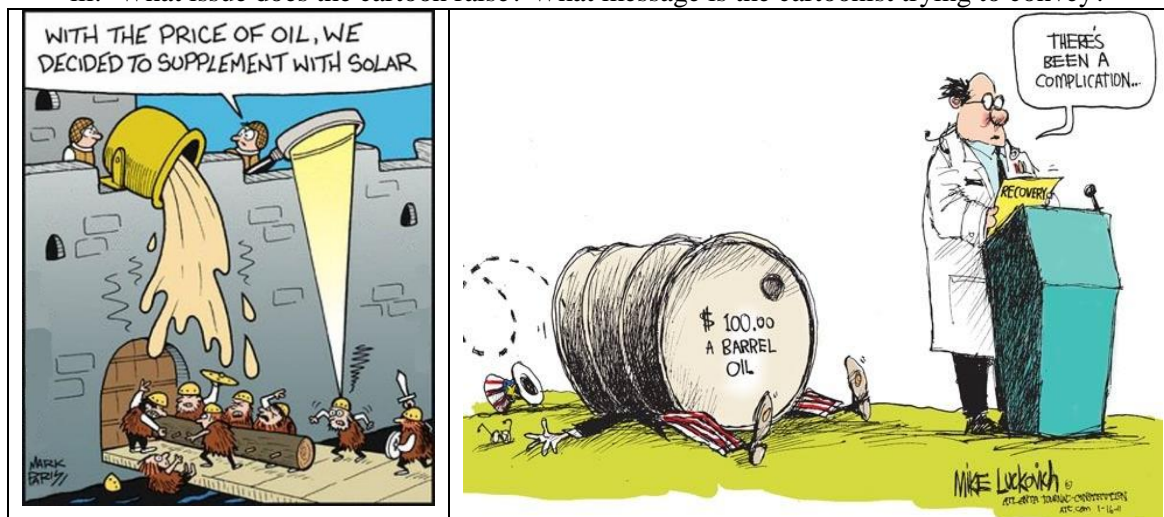


A. CARTOON ANALYSIS

1. Consider the cartoons.

- i. What does the cartoon depict? Who is represented in the cartoon?
- ii. What elements act as symbols for concepts, entities, people or groups, etc? What qualities or characteristics are associated with the elements depicted in the cartoon?
- iii. What issue does the cartoon raise? What message is the cartoonist trying to convey?



2. Place each verb/noun in an appropriate gap in the paragraphs.

represents	represent	shows	evoke
implies	symbolises	depicts	brings to mind
suggests	argues	implication	looks
seems	suggest	implying	

The first cartoon **1**.... a picture of a castle being attacked by soldiers dressed in medieval clothes. Two soldiers standing on the ramparts are defending the castle. One is pouring boiling oil over the assailants who are trying to break down the gate with a battering ram. He is also looking disapprovingly at his fellow soldier, who is using a magnifying glass to concentrate the sun's rays into a beam that is able to burn an enemy soldier's helmet. This soldier **2**.... to feel he needs to justify his actions, *for* he comments, "With the price of oil, we decided to supplement with solar." The medieval castle, its assailants' method of attack and its defence by pouring boiling oil or concentrating sunlight through a magnifying glass **3**.... a contrast between tradition and innovation. The boiling oil and its use **4**.... crude oil and the way it is used in today's society, and the magnifying glass **5**.... newer alternatives to oil. The comment **6**.... that the soldier is only using solar energy because oil has become too expensive, and the soldiers' facial expressions **7**.... reluctance to this change. The cartoon raises the issue of the impact of oil prices on the development of renewable energies. It **8**.... that the shift away from oil towards sustainable alternatives stems from market forces, **9**.... that alternative energy sources to oil will only be developed if the price of oil remains high.

The second cartoon **10**.... a man dressed as a doctor in a white lab coat with a stethoscope giving a speech on recovery. He is announcing that there has been a complication, and he **11**.... uncomfortable. Behind him is a barrel of oil that costs \$100, and it has rolled on top of and crushed another man, dressed in the colours and patterns of the US flag. The conjunction of the term 'recovery' and the barrel of oil costing '\$100' **12**.... a link to the economy. The man crushed by the barrel of oil **13**.... the United States of America and, by extension, its economy while the doctor **14**.... an economist or government official who is responsible for diagnosing problems in the US economy. The cartoon highlights the issue of the US economic dependence on oil. The **15**.... is that the high oil prices are crushing the US economy, and they are impeding its economic recovery.

3. How are the paragraphs structured in stages? What is the purpose of each stage? Which verbs are associated with each stage?

4. In what way do the thematic choices contribute to the coherence and development of the paragraph? What is the function of 'for'? (see powerpoint presentation & grammar file)

5. Each cartoon highlights a relation of cause and effect. What are they? How are they realised in the verbal mode of the paragraphs?

B. THREE ECONOMIC ISSUES

1. What are some examples of the uses of oil in our society today. How important is it? Why?

2. Complete the following sentences by inserting a preposition in the blanks.

- i. Oil and its derivatives are basic inputs for many household products ranging plastic utensils polyester clothing.
- ii. The price of oil fell comparison the prices of other products.
- iii. Economic activity was organised the assumption cheap and abundant oil.
- iv. Most nations were dependent oil.
- v. High prices choke off the demand the product.

