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大学经贸英语

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前　　言

本书是为高等院校英语专业高年级学生编写的经济专业英语教科书。

本书的编写宗旨是力求将经济知识和专业英语的学习与高年级英语学习融为一体，既培养和提高学生阅读英语原著和报刊的能力，又向学生提供广泛的经济专业知识及有关的英语知识。全书共有16课，以英语语言难易程度为序；课文选题广泛，涉及经济诸多方面，均选自近年来英美等国的经济专业书刊；课文注释中用英语解释有关经济专业概念和背景知识；课文练习精炼实用。本书做为精读教材，每课1周6课时，可供1学期使用。

本书编写过程中，获得北京外国语大学科研基金赞助。北京外国语大学 D. N. Hsiung 教授和梅仁毅教授对本书进行了审校，谨此深表谢意。

编　者

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Lesson 1

Text

Motives for Direct Foreign Investment

The multinational corporation (MNC) has come to play a decisive role in world trade and investment patterns. These firms have a number of identical features. Operating in many host countries the MNC often conducts research and development activities in addition to manufacturing, mining, and extraction operations.

The MNC cuts across national borders and is often directed from a corporate planning center that is distant from the host country where a particular operation occurs. Both stock ownership and corporate management are typically multinational in character.

New MNCs do not just haphazardly pop up in foreign nations. With the exception of the extractive industries, MNCs develop because of conscious planning by corporate managers. Both economic theory and empirical studies support the notion that direct foreign investment is conducted in terms of anticipated future profits. It is generally assumed that investment flows from regions of low anticipated profits to high anticipated profits, after allowing for risk. Although expected profits may ultimately explain the process of direct foreign investment, corporate management may emphasize a variety of other factors when asked about their investment motives. These factors include market demand conditions, trade restrictions, investment regulations, and labor cost advantages. All of these factors have a bearing on cost and revenue conditions and hence on the level of profit. Perhaps the most important motive for investing abroad is the search for new sources of profit. Some MNCs set up overseas subsidiaries to tap foreign markets that cannot be maintained adequately by export products. This sometimes occurs in response to dissatisfaction over distribution techniques abroad. Consequently, a firm may set up a foreign marketing division, and later, manufacturing facilities. This incentive may be particularly strong when it is realized that local taste and design differences exist. A close familiarity with local conditions is of utmost importance to a successful marketing program.

The location of foreign manufacturing facilities may also be influenced by the fact that some parent firms find their productive capacity already sufficient to meet domestic demands. If they wish to enjoy growth rates that exceed the expansion of domestic demand, they must either export or establish foreign production operations. General Motors, for example, has felt that the markets of such countries as Britain, France, and Brazil are strong enough to permit the survival of GM manufacturing subsidiaries.

Market competition also may influence a firm's decision to set up foreign facilities. Corporate strategies may be defensive in nature, as they are directed at preserving market shares from actual or potential competition. The most certain method of preventing foreign competition from becoming a strong force is to acquire foreign business firms. For the United States, the 1960s and 1970s witnessed a tremendous surge of acquisition of foreign firms. Approximately half of the foreign subsidiaries operated by U. S. multinational firms were originally acquired by the purchase of already existing concerns during this era.

MNCs are also influenced by the desire to increase profit levels through reduction in production costs. Such cost-reducing direct foreign investments may take a number of forms. The pursuit of essential raw materials may underlie a firm's intent to go multinational. This is particularly true of the extractive industries and certain agricultural commodities. United Fruit, for example, has established banana-producing facilities in Honduras to take advantage of the natural trade advantages afforded by the weather and growing conditions. Natural supply advantages such as resource endowments or climate conditions may indeed influence a firm's decision to invest abroad.

Another factor explaining multinational investment involves costs other than material inputs, notably labor. Labor costs as well as other production costs tend to differ among national economies. International corporations may be able to hold cost down by locating part or all of their productive facilities abroad. Many American electronic firms, for instance, have had their products either completely produced or at least assembled abroad to take advantage of cheap foreign labor.

Government policies may also lead to direct foreign investment. Some nations attempting to lure foreign manufacturers to set up employment-generating facilities in their countries might grant subsidies such as preferential tax treatment or free factory buildings to the MNCs. More commonly, the desire to circumvent import tariff barriers may have an impact on direct investment. For example, in response to the formation of the EEC, which placed common external tariff against outsiders, whereas trade barriers among member countries were reduced, U.S. companies were induced to circumvent these barriers by setting up subsidiaries in the member countries. Another example is Japanese firms that apparently located additional auto assembly plants in the United States in the early 1980s to diffuse mounting protectionist pressures.

If a firm is to engage successfully in international business, it must enjoy cost advantage over competition. The source of this advantage may be access to superior factor inputs, more capable management, or superior production techniques. Even if a firm does have a competitive advantage over foreign producers, it faces the question of whether production should occur at home for export abroad or whether foreign manufacturing facilities should be set up. The most important factors that underlie this decision are the following: (1) import tariff structures, (2) the size of the foreign market in relation to the firm's most efficient plant size, (3) comparative labor productivities and wage levels, and (4) the amount of capital used in the production process.

