



SOME REMARKS ABOUT INTERMEDIARIES MANAGEMENT IN THE INTERNATIONAL TRADE OF COMMODITIES

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Abstract *Our article wants to highlight that the role and position of the intermediaries has not diminished, more so, that there is a need for the segment of activity that they carry out their activity, a segment that must become more solid and more secure, by increasing the efficiency of their work. Also, we considered, to show that in the relations between the exporting producer and the commercial intermediary, as well as the functions performed by the intermediary, we can highlight several types of commercial-intermediary operations: resale, commission and the operations performed by the agents, traders and brokers. In article are reflected also, particularities of the activity of different types of intermediaries. Their multitude is an additional proof, that the intermediaries represent an economic force, which must be used efficiently.*

Key words:

intermediate,
change,
broker
trade
freight

JEL Codes:

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1. INTRODUCTION

In the international commercial activity more than half of the turnover of the international exchange of goods is provided by different economic organizations and independent companies that act as intermediaries (intermediaries), between the producing companies (sellers) and consumers (buyers). The intermediaries provide a wide range of services, in order to search and choose the foreign counterparties, to prepare and carry out the international transaction, to the credit of the contracting parties, to ensure the payment guarantees from the buyers for the delivered goods, to carry out the operations of transporting the goods, insuring the cargo, during the transportation. carrying out the customs formalities, performing the technical service (as the case may be), promoting the goods advertising campaign and other measures to promote the goods on the external market.

Speaking about the prospects of developing entrepreneurial forms of associations, in our case, with intermediary activity, it is necessary to note that, "the future form of action will logically undergo transformations and will be the best form at each stage ". (Ion-Bocănete, 2016). This assumption is also supported by the practice, because nowadays, „in the intermediation activity, the companies are extremely adapted, their prosperity is proven and we accredit the idea that the increasing role of the various forms combined by profile associations is a matter of time” (Ionescu, 2011). and will allow to obtain integrated structures with the necessary legal characteristics.

2. THE NEED FOR INTERMEDIARIES IN TRADING ACTIVITY

The attraction of the intermediaries when carrying out international commercial transactions is made in order to ensure the savings when carrying out these transactions on the account of the factors: (Baicu, 2000)

- calling on the services of the intermediaries allows the more operative delivery of the goods, which contributes to the increase of the profit as a result of accelerating the movement of the company capital;
- regarding the fact that the intermediaries are closer to the consumers, they can react more quickly to changing market conditions, in this case it is possible to produce the goods under more favorable conditions;
- attracting intermediaries is rational because they contribute to reducing the delivery time from intermediate warehouses, which contributes to increasing the competitiveness of the goods;
- the intermediaries give the exporters advance, investing their own capital in the creation of their own delivery networks;
- being in direct contact with consumers, the intermediaries present an important source of information about the level of quality and competitiveness of the respective goods on a specific segment of the external market;
- when the companies activate on the external market through intermediaries specialized in the delivery of large lots of certain goods, they obtain additional profit as a result of reducing the costs of movement of goods to a unit of goods made. For export oriented production companies, attracting intermediaries is not economically rational only

when they do not provide the company with an additional profit compared to the unsatisfactory production of goods on the external market.

Currently, commercial intermediaries are largely used in the foreign trade of the countries with prosperous commercial activity, such as: United Kingdom, Sweden, Germany, Japan, Norway, France and other industrially developed countries. Some segments of the foreign market for different goods are even wholly monopolized by commercial intermediaries (for example, the UK market is monopolized by brokers) and are not accessible for establishing direct relationships between consumer producers.

3. THE INTERMEDIARY SUPPLY CHAIN

Always, an intermediary supplying company will "be part of a complex of relationships, called a supply chain that incorporates the production process, along with the acquisition of materials and raw materials and the distribution of finished products, encompassing the entire existing process. , responsible for the transformation of the materials taken, from the supplier to the finished products, delivered to customers" (Baily et al, 2004). We present below, a simple schematic variant of the supply chain (Figure no. 1).