3. Read the following sentences and choose the best meaning for the underlined expression.

- | | |
|--|--|
| <p>i. OPEC forecast that <u>cutbacks</u> in the quantity demanded would be small.</p> <ol style="list-style-type: none"> a. reductions b. increases | <p>iv. When the price of oil increases <u>sixfold</u>, every firm will try to reduce its use of oil-based products.</p> <ol style="list-style-type: none"> a. six percentage points b. by six times c. six per cent |
| <p>ii. Oil prices are traditionally <u>quoted</u> in US dollars per barrel.</p> <ol style="list-style-type: none"> a. taken b. reported c. held | <p>v. British coalminers were able <u>to secure</u> large wage increases.</p> <ol style="list-style-type: none"> a. to organise b. to obtain c. to tighten |
| <p>iii. Higher demand for these commodities <u>bids up</u> their price.</p> <ol style="list-style-type: none"> a. raises b. lowers c. maintains | <p>vi. The opposite effects may be expected if the 1986 <u>oil price slump</u> persists.</p> <ol style="list-style-type: none"> a. low oil prices b. high oil prices c. peak oil prices |
| <p>vii. High oil prices <u>encourage</u> consumers to <u>purchase</u> substitute commodities.</p> <ol style="list-style-type: none"> a. teach b. require c. stimulate | <ol style="list-style-type: none"> d. produce e. acquire f. buy |
| <p>viii. The dramatic price increases have become known as the OPEC oil price shocks because of the <u>upheaval</u> they <u>inflicted</u> on the world economy.</p> <ol style="list-style-type: none"> a. important and problematic adaptation b. slow and steady changes c. violent and sudden changes or disruption | <ol style="list-style-type: none"> d. caused e. were caused by f. found |
| <p>ix. <u>Commuters</u> form <u>car pools</u></p> <ol style="list-style-type: none"> a. people who travel some distance to work on a regular basis b. people who transfer cars c. people who study traffic flow in a city | <ol style="list-style-type: none"> d. databases of the traffic flow in cities, particularly that of cars e. a group of people who use one car f. a group of cars that service one area |
| <p>x. A <u>disturbance</u> anywhere <u>ripples</u> throughout the entire economy.</p> <ol style="list-style-type: none"> a. change b. noise c. altercation | <ol style="list-style-type: none"> d. sends waves e. causes other changes f. marks |

4. Read the text 'Three economic issues'. As you read, write the following topic notes in the margins at the appropriate letter (a - j).

- *Economy based on cheap oil*
- *Who is affected by high oil prices & how → oil producers gain, oil importers lose*
- *People's response to prices affects production*
- *Allocation scarce resources related to what, how & for whom to produce*
- *Oil price shocks challenge economic assumptions*
- *Sudden rise in oil price*
- *Economy an interconnected system*
- *Effect oil price shocks on how economy produces → production to use less oil*
- *Definition a scarce resource*
- *Effect high oil prices on what is produced → increase in substitutes*

1-1 THREE ECONOMIC ISSUES

- 1 Trying to understand what economics is about by studying definitions is like trying to learn to swim by reading an instruction manual. Formal analysis makes sense only once you have some practical experience. In this section we discuss three economic issues to show how society allocates scarce resources between competing uses. In each case we see the importance of the questions what, how, and for whom to produce.

The Oil Price Shocks

- Oil is an important commodity in modern economies. Oil and its derivatives provide fuel for heating, transport, and machinery, and are basic inputs for the manufacture of industrial petro-chemicals and many household products ranging from plastic utensils to polyester clothing. From the beginning of this century until 1973 the use of oil increased steadily. Over much of **this period** the price of oil fell in comparison with the prices of other products. Economic activity was organized on the assumption of cheap and abundant oil.

- In 1973-74 there was an abrupt change. The main oil-producing nations, mostly located in the Middle East but including also Venezuela and Nigeria, belong to OPEC – the Organization of Petroleum Exporting countries. Recognizing that together **they** produced most of the world's oil, OPEC decided in 1973 to raise the price for which **this** oil was sold. Although higher prices encourage consumers of oil to try to economize on its use, OPEC correctly forecast that cutbacks in the quantity demanded would be small since most other nations were very dependent on oil and had few commodities available as potential substitutes for oil. Thus OPEC correctly anticipated that a substantial price increase would lead to only a small reduction in sales. **It** would be very profitable for OPEC members.

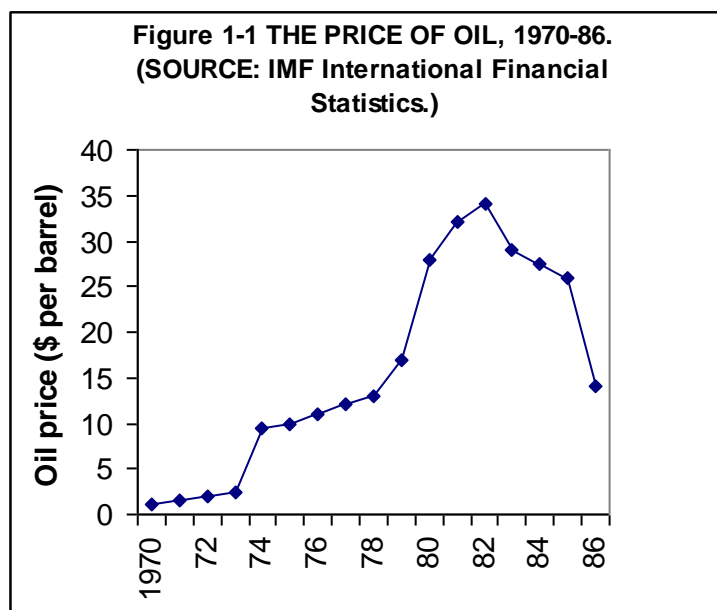
- Oil prices are traditionally quoted in US dollars per barrel. Figure 1.1 shows the price of oil from 1970 to 1986. Between 1973 and 1974 the price of oil *tripled*, from \$2.90 to \$9 per barrel. After a more gradual rise between 1974 and 1978 there was another sharp increase between 1978 and 1980, from \$12 to \$30 per barrel. The dramatic price increases of 1973-74 and 1978-80 have become known as the OPEC *oil price shocks*, not only because **they** took the rest of the world by surprise but also because of the upheaval they inflicted on the world economy, which had previously been organized on the assumption of cheap oil prices.