Should the firm wish to enter overseas markets by way of foreign production, it must decide whether it is best to set up overseas operations through direct foreign investment or by extending licenses or franchises to local firms to produce its goods. In Great Britain, there are Kentucky Fried Chicken establishments that are owned and run by local residents. The parent organization merely provides its name and operating procedures in return for royalties or fees paid by the local establishment. Although licensing is widely used in practice, it presupposes that local firms are capable of adapting their operations to the production process or technology of the parent organization.

International business decisions are influenced by such factors as production costs, fixed costs of locating overseas, the importance of labor and capital in the production process, and the size of the foreign market. Another factor that determines international business decisions is the element of risk and uncertainty. Management is constantly concerned with possible reactions to competitors' currency devaluations, changes of relative prices, and expropriation possibilities. Because these factors may affect the profitability of conducting business overseas, they must also be incorporated into international business decisions.

(from *International Economics* by Robert J. Carbaugh)

Notes

1. corporation (股份公司):

   It is one of the four legal forms of business organization, the other three being the sole proprietorship (独资企业), the partnership (合伙公司), and the cooperative (合作社). When a firm is chartered as a corporation, it becomes a separate legal entity apart from its owners or shareholders. It has continuity of life since ownership in the form of shares of stock can be transferred without the corporation being dissolved. Through the sale of stock, it can raise large sums of money. And unlike a sole proprietorship or partnership, the corporate owners have limited liability (有限责任)—they can lose only what they have invested in the business.

2. the multinational corporation (跨国公司):

A multinational corporation is one that sells in more than one country, runs plants or owns subsidiaries in two or more countries, and has its stock owned internationally. It arranges production, sales, and other operations on a worldwide basis to acquire maximum interest for the entire corporation. Today, multinationals have come to play a decisive role in international direct investment and world trade. They have not only changed the face of international economic activity, but also have brought about complex problems to both the home country and the host country.

3. direct foreign investment (国外直接投资):

Foreign investment is of two kinds, direct investment and portfolio investment (有价证券投资). Direct investment, or direct foreign investment, refers to investment in enterprises located in a foreign country, for which the investor obtains managerial control. In contrast, portfolio investment is the purchase of foreign stocks and bonds or government securities, etc., for which the investor will get income or capital gain at a later date, but not any managerial control.

4. stock ownership (股票所有权):

Ownership of the corporation in the form of stock. Stock is sold by the corporation in shares. It is simply a piece of paper certifying that the holder is a part owner of the business for his capital contributed to the corporation. This stock ownership, as represented by shares of stock, can be resold by one shareholder to another. Multinational corporations issue stocks on a worldwide scale.

5. trade restrictions (贸易限制):

Barriers to free trade. One of the most common forms of restriction is the tariff (关税). A tariff is a duty or tax levied on foreign imports. There are also several nontariff restrictions that are used to limit imports and encourage the export of domestic commodities. Import quotas and export subsidies are two examples of the kind. An import quota (进口配额) is a maximum absolute amount of a particular commodity that may be imported. An export subsidy (出口补贴) is a government payment to private firms to encourage the export of certain goods or to prevent discrimination against exporters who may have to sell their product at a world price that is below the domestic price.

6. distribution techniques (产品经销方式):

Ways of conveying goods or services from the producer to the ultimate user. There are basically two ways of distribution. One way is for the producer to sell directly to the user. The other way is to rely on middlemen—agents, wholesalers, and retailers.

7. marketing division (市场销售部):

Marketing is a total system of business activities. Marketing involves (1) finding out what products or sevices comsumers want and how big their markets are and then planning and developing those desirable products; (2) providing information on the price at which a particular product or servic should be sold; (3) promoting the sale of products through personal selling, advertising, public relations, and sales promotion such as trade shows and distribution of samples; and (4) deciding on how products are distributed to comsumers. So marketing is a much broader concept than selling, promotion(促销), and distribution. Each of the others is only one part in the total marketing system.

8. acquisition (兼并):

Acquisition is one form of business combination in which one company buys another company or parts of another company. In the former case, the acquired company ceases to exist, and in the latter case, the acquiring company emerges as the controlling company. Examples of other forms of business combination are mergers (合并) and joint ventures (合资). A merger is the combination of two companies in which both old companies cease to exist and a new enterprise is created. A joint venture is a jointly owned enterprise supported by investment of two or more parties for the purpose of mutually beneficial activities. It may be formed by two MNCs, an MNC and a government, or an MNC and local business-persons. Ownership of the joint venture need not be a 50-50 arrangement. Some countries stipulate the relative amount of ownership allowable to foreign firms in joint ventures.

9. labor productivity (劳动生产率):

The amount of product turned out by a worker per unit of time. The level of labor productivity is chiefly determined by such factors as the quality of labor, the application of technological progress in production, and the efficiency in organization and management of productive activities. Increase in labor productivity is essential for the success of a firm in particular, and a nation's economy in general.

