

**Inglês I**  
**Época Normal**  
 8 January 2010  
 18.00 – 20.00

**A. Writing** (13.5 points)

Using your knowledge of the Bric countries, write an informative paragraph (2/3 – 1 page) to accompany Figure 1 below. (The raw data are given in Table 1.) Remember that the written information should complement the information in the graph. Your text will be marked on relevance and breadth of content, clarity of organisation and information flow, range and appropriacy of structures and vocabulary, and grammatical accuracy.

Figure 1: Selected Exports as % of Merchandise Exports

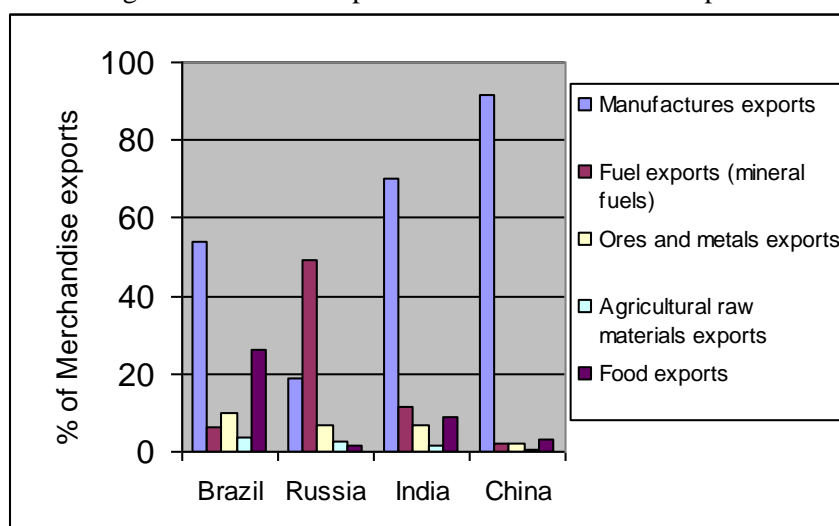


Table 1

	Manufactures exports	Fuel exports	Ores and metals exports	Agricultural raw materials exports	Food exports
Brazil	53.88%	6.11%	9.8%	3.9%	26.3%
Russia	18.9%	49.01%	6.79%	2.7%	1.61%
India	70.32%	11.4%	6.85%	1.54%	8.89%
China	91.8%	2.3%	1.86%	0.52%	3.32%

Source: Nationmaster.com

## B. Reading Comprehension (5 points)

Read the text and answer the questions that follow.

### Bamboo shoots of recovery

1           The Chinese consider eight to be a lucky number because it sounds like the word meaning “prosperity”. And luck, combined with a massive fiscal stimulus, may yet help the government to achieve its growth target of 8% in 2009. Earlier this year, most economists thought such growth was impossible at a time of deep global recession, but some are now nudging up their forecasts.

5           At first sight, the GDP figures published on April 16<sup>th</sup> were disappointing. China’s growth rate fell to 6.1% in the year to the first quarter, less than half its pace in mid-2007. On closer inspection, however, the economy is starting to perk up. Comparing the first quarter with the previous three months, GDP rose at an estimated annualised rate of around 6%, after nearly stalling in the fourth quarter. By March the economy was gaining more speed, with the year-on-year increase in industrial production rising to 8.3% from an average of 3.8% in the previous two months. Retail sales were 16% higher in real terms than a year ago, and fixed investment has soared by 30%, signalling that the government’s infrastructure-led stimulus is starting to work.

10           Exports, on the other hand, tumbled by 17% in the year to March and global demand is widely expected to remain weak this year. **This** is the main reason why some economists expect GDP growth of “only” 5% for 2009 as a whole. But the gloomier forecasts tend both to overstate the importance of exports and to understate the size of the government’s stimulus.

15           Contrary to conventional wisdom, China’s sharp economic slowdown was not triggered by a collapse in exports to America. Its growth began to slow in 2007, well before exports stumbled, driven by a collapse in the property market and construction. **This** was the result of tight credit policies aimed at preventing the economy from overheating. The global slump dealt a second blow late last year, but China is less dependent on exports than is commonly believed. Exports account for nearly 40% of GDP but **they** use a lot of imported components, and only make up about 18% of domestic value-added. Less than 10% of jobs are in the export sector.

20           If a collapse in domestic demand led China’s economy down, **it** can also help lead it up again. Not only is China’s fiscal stimulus one of the biggest in the world this year, but the government’s ability to “ask” state-owned firms to spend and state banks to lend means that the government’s measures are being implemented more rapidly than elsewhere. To take one example, railway investment has tripled over the past year.

25           Only about 30% of the government’s 4 trillion yuan (\$585 billion) infrastructure package is being funded by the government. Most of the rest will be financed by bank lending, which had already soared by 30% in the 12 months to March, twice its pace last summer. JPMorgan thinks that this credit and investment boom could lift GDP growth to an annualised pace of over 10% in each of the next three quarters.

30           Jonathan Anderson, an economist at UBS, argues that the property market could be as important as the fiscal stimulus in determining China’s fate. After falling sharply last year, housing sales rose by 36% in value in the year to March. Housing starts are still down, but if sales continue to strengthen, construction could pick up in the second half of 2009. **That** would also help to support consumption: about half of China’s job losses among migrant workers have been in the building industry.