- Much of this book teaches you that people respond to prices. When the price of some commodity increases, consumers will try to use less of **it** but producers will want to sell more of it. **These responses**, guided by prices, are part of the process by which most Western societies determine what, how, and for whom to produce.

- Consider first *how* the economy produces goods and services. When, as in the 1970s, the price of oil increases sixfold, every firm will try to reduce its use of oil-based products. Chemical firms will develop artificial substitutes for petroleum inputs to their production processes; airlines will look for more fuel-efficient aircraft; electricity will be produced from more coal-fired generators. In general, higher oil prices make the economy produce in a way that uses less oil.

- How does the oil price increase affect *what* is being produced? Firms and households reduce their use of oil-intensive products which are now more expensive. Households switch to gas-fired central heating and buy smaller cars. Commuters form car-pools or move closer to the city. High prices not only choke off the demand for oil-related commodities; **they** also encourage consumers to purchase substitute commodities. Higher demand for **these commodities** bids up **their** price and encourages **their** production. Designers produce smaller cars, architects contemplate solar energy, and research laboratories develop alternatives to petroleum in chemical production. Throughout the economy, what is being

produced reflects a shift away from expensive oil-using products towards less oil-intensive substitutes.



- The *for whom* question in **this example** has a clear answer. OPEC revenues from oil sales increased from \$35 billion in 1973 to nearly \$300 billion in 1980. Much of their increased revenue was spent on goods produced in the industrialized Western nations. In contrast, oil-importing nations had to give up more of their own production in exchange for the oil imports that they required. In terms of goods as a whole, the rise in oil prices raised the buying power of OPEC and reduced the buying power of oil-importing countries such as Germany and Japan. The world economy was producing more for OPEC and less for Germany and Japan. Although **this** is the most important single answer to the ‘for whom’ question, the economy is an intricate, interconnected system and a disturbance anywhere ripples throughout the entire economy. In answering the ‘what’ and ‘how’ questions, we have seen that some activities expanded and others contracted following the oil price shocks. Expanding industries may have to pay higher wages to attract the extra labour that **they** require. For example, in the British economy coal miners were able to use the renewed demand for coal to secure large wage increases. **The opposite effects** may be expected if the 1986 oil price slump persists. The OPEC oil price shocks example illustrates how society allocates scarce resources between competing uses.
- j.** A *scarce resource* is one for which the demand at a zero price would exceed the available supply. We can think of oil as having become more scarce in economic terms when its price rose.

5. TEXTUAL COHESION – REFERENCE, SUBSTITUTION AND ELLIPSIS.

What do the following words or expressions (in bold) refer to in the text?

- | | |
|------------------------------|-------------------------------------|
| i. line 11: this period | viii. line 43,44: these commodities |
| ii. line 15: they | ix. line 44: their |
| iii. line 21: It | x. line 49: this example |
| iv. line 26: they | xi. line 56: this |
| v. line 30: it | xii. line 60: they |
| vi. line 31: These responses | xiii. line 62: The opposite effects |
| vii. line 42: they | |

6. Reread the text. Answer the following questions **in your own words**.

1. What happened to the price of oil from 1900 to 1973?
2. What did OPEC do in 1973?
3. Why was there only a small reduction in oil sales?
4. How do people respond to a higher price for a commodity?
5. What effect do higher oil prices have on the economy?
6. What effect did the higher oil prices have on oil-importing countries?

7. Consider the following word choices for a one-sentence summary of the text ‘Three economic issues’. Which do you prefer and why?

The text ‘Three economic issues’ uses the topic of the OPEC oil price shocks

{	to argue that to explain how to describe that	}	the economy is an interconnected system and scarce resources are allocated between competing uses.
---	---	---	--

8. Which questions in 6. ask about general economic theory and which ask about specific instances or examples of economic theory? How is this difference reflected in the language of the question?

9. ‘Three economic issues’ was taken from an economics textbook, *Economics*, by David Begg *et al* (1987). Explain its socio-cultural context: social purpose, tenor (writer-reader relations), field & mode? Justify with examples of language from the text.

Field (what is it about?)

everyday \longleftrightarrow specialist/technical

Tenor

informal/overtly subjective \longleftrightarrow formal/objective

Mode (density of information)

congruent \longleftrightarrow abstract

10. Using information from ‘Three economic issues’, develop a flowchart on the effects of the oil price shocks on the economy in the second half of the XX century.

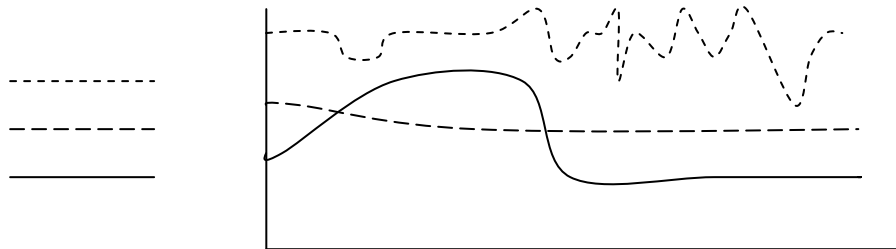
11. WRITTEN ASSIGNMENT I

Using your flowchart based on ‘Three economic issues’, summarise the effects of the oil shocks on the economy in the second half of the XX century. Hand in both the flowchart and the summary.