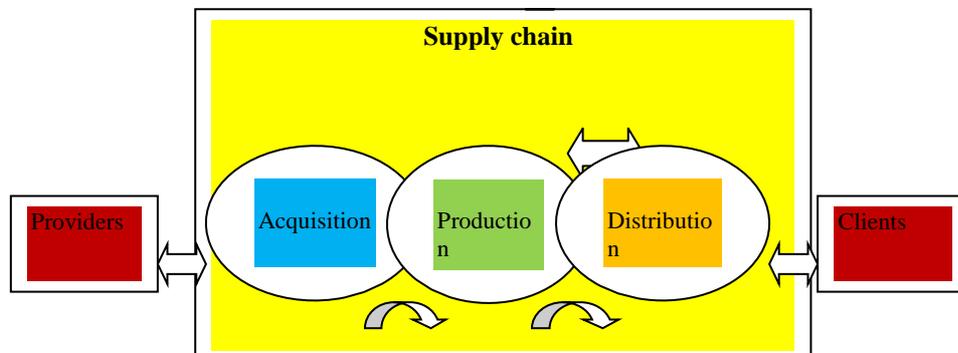
As can be seen, the supply chain consists of several elements that are related to the movement of goods and financial resources along it .(Figure no. 1).

In the organizational management of intermediary companies, which is regulated by a series of legislative norms, "the consumer triggers the chain of events, when he decides to buy a product that has been offered for sale, by a firm. The consumer contacts the sales department of the company that registers the order, for a certain quantity and a certain delivery date. If the good is to be produced, it is not in stock and the order will also include the requirements that must be met

by the production unit”
([https://conspecte.com/Managementul-](https://conspecte.com/Managementul-achizitiilor/productie-si-aprovizionare.html)

[achizitiilor/productie-si-aprovizionare.html](https://conspecte.com/Managementul-achizitiilor/productie-si-aprovizionare.html) [accesat la 05 august 2019].

Figure no. 1 Supply chain (variant)



Source <https://conspecte.com/Managementul-achizitiilor/productie-si-aprovizionare.html>

4. TYPES OF INTERMEDIATE COMMERCIAL OPERATIONS

4.1 RETAIL OPERATIONS

Depending on the relations between the exporting producer and the commercial intermediary, as well as the functions performed by the intermediary, we can highlight several types of commercial-intermediary operations: resale, commission and operations performed by commercial agents and brokers.

Resale operations are carried out by commercial intermediaries, on their behalf and on their own account. In this case, the commercial intermediary manifests itself as a contracting party, both with the exporting producer and with the consumer, and owns the property rights over the goods, after its payment.

Resale operations can be of two types.

The first type "refers to the operations to which the commercial intermediary pronounces against the exporter as a buyer (based on the international contract of sale-purchase), who becomes the owner of the purchased goods, which can subsequently be performed

on any market at any price, based on own decision" (Denuța, 1999). Like intermediaries, in different countries they are named differently. The terminology of merchant - in the USA and England, handler - in Germany, handland - in Sweden is most often used. Such intermediaries, which operate in the ferrous metals market in England are called stockholders. Traders dealing (on his own account) with the sugar trading on the New York International Commodity Exchange are called the operator, and cocoa and non-ferrous metals traders on the London Stock Exchange - respectively dealer and principal.

The second type "refers to the operations in which the exporter grants to the commercial intermediary, called a trader, the right to make his goods on a specific market segment and a strict term determined by the contract signed by the respective parties. For the purpose of carrying out this contract, the contracting parties sign unpaid sales-purchase contracts that determine the quantity and quality of the delivered goods, the price, the conditions of delivery, the form of settlement, the term of payment of the goods, the quality guarantees and the order for presenting the complaints" (Denuța, 1999). This type of traders are also named differently in different

countries. For example, in the USA and England - the distributor, in Belgium and Greece - the concessionaire, in Germany - the vertragshandler. The trader in such operations presents the main source of the exporter in organizing the delivery of the goods on the foreign market. Therefore he is obliged to permanently respect the interests of the exporter and to operate strictly within the limits determined by the contract of delegation of the rights of sale.

4.2 COMMISSION OPERATIONS

The commission operations are carried out by the intermediaries appointed commissioners, who operate on the foreign market on their own behalf, but on the account of the exporter named as a commissioner. The commissioner-client relationship is governed by the commission agreement. According to these agreements, "the commissioner does not procure the goods from the buyer, but only performs sale-purchase transactions on behalf of the buyer, ie the buyer manifests himself as the owner of the goods until they are sent directly to the consumer" (Popa, 1997).

The Commissioner concludes with the consumer sales-purchase contracts on his behalf and collects the payments for the delivered goods. That is, the commissioner manifests himself as an intermediary only from the point of view of the client. For the consumer, however, he is a contracting party to the sale-purchase contract.

In the commission agreement, "usually the order for determining the price at which the commissioner will make the goods of the client is stipulated. The price is determined for each consignment and in the contract the minimum or maximum level of the realization price can be established, provided that its increase will not

adversely affect the competitiveness of the goods" (Popa, 1997).

