing them a little
c) overlook them
- U.S. exports of goods and services **topped** \$ 1 trillion ...
a) went a little over b) went beyond c) peaked at
- They **account for** about a third of all goods the US exports
a) report to b) are responsible for c) represent
- There are all sorts of subsidies other governments find **to duck** the regulations



- a) to comply with b) to dodge c) to reinforce

8. ...entrepreneurs who **stepped up** their international sales efforts...

- a) regulated b) increased c) maintained

III- POST-READING

A/ Complete with the correct form of the word:

Subsidize (v) subsidy (n) subsidized (adj) subsidiary (n)

1. Many different kinds of _____ are given to farmers to help them overcome the effects of drought.
2. To pre-empt social unrest, governments in the developing world _____ the prices of basic food commodities.
3. _____ meals at our canteen are among the incentives we use to keep our workforce happy.
4. Multinational companies have _____ in different countries.

B/ Collocations with 'trade'

1. Use words from the list below and collocate them with the word 'trade'. Then match these collocations with the explanations given:

Union - policy - balance - floor - volume - surplus - Jack - terms - tourist - blocks - retail - fair - free - off

- a) _____: business done by hotels
- b) _____: the difference between the monetary value of exports and imports of output in an economy over a certain period
- c) _____: organization of workers whose goal is to defend the interests of its members.
- d) _____: the total of goods traded during a given period of time
- e) _____: the area of an exchange where securities are bought and sold, e.g. in a stock market.
- f) _____: This occurs when the value of a country's exports is greater than the value of its imports

- g) _____: Any policy affecting international trade, including especially tariffs and nontariff barriers
- h) _____: a person able to do a variety of different jobs acceptably well.
- i) _____: The price of a country's exports relative to the price of its imports
- j) _____: stores that sell directly to consumers
- k) _____: Nations belonging to a mutual trade pact agreeing to give each other reduced trade tariffs and other accommodations while imposing trade barriers and restrictions to nonmember nations.
- l) _____: trade that is conducted legally
- m) _____: International trade, which is neither restricted nor encouraged by direct government intervention
- n) _____: an exchange that occurs as a compromise involving losing one quality or aspect of something in return for gaining another quality or aspect

C / Look at the following sentences taken from the passage:

- Its honeymoon was cut short...
- The Geneva-based group, which is modeled on the United Nations...was set up as a forum for governments...
- The meeting was eclipsed by riots.
- There is still work to be done...

⇒ All these sentences are in the **passive form**.

1. Rewrite the following public signs in full words using similar passive structures

Help obtained here
English spoken in this restaurant
Phone cards not sold here
Computers repaired here
Credit cards not accepted

Product line discontinued
Currency devalued
Meeting cancelled last minute
Discount given on all items
Junior accountant wanted

2. Rewrite the following sentences as indicated

- a) We need to train staff locally
 ➤ Local staff training _____
- b) WTO's efforts help the average firm



- The average firm _____
- c) We will raise the issue of farm subsidies at the next WTO meeting
 - The issue of farm subsidies _____
- d) The Chinese have masterfully exploited current agreements..
 - Current agreements _____
- e) The firm had suspended exports to China.
 - Exports to China _____

3. Rewrite the following sentences into the active form:

- a) The group is criticized for promoting policies that lead to the outsourcing of jobs.
- b) It should also be noted that American entrepreneurs have benefited from trade.
- c) Countries were allowed to keep tax breaks for their small businesses.
- d) There is still work to be done

Pronunciation:

A/ Decide whether the words given are used as nouns or verbs and decide whether the stress is placed on the first or second syllable.