C. KEY INDICATORS

1. Mark each term below at an appropriate place on the following chart and legend.

- | | | |
|---------------------|------------------------|--------------------------|
| 1. solid line | 5. to level off | 9. to dip slightly |
| 2. dotted line | 6. to remain constant | 10. to fall dramatically |
| 3. broken line | 7. to reach a plateau | 11. to slump |
| 4. to rise steadily | 8. to fluctuate wildly | |

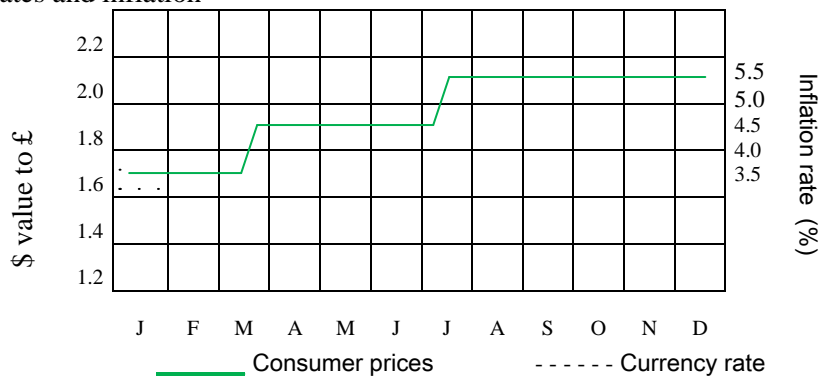


2. Listen to the text and plot the information on the graphs.

Domestic and export sales



Currency rates and inflation



3. Listen to the text again to decide whether the following statements are true or false. Justify with words or expressions that you hear in the text.

- | | |
|--------------------------|--|
| <input type="checkbox"/> | 1. Domestic sales have not changed much over the year. |
| <input type="checkbox"/> | 2. The dips in April and August were significant. |
| <input type="checkbox"/> | 3. Export sales have been steady. |
| <input type="checkbox"/> | 4. In the first quarter export sales went up. |
| <input type="checkbox"/> | 5. Then they became steady. |
| <input type="checkbox"/> | 6. Export sales then began to rise. |
| <input type="checkbox"/> | 7. In the last quarter export sales improved slightly. |
| <input type="checkbox"/> | 8. At the end of last year the dollar rose to 1.5. |
| <input type="checkbox"/> | 9. The dollar had never been lower than in January. |
| <input type="checkbox"/> | 10. The dollar remained low for 3 months. |
| <input type="checkbox"/> | 11. Consumer prices declined before March. |
| <input type="checkbox"/> | 12. Consumer prices unexpectedly rose dramatically. |

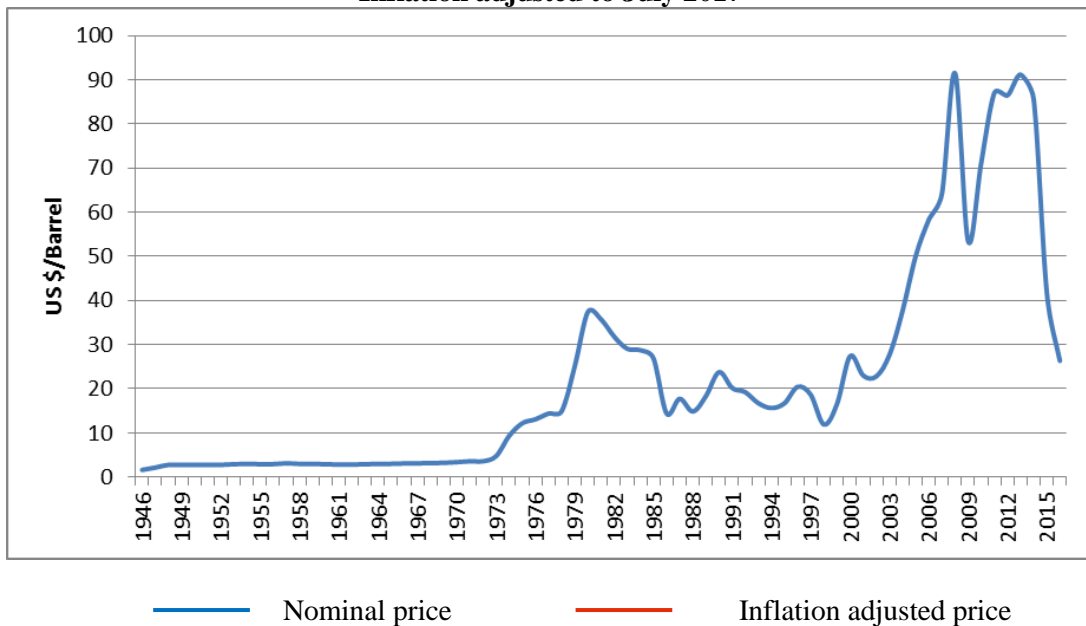
D. DATA DESCRIPTION (CHANGE OVER TIME)

1. What is the difference between nominal prices and inflation adjusted prices?
2. Describe the graph to your partner so that he/she can fill in the missing information.

Listen to your partner to complete the missing information on your graph.

Student A: Nominal crude prices.