10. licensing and franchise (许可证交易和经营权特许):

Licencing is an agreement by which a firm (the licensor, 发证方) sells to another firm (the licensee, 受证方) the right to manufacture a product with its know-how and market the product with its trademark in return for an initial fee and a percentage of the income from the sales of the product by the licensee.

Franchise is similar to licencing, except that in addition to granting the franchisee (特许获得方) permission to use a name, process, method, or trademark, the franchiser (特许给予方) assists the franchisee with its operations and/or supplies raw materials. The franchiser generally also has a larger degree of control over the quality of the product than under licensing.

Exercises

Ⅰ. Answer the following questions on the text:

1. What are some of the identical features of MNCs?
2. What is the most important motive for MNCs' direct foreign investment?
3. If a firm already has sufficient productive capacity to meet domestic demands, what does it have to do to further expand its business?
4. If a certain firm is exporting its products to a given country, in what cases will it try to invest directly in that country?
5. How does market competition influence a firm's decision on its direct foreign investment?

6. How do you explain multinational investment in terms of raw materials and labor costs?
7. Do government policies have an impact on foreign investment? How so?
8. What are the most common forms of overseas operations for MNCs?
9. What are some of the risks and uncertainties involved in international business? Why must this element be taken into consideration by business decision makers?

Ⅱ. Translate the following:

1. parent company, subsidiary company, foreign-owned company, holding company, trade company, trust company, China Ocean Shipping Company, Nanjing Cereals, Oils and Foodstuffs Import & Export Corporation, China National Offshore Oil Corp., Beijing Stone Group Co., Guangzhou Kimberley Mechanical & Electrical Enterprises Ltd., capital investment, portfolio investment, investment portfolio, investment environment, real estate investment, research and development investment, investment appraisal
2. 公司的战略、政策和计划,种种其它因素,世界贸易和投资的模式,除了采掘工业之外,建立海外子公司最重要的动机,寻求新的利润来源,对国外经销方法的不满意,国外生产设备的定址,企业兼并的巨浪,通过在国外生产的方式,像税收待遇优惠之类的补贴,国际商务决定
3. 这些因素都直接关系到国际投资的流向。(bearing)
4. 公司经理考虑了将冒的风险之后,决定在东道国再投资 60 万美元。(to allow for)
5. 为进一步开发国外市场,很多公司已在国外设立了销售部或

者子公司。(to tap)

6. 吸引外资发展国民经济是非常重要的，这对发展中国家来说尤其如此。(to be true of)
7. 降低生产成本是决定建立海外生产设施的主要因素之一。(to underlie)
8. 产品质量的好坏，价格是否具有竞争力，对公司的成败极为重要。(to be of importance)
9. 他建议减价10%，以便扩大市场占有率，这一建议已被纳入公司的销售计划。(to incorporate)
10. 全球化是确保产品成本最低、质量最高的最好方法。(to assure)

Ⅲ. Study the meanings of the word "operate" and its derivatives in the following sentences:

1. More than several thousand foreign companies now operate in the country.
2. The company operates 3 factories in the North.
3. Be sure not to operate against rules.
4. The desire to increase profit levels led them to set up foreign production operations.
5. GM's European operations are spread quite evenly all over Europe.
6. There has been a sharp fall in North American automotive operations since the Mexican monetary crisis.
7. Some operating procedures are a technical know-how, and no firm would provide them for nothing.
8. They decided to close this shop for its poor operating earnings in the past few years.
9. The management feel it is time to have a factory in operation in

China, and they plan to do so within 3 years.

10. The first thing new operators are required to do is to learn by heart regulations for technical operations.

Ⅳ. Translate the sentences into Chinese:

1. The location of foreign manufacturing facilities may also be influenced by the fact that some parent firms find their productive capacity already sufficient to meet domestic demands.
2. Management is constantly concerned with possible reactions to competitors' currency devaluations, changes of relative prices, and expropriation possibilities.
3. Corporate strategies may be defensive in nature, as they are directed at preserving market shares from actual or potential competition.
4. Many American electronic firms, for instance, have had their products either completely produced or at least assembled abroad to take advantage of cheap foreign labor.
5. For example, in response to the formation of the EEC, which placed common external tariff against outsiders, whereas trade barriers among member nations were reduced, U.S. companies were induced to circumvent these barriers by setting up subsidiaries in the member nations.

Ⅴ. Fill in each blank with an appropriate word from the list given below:

production, market, sold, transportation, whose, raw, home, assembled, location, whatever, companies

More and more of the great corporations of the world have come to consider their "natural" markets to be the globe, not just their _______ countries. The struggle in automobiles, in computers, in telecommunications, in steel, is for shares of a world _______. That is why we find _______ such as IBM or General Motors considering the entire globe as their oyster, not only with regard to the "sourcing" of _______ materials, but to the _______ of plants, and finally the direction of sales effort. With modern rapid jet _______, instant global data retrieval, and highly organized systems of _______ and distribution, the manufacture of commodities is more and more easily moved to _______ country produces them more cheaply, whereas their sale is focused on the countries that represent the richest markets. Thus we have a transistor radio _______ parts have been made in Hong Kong or South Korea or Singapore, _______ in Mexico, and _______ in the United States—by a Japanese manufacturer!