- a) Their exports (noun / verb) [EXports] [exPORTS) for one year , exceed now what they used to export (verb / noun) [EXport] [exPORT] for ten years.
- b) What we import (verb / noun) [IMport] [imPORT] from Europe amounts to the sumtotal of our imports (noun / verb) [IMports] [imPORTS] from the rest of the world.
- c) The volume of trade reached last year an unprecedented (verb / noun) [REcord] [reCORD] .Never before have we been able to record (verb / noun) [REcord] [reCORD] such a volume.
- d) Most countries export their local produce (verb / noun) [PROduce] [proDUCE] and import the goods they cannot produce (verb / noun) [PROduce] [proDUCE] at home.
- e) In some countries, you need to obtain a special permit(verb / noun) [PERmit] [perMIT] that would permit (verb / noun) [PERmit] [perMIT] you to import some items from abroad

Listening

http://www.wto.org/english/res_e/webcas_e/webcas_e.htm#intro

Before you watch the video entitled “The routes of trade” which looks at the origin of trade and the role of the WTO within the international trading community, answer the following questions:



A/ Correct the information in the following statements

1. No trade, under any form whatsoever, had existed before money was invented.
2. WTO is the first international organization that was created to tackle the issues of international trade.
3. Barter consists in exchanging services for services.
4. International trade theory encourages countries to diversify the products they export.

B/ Listen to extract 1 [\[link\]](#) state whether the following are True or False. Justify your answers.

- a. It is trade that has enabled communities to live comfortably
- b. Trading activities have been restricted to urban areas
- c. The existence of non-locally made products thousands of miles from where they
- d. were produced suggests an early form of international trade.
- e. In the olden times, when disputes arose over the terms of trade, countries resorted
- f. to international arbitration.

C/ Referring to the information provided by the extract, tick the best option(s):

- The WTO was created to:
 - a. Establish the rules of international trade
 - b. Settle disputes before they degenerate into wars
 - c. Bring in a new globalized economic order.
- Examples are given as evidence of the interdependence of countries through trade.
Select the one which applies:
 - The assembling of computers, cars and washing machines.
 - The assembling of cars only
 - The integration of agricultural production

D/ Select the applicable option.

- For trade to be beneficial for all, trade must be:
 - fair
 - balanced
 - duty-free
- By closing its borders to imports, a country ends up:
 - affecting its own exports and creating unemployment
 - improving its trade balance.
 - forcing the other countries to do the same.

**E/ Listen to extract 2 [link] and provide the figures given to speak about:**

1. Date when the great depression took place : _____
2. Date at which GATT was brought into force: _____
3. Number of countries signing up for GATT then: _____
4. The Uruguay Round : _____.
5. The number of participating governments in the Marrakech meeting deciding to extend WTO's rules : _____
6. Volume of goods crossing borders each year in \$: _____
7. Volume of goods traded per hour in \$: _____
8. Date at which the Seattle meeting took place: _____

F/ What did the extension of rules agreed upon by governments participating in the meeting at Marrakech cover? (Tick where appropriate)

- Trade in goods
- Trade in services
- Intellectual properties
- Agricultural products

G/ In Seattle, the demonstrators accused the WTO of: (Tick where appropriate)

- Threatening the environment
- Causing job losses
- Harming the developing countries
- Triggering financial crises
- Imposing unfair competition

H/ Now listen to extract 3 [link] and answer the following questions:**1. Match the sentence parts in the columns**

1	Agricultural subsidies are blamed for
2	Special WTO seminars are used for
3	The shock caused by certain changes can be absorbed through

A	training dozens of officials from developing countries every year
B	providing a number of accompanying measures in both the rich and developing countries
C	better explaining the benefits of trade and its impact on the developing countries.

4	One of the jobs that the WTO has to do is	D	meeting and discussing the role of trade in people's lives
5	The WTO's public forums attended every year by more than 2000 participants provide a platform for	E	distorting fair competition

2. Using information from the extract, correct the following statements:

- Some influential members of the WTO can veto some of the decisions.
- Trade is said to bring places closer
- countries want to export what they like best
- What the world needs is sustained development.

Writing:

Using the information below, write a short descriptive essay on the WTO.

❖ Background of WTO

- Established January 1, 1995
- 153 member nations
- Replaced the General Agreement on Tariffs and Trade (GATT), set up after WWII
- In 1947, average world tariffs for manufactured goods were 40%
- Today, average world tariffs for manufactured goods are 4%
- All WTO member nations are required to grant "most favoured nation" status to one another,
- meaning that if a country offers trade concessions to one WTO country, it must offer them to all.

❖ Aims of WTO

- to administer WTO trade agreements
- to be a forum for trade negotiations
- to handle trade disputes among member countries
- to monitor national trade policies



- to provide technical assistance and training for developing countries
- to cooperate with other international organizations