**Annual average domestic crude oil prices (in \$/Barrel)
Inflation adjusted to July 2017**



2. The following events, listed chronologically, are correlated with changes in the cost of oil following the post war reconstruction period. In pairs place the reconstruction period and the events on the graph. Be prepared to justify your decisions.

Post World War II reconstruction

Arab Israeli war – Yom Kippur & OPEC oil embargo*

Iranian revolution followed by Iraq-Iranian war

Asian economic crisis & high OPEC output

OPEC output cuts

9/11 attacks in the US

Iraq war

Mortgage crisis stocks crash

* embargo = an official ban on trade or other commercial activity with a particular country or countries, or an order of a state forbidding foreign ships to enter, or any ships to leave, its ports.

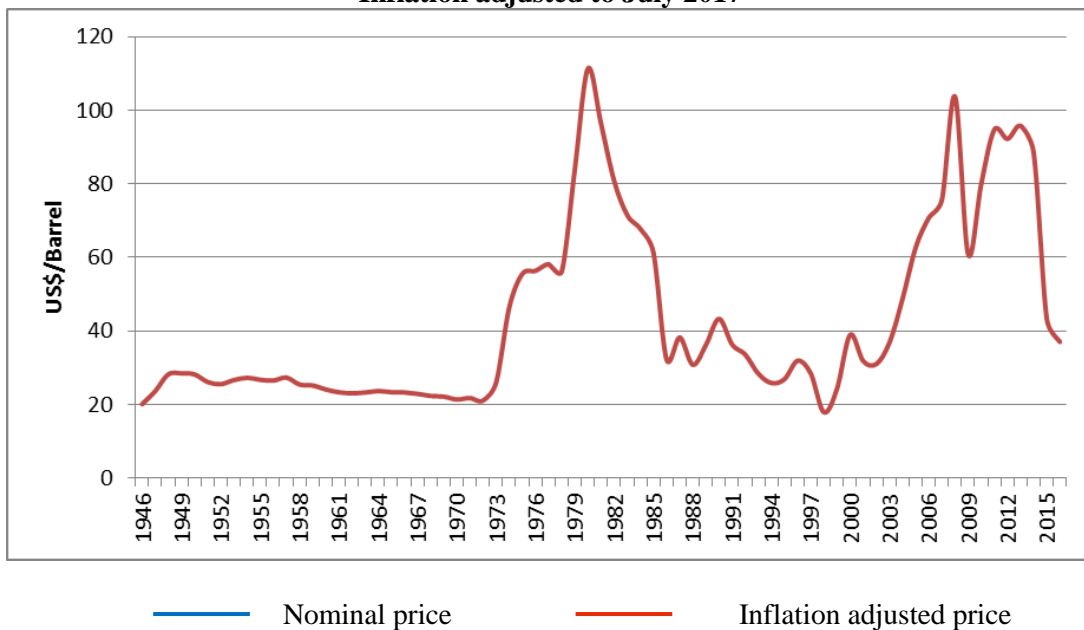
3. Write 3 conclusions that you can draw from the information in the graph.

D. DATA DESCRIPTION (CHANGE OVER TIME)

1. What is the difference between nominal prices and inflation adjusted prices?
2. Describe the graph to your partner so that he/she can fill in the missing information.
Listen to your partner to complete the missing information on your graph.

Student B: Inflation adjusted prices

**Annual average domestic crude oil prices (in \$/Barrel)
Inflation adjusted to July 2017**



2. The following events, listed chronologically, are correlated with changes in the cost of oil following the post war reconstruction period. In pairs place the reconstruction period and the events on the graph. Be prepared to justify your decisions.

Post World War II reconstruction

Arab Israeli war – Yom Kippur & OPEC oil embargo*

Iranian revolution followed by Iraq-Iranian war

Asian economic crisis & high OPEC output

OPEC output cuts

9/11 attacks in the US

Iraq war

Mortgage crisis stocks crash

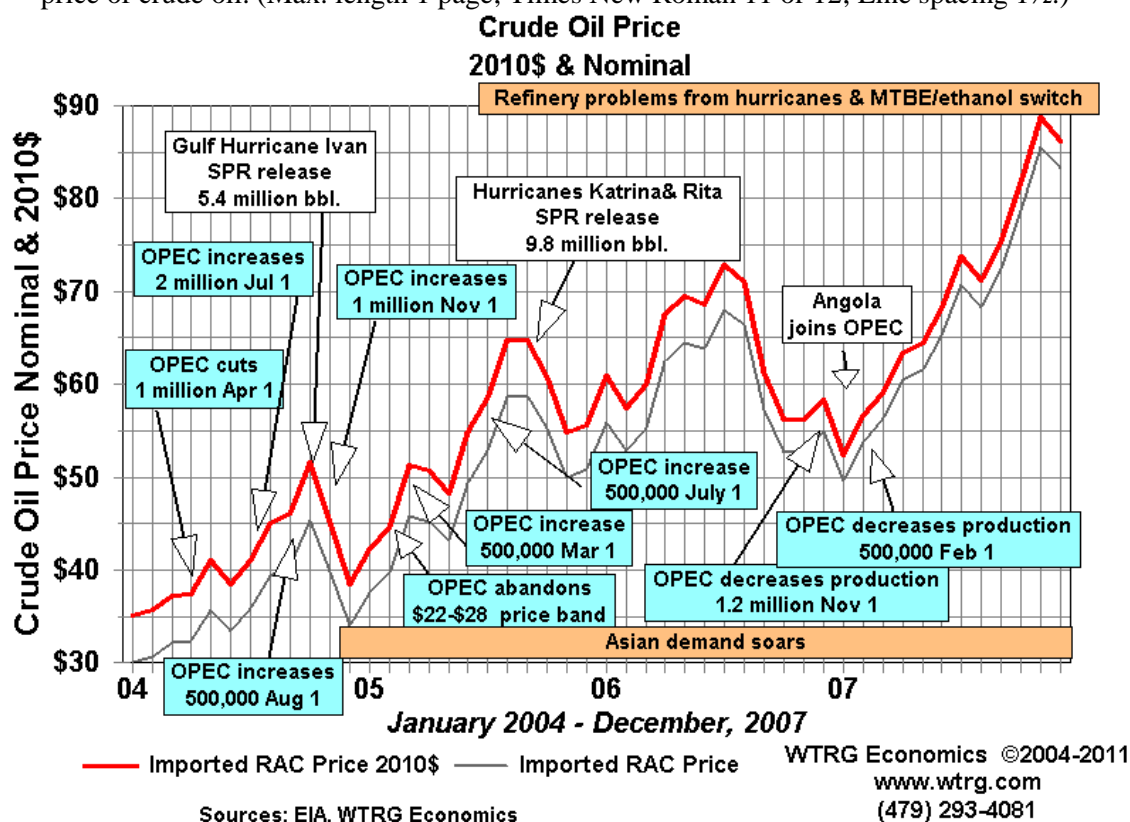
* embargo = an official ban on trade or other commercial activity with a particular country or countries, or an order of a state forbidding foreign ships to enter, or any ships to leave, its ports.

3. Write 3 conclusions that you can draw from the information in the graph.

E. DATA EXPLANATION (CHANGE OVER TIME): WRITTEN ASSIGNMENT II

Look at the information in the graph below.

1. Which events affect the supply for crude oil and which affect the demand for crude oil?
2. Which events would normally cause the price of crude oil to rise? Why?
3. Which events would normally cause the price of crude oil to fall? Why?
4. Use the information in the graph below to explain the causes of the major trends in the price of crude oil. (Max. length 1 page; Times New Roman 11 or 12; Line spacing 1½.)



RAC price = Refiners’ Acquisition Cost price, i.e. the cost of crude oil, including transportation and other fees paid by the refiner

SPR = The Strategic Petroleum Reserve (SPR) is an emergency fuel storage of petroleum maintained underground in Louisiana and Texas by the United States Department of Energy (DOE). It is the largest emergency supply in the world, with the capacity to hold up to 727 million barrels (115,600,000 m³).

MTBE = a gasoline additive, used as an oxygenate to raise the octane number

See *Grammar file* for the language of cause and effect.

G. DATA DESCRIPTION (WHOLE & PARTS)

Student A (page 11)

1. When
2. What
4. What
6. When
8. Where
10. How
12. What
14. What
16. What

Student B (page 12)

1. When
3. How much
5. How much
7. What
9. What
11. When
13. Why
15. Who
17. Who

Hint: Reference expressions in the text in *italics* will need to be unpacked.

G. DATA DESCRIPTION (WHOLE & PARTS)

1. Use the prompts on page 9 to generate questions in order to obtain the information missing in the text.

Hint: Reference expressions in the text in *italics* will need to be unpacked.

Source: <http://www.ukpia.com/docs/default-source/default-document-library/ukpia-briefing-paper-understanding-pump-prices-2017.pdf?sfvrsn=0>

STUDENT A

Understanding Pump Prices

Background

The price of fuel at the pumps is a subject that attracts a lot of debate, particularly when 1. _____.

But there are numerous elements that make up the price of a litre of petrol or diesel, primarily:

- Government duty and tax
- The cost of petrol and diesel on the open market - cost of product
- The costs and profit of the wholesaler and retailer - Retail/Ex-Refinery spread.

The other factors affecting the price include 2. _____.

Duty and tax accounted on average for 70% of the pump price in 2016. Figures 1 and 2 (below) show the typical breakdown of a litre of unleaded petrol at the 2016 average UK major brand pump price of 109.19p.

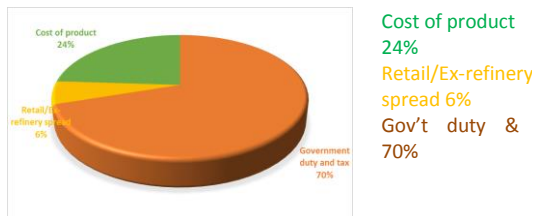


Figure 1: Average Pump Price Breakdown 2016 (%) (Source: Wood Mackenzie)

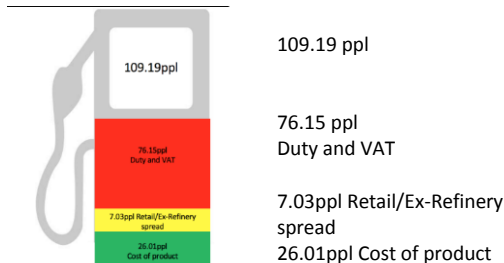


Figure 2: 2016 Average pump price breakdown (p/litre) (Source: Wood Mackenzie)

Government excise duty

Excise duty was charged at the fixed rate of 56.19p until 1st April 2010 when *it* was increased to 4. _____ until 1st September 2010 and to 58.19p per litre on unleaded petrol and diesel until end of December 2010. On top of this VAT was charged at 17.5% in 2010. On 1st January 2011, duty was increased by 0.76p per litre and then reduced by 1p per litre to 57.95 6. _____. On the other hand, VAT chargeable on the total pump price increased from 17.5% to 20% on 4th January 2011. This large tax component has the effect of diluting changes in underlying crude and product prices, because these still remain a smaller proportion of the total price.

Cost of product

Crude oil is traded 8. _____ and from it a whole variety of products are derived, including petrol, diesel, aviation fuel and heating oil. Whilst there is a connection between the underlying price of crude oil and pump prices, the internationally traded price of petrol and diesel and the \$/£ exchange rate are major influences on pump prices. ... Historically, crude prices have worked through to product prices and, as an indication, a \$2 per barrel change in the price of crude oil has translated on average to approximately 1p per litre in the pump price, at a constant \$/£ exchange rate. Prices of products refined from crude oil have often moved 10. _____ in the short term, reflecting supply and seasonal demand. For example, demand for petrol and diesel tends to rise during the summer, while demand for heating oil/gas rises in the winter. *The latter* can affect the price of 12. _____, which are closely related products in terms of composition. The tighter supply position for diesel is also another influencing factor. Typically, there is also a time delay between movements in the unrefined crude oil market and the cost of the product at the pumps. The crude oil has to be sold, transported, refined and distributed to the retailer. ...

Retail/ex-refinery spread

The third element is represented by the cost and profit of the wholesaler /retailer, often referred to as 14. _____. This covers:

- Costs of transport to a storage terminal/depot, storage, and distribution to a filling station.
- Marketing and promotion costs.
- Costs of operating the filling station and staff.

The remaining spread has to provide a return to the supplier of the fuel and the retailer operating the filling station. The retail/ex-refinery spread is strongly influenced by market conditions. Figure 4 (below) illustrates the fuel margin over the last 20 years and the trend since 1996. This shows that fuel retailing has become increasingly 16. _____, driving the move to higher volume sites. The retail/ex-refinery spread is not the final profit that the retailer makes, it is simply the difference between the cost of the wholesale price of fuel on the open market and the selling price on the forecourt, from which, as mentioned, a range of costs have to be deducted. Of the approximately 4,500 major oil company branded sites in the UK, more than half are owned by independent retailers. The retailer usually has an exclusive supply contract with an oil company limited by law to a maximum of 5 years' duration.

2. Answer the questions on page 14.

G. DATA DESCRIPTION (WHOLE & PARTS)

1. Use the prompts on page 9 to generate questions in order to obtain the information missing in the text.

Hint: Reference expressions in the text in *italics* will need to be unpacked.

Source: <http://www.ukpia.com/docs/default-source/default-document-library/ukpia-briefing-paper-understanding-pump-prices-2017.pdf?sfvrsn=0>

STUDENT B

Understanding Pump Prices

Background

The price of fuel at the pumps is a subject that attracts a lot of debate, particularly when **1** _____. But there are numerous elements that make up the price of a litre of petrol or diesel, primarily:

- Government duty and tax
- The cost of petrol and diesel on the open market - cost of product
- The costs and profit of the wholesaler and retailer - Retail/Ex-Refinery spread.

The other factors affecting the price include exchange rates, competition, commercial objectives of the filling station owner or operator, as well as seasonal factors. Duty and tax accounted on average for **3**. _____ of the pump price in 2016. Figures 1 and 2 (below) show the typical breakdown of a litre of unleaded petrol at the 2016 average UK major brand pump price of 109.19p.

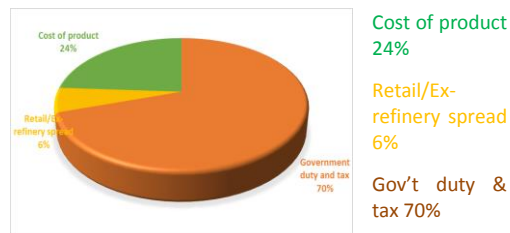


Figure 1: Average Pump Price Breakdown 2016 (%) (Source: Wood Mackenzie)

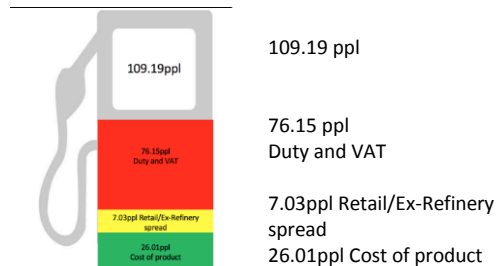


Figure 2: 2016 Average pump price breakdown (p/litre) (Source: Wood Mackenzie)

Government excise duty

Excise duty was charged at the fixed rate of 56.19p until 1st April 2010 when it was increased to 57.19p until 1st September 2010 and to 58.19p per litre on unleaded petrol and diesel until end of December 2010. On top of this VAT was charged at **5**. _____ in 2010. On 1st January 2011, duty was increased by 0.76p per litre and then reduced by 1p per litre to 57.95 on 24th March 2011. On the other hand, VAT chargeable on the total pump price increased from 17.5% to 20% on 4th January 2011. *This large tax* component has the effect of **7**. _____, because these still remain a smaller proportion of the total price.

2. Answer the questions on page 14.

Cost of product

Crude oil is traded on international markets and from it a whole variety of products are derived, including petrol, diesel, aviation fuel and heating oil. Whilst there is a connection between the underlying price of crude oil and pump prices, **9**. _____ are major

influences on pump prices. ... Historically, crude prices have worked through to product prices and, as an indication, a \$2 per barrel change in the price of crude oil has translated on average to approximately 1p per litre in the pump price, at a constant \$/£ exchange rate. Prices of products refined from crude oil have often moved independently of each other in the short term, reflecting supply and seasonal demand. For example, demand for petrol and diesel tends to rise **11**. _____, while demand for heating oil/gas rises in the winter. The latter can affect the price of diesel and aviation fuel, which are closely related products in terms of composition. The tighter supply position for diesel is also another influencing factor. Typically, there is also a time delay between movements in the unrefined crude oil market and the cost of the product at the pumps. **13**. _____

Retail/ex-refinery spread

The third element is represented by the cost and profit of the wholesaler /retailer, often referred to as the retail/ex-refinery spread. This covers:

- Costs of transport to a storage terminal/depot, storage, and distribution to a filling station.
- Marketing and promotion costs.
- Costs of operating the filling station and staff.

