

Trade Operations in Business Logistics and Distribution

➤ The base specification of trade operation in providing logistics and distribution in business on the national and international level



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THE SPECIFICATION OF BUSINESS LOGISTICS AND DISTRIBUTION FROM THE NATIONAL PERSPECTIVE



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Generally, **logistics** is process of planning, enacting, and coordinating the physical movement of merchandise from supplier to retailer to customer in the most timely, effective, and cost-efficient manner possible (Berman et al., 2017). **Business logistics** is defined as a discipline that deals with the planning, management and implementation of the