For brokerage operations, the commissioner is remunerated as a percentage of the sum of the transaction (on average up to 10%) or in the form of a difference, between the price established by the client and the real achievement price of the commissioner. Usually, the commissioner is not responsible for fulfilling the conditions of the sale-purchase contract by the third party (consumer). Sometimes, however, for additional remuneration, the commissioner's liability conditions for fulfilling the conditions of the sale-purchase contract by the third party (consumer) may be included in the commission contract. In this case, the commissioner assumes the responsibility of non-receipt by the consumer of the goods delivered, in case of his insolvency. Such conditions are called del belief.

"The commissioner is obliged to strictly respect the conditions of the signed intermediation contract and to transfer to the client the payments received from the goods being made, with the deduction of the size of the remuneration and the additional expenses (with the written agreement of the client). Payments are considered to be made after the client confirms their receipt and correctness" (Săndulescu, 1998).

A variety of commission operations are consignment operations. "The consignment agreement presents a contract, under which the consignee (the intermediary) assumes the obligation, at the order of the consignor (the exporter), to perform, within a fixed period of time, for a negotiated size of the remuneration on his behalf and on the consignor's account. the goods delivered to the warehouse in the consignee's country. This type of operation is practiced in case of poor assimilation of the market or when delivering new

goods, unknown to the local consumers“ (Stoian at all, 1997).

Making goods from the warehouses of consignors simplifies the penetration of the respective market in relation to the fact that consumers have the opportunity to become acquainted with the goods, not only on the basis of different catalogs or advertising publications, but directly by examining them or even verifying them in action.

4.3 OPERATIONS OF COMMERCIAL AGENCIES

The operations of the commercial agents present the order of a contracting party, called principal, to another independent contracting party, called agent (commercial) to carry out sales-purchase transactions on a certain territory from the account and from the name of the principal. “The operations of the commercial agents are performed on the basis of the long term contracts called the agent agreement. The commercial agents are legal persons, who carry out their activity independently, against a set remuneration, without entering into working relations with the principal. Although agents are required to act within the limits of the powers determined by the agent agreement, they are not subject to direct control by the principals“ (Pokrovskaya, 1999). The agents organize the commercial negotiations on behalf of its main ones, but do not manifest themselves as a contracting party. They act only as representatives of the principals, within the limits of the responsibilities established by the agent agreement.

4.4 BROKERAGE OPERATIONS

Broker operations consist in establishing through the broker (intermediary) the relations between seller and buyer. Unlike agents, “the brokers are not representatives of exporters, but operate on the basis of certain provisions (orders). Brokers do not participate in

transactions either by name or in their account” (Işanu, 2004). Broker-dealers in different countries are named differently: in England - brokers, in France - broker, in Germany - makler.

The brokers are given special powers to execute each transaction and they are required to operate strictly within the limits of these powers. Brokers fulfill the specifications of its customers in the following chapters: quantity, quality, price. Usually, at the client's first request, the broker is obliged to present the report regarding the transactions performed on his behalf. Sometimes, for additional remuneration, the broker can assume the obligations of the creditor. The remuneration of the brokers is often determined according to the existing trading habits and ranges from 0.25 to 2-3%. The remuneration of brokers is called: in England - brokerage, in France - courtage, in Germany - provision. “The brokers, usually, specialize in the sale-purchase transactions of one or two types of merchandise. More often, they specialize in the sale-purchase of merchandise traded through international commodity” (Işanu, 2004) exchanges and auction trading.

5. CONCLUSIONS

The rapid development of production and consumption, highlights not only the need for intermediaries, but also the amplification of their role in the economic circuit. This is why we are talking more and more about the role of the distributor, which is “less and less, of a simple intermediary, more or less neutral, but more of an active sales agent, able to probe, stimulate and to orient the demand, also able to put pressure on the offer and to modify the conditions”(Dubois, Jolibert, 1994).

We consider that there is more than necessary, the existence and presence of intermediaries, first of all, in the market. As suppliers and distributors, their role

increases, with their high efficiency, because the costs of the products for sale, which reach the consumer, are lower.

At the same time, due to the specific nature of their work, they have extremely many functional relationships, within the market, they are specialized in various actions, being very efficient in the distribution activity

As it is known, the activity of the intermediaries is a well-organized one, with objectives and prospects, the intermediaries using as a primary instrument, the contracts that are always in progress, to bring profit.

"Firms can benefit from certain savings, when using intermediaries because their existence reduces the number of transactions within a distribution channel" (Rad, pdf).

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