The remaining spread has to provide a return to **15**. _____.

The retail/ex-refinery spread is strongly influenced by market conditions. Figure 4 (below) illustrates the fuel margin over the last 20 years and the trend since 1996. This shows that fuel retailing has become increasingly a low margin business, driving the move to higher volume sites. The retail/ex-refinery spread is not the final profit that the retailer makes; it is simply the difference between the cost of the wholesale price of fuel on the open market and the selling price on the forecourt, from which, as mentioned, a range of costs have to be deducted. Of the approximately 4,500 major oil company branded sites in the UK, *more than half* are owned by **17**. _____.

The retailer usually has an exclusive supply contract with an oil company limited by law to a maximum of 5 years' duration.

H. ANALYTICAL EXPOSITION

1. Skim read the following text. Write a one-sentence summary beginning: The writer ...
2. Mark the paragraph breaks in the text.
3. What is the social purpose of the text? Identify the generic stages.

Electric cars pose little threat to oil demand

Majority of vehicles will remain powered by petrol for at least the next 2 decades

The commodities Note

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1. The popular claim that a surge in electric cars will hasten the arrival of peak oil demand is undermined by the data. The majority of the world's cars will remain powered by petrol, also commonly known as gasoline, for at least the next two decades and **this** will drive oil demand, according to data from Facts Global Energy. With the number of passenger vehicles
5. expected to grow to 1.8bn by 2040, the energy consultancy estimates only **10 per cent** will be accounted for by electric cars and a further 20 per cent by hybrids. **This** might sound contentious given the hype around Teslas, the flag-bearer of electric vehicle producers, and many analysts forecasting a structural decline in oil consumption. But most research simplifies **the matter**, suggesting that falling battery prices are tightly correlated with electric car sales. The reality is more complex. The shift towards electric has to be supported by
10. significant government incentives. Norway, for example, owes **its** success to the hundreds of millions of dollars in tax revenues diverted towards subsidies making it almost free to drive an electric car. Today it is normal for a Norwegian to buy an electric car in addition to a petrol vehicle for daily use to save money. Without such a subsidy, sales would fall, as demonstrated
15. in Denmark last year. When the incentive was dropped in January 2016, electric car sales plunged 80 per cent from the previous year. Battery technology is improving but not as fast as necessary. Even at the \$150/kWh – considered widely as **the level** to trigger mass production – a battery pack for an electric car with a comparable range to that of a petrol-powered car would cost tens of thousands of dollars. Cost aside, the improvement in battery effectiveness as measured by energy density is also slow. It is not possible to quickly increase the amount of distance travelled unless you add more batteries to a car, which means more weight and, in turn, a reduction in how far you can go. The affair with the sport utility vehicles, partly driven by low oil prices, remains a problem. Last year, Ford sold six F-series light trucks in the US for every plug-in vehicle, providing solid petrol demand for the years to come. Even in China, one in every three cars sold is an SUV. With relatively low oil prices for
20. at least the next decade, in FGE's view, **this trend** will continue. Production capacity is another obstacle. Despite impressive annual growth rates, total electric car production was less than 500,000 in 2016, compared with global light vehicle production capacity of more than 70m. Tesla put just 80,000 cars on the road in 2016. Mass electrification of global road transport will not be possible without large-scale involvement from the main car manufacturers. A case in point is the Nissan Leaf, now one of the world's bestselling and affordable electric cars. Since **its** launch six years ago, cumulative sales of the Leaf amounted to just 250,000. While its parent group sold almost 10m vehicles last year, less than 1 per cent were electric. Global car production grew approximately 2 m units a year over the past
25. decade. Even if battery electric vehicle production were to grow at **this rate** for the next two decades, their share in the total fleet would remain limited. The fate of petrol demand – and oil for that matter – will not be set in the west but in Asia, which is only at the start of mass motorisation. Asia accounts for approximately one-third of the global light vehicle fleet of 1.1bn. FGE expects growth in **the region** over the next 25 years of more than 500m units,
30. more than the growth in the rest of the world combined. By 2040, almost every other car in the world will be driven in Asia. Even with the most generous electrification assumptions, it is hard to see a "peak" in petrol demand followed by a subsequent drop. A more likely scenario is **it** continues to grow for decades to come.

G. DATA DESCRIPTION (WHOLE & PARTS)

2. Say whether each statement is true or false. Correct the false ones.

- In 2016, on average 70% of the pump price of petrol and diesel in the UK was made up by excise duty and VAT.
- Fuel retailing in the UK remains a low volume, high margin business due to strong competition driving down prices.
- In winter, when people want more heating oil, the price of diesel can rise.

3. How does the writer avoid saying 'We can see (that)...'? Find two examples.

I. ANALYTICAL EXPOSITION: WRITTEN ASSIGNMENT III:

Choose one cartoon. Write an analytical exposition in response to the following questions.

What issue does the cartoon raise? What point does it make? To what extent is it valid?

(Length $\frac{3}{4}$ - 1 page; Times New Roman 11 or 12; Line spacing $1\frac{1}{2}$. See Grammar file.)