35           If construction does recover and infrastructure spending continues to rise, then even if exports remain weak, China could see growth of close to 8% this year – impressive stuff when rich economies are expected to contract by 4-5%. There are growing concerns about the quality of that growth, however. The World Bank estimates that government-influenced spending will account for three-quarters of China’s GDP growth this year. The clear risk is that politically directed lending creates more overcapacity, poor rates of return and future bad loans for banks.

40           **These** are valid concerns. But Andy Rothman, an economist at CLSA, a brokerage, reckons that state-owned firms mainly plan to increase their spending on upgrading existing productions facilities, rather than expanding capacity. Also about half of the increase in investment is on public infrastructure. **This** will inevitably include some white elephants but, in a poor country, the return on infrastructure investment is generally high. There is no need to build “bridges to nowhere” when two-fifths of villages lack a paved road to the nearest market town.

*The Economist*, April 18th-24th 2009

Name: \_\_\_\_\_ N°: \_\_\_\_\_

Choose the best answer to complete the sentence or answer the question. Circle the corresponding letter.

1. The Chinese government has encouraged investment in
  - a. railways;
  - b. infrastructure;
  - c. roads and bridges;
  - d. all of the above.
  
2. It is generally believed that the downturn in China's economy is due to
  - a. a decline in its exports;
  - b. a downturn in the construction industry;
  - c. a decrease in house sales
  - d. the global recession.
  
3. What does the writer imply about the future of exports?
  - a. Exports are expected to rise slightly;
  - b. There will be an increased decline in exports;
  - c. There will be little change in exports;
  - d. Exports will rise steadily.
  
4. The slowdown in China's economy was initially caused by
  - a. the global crisis;
  - b. a downturn in real estate sales;
  - c. falling productivity;
  - d. a fall in exports to America.
  
5. China's economy
  - a. has suffered a severe downturn;
  - b. has stabilized;
  - c. is proving resilient to the global situation;
  - d. is recovering from a recession.
  
6. Which statement is false?
  - a. In 2007 credit was difficult to get;
  - b. The Chinese economy can react quickly to government measures because of the number of state-owned firms;
  - c. In 2007 the government feared that aggregate supply could not meet aggregate demand;
  - d. The return to high growth rates will depend mainly on rising exports.
  
7. At the beginning of 2009 most economists were ..... about China's ability to achieve a targeted growth rate of 8% for 2009.
  - a. generally optimistic;
  - b. sceptical;
  - c. noncommittal;
  - d. undecided.
  
8. Which is true?
  - a. Bank lending in China has increased slightly over the last year;
  - b. Greater credit-led investment represents increased risk for the sustainability of China's growth;
  - c. The Chinese government is funding most of the infrastructure package.
  - d. All of the above.

What do the following expressions (marked in **bold** in the text) refer to?

9. This (*line15*);
10. This (*line20*);
11. they (*line 23*);
12. it (*line 25*);
13. That (*line 38*);
14. These (*line 47*);
15. This (*line50*).

### C. Vocabulary (1.5 points)

The following sentences were taken from recent editions of *The Financial Times*. Complete the gaps with a suitable word or expression that begins with the letter given. A paraphrase of the meaning is provided to help you. You might need to add a preposition or conjugate a verb.

1. India's Sensex jumped 249%, thanks to the country's IT talent and **o**..... skills. (the buying in of components, sub-assemblies, finished products, and services from outside suppliers rather than supplying them internally)
2. "Nan Shan will benefit from a strong **l**..... **p**..... and a close bank assurance relationship with Chinatrust," he told the Financial Times. (company based in a foreign country with whom a partnership is formed)
3. But Mr Mahony says that although the **g**..... **e**..... is improving, that might not be enough. (the economies of all the countries of the world considered as a whole)
4. In spite of the uncertainties, companies were deploying strategies to expand **m**..... **s**..... and increase revenues as growth returned. (proportion of the total sales of a brand or product that is produced by a company in relation to other companies with whom they compete)
5. The urge to merge was driven by globalisation, **d**....., the need to reduce costs and the desire to gain critical mass. (removal of controls by governments on the operation of markets)

## ANSWERS

### B. Comprehension

1. d
2. a
3. c
4. b
5. c
6. d
7. b
8. b
9. The fact that exports, on the other hand, tumbled by 17% in the year to March and global demand is widely expected to remain weak this year
10. The collapse in the property market and construction
11. Exports
12. Domestic demand
13. If sales continue to strengthen, construction could pick up in the second half of 2009.
14. (Concerns about) the quality of investment as expressed by the World Bank estimates that government-influenced spending will account for three-quarters of China's GDP growth this year and the clear risk that politically directed lending creates more overcapacity, poor rates of return and future bad loans for banks.
15. (investment in) public infrastructure

### C. Vocabulary (1.5 points)

1. India's Sensex jumped 249%, thanks to the country's IT talent and **outsourcing** skills. (the buying in of components, sub-assemblies, finished products, and services from outside suppliers rather than supplying them internally)
2. "Nan Shan will benefit from a strong **local partner** and a close bank assurance relationship with Chinatrust," he told the Financial Times. (company based in a foreign country with whom a partnership is formed)
3. But Mr Mahony says that although the **global economy** is improving, that might not be enough. (the economies of all the countries of the world considered as a whole)
4. In spite of the uncertainties, companies were deploying strategies to expand **market share** and increase revenues as growth returned. (proportion of the total sales of a brand or product that is produced by a company in relation to other companies with whom they compete)
5. The urge to merge was driven by globalisation, **deregulation**, the need to reduce costs and the desire to gain critical mass. (removal of controls by governments on the operation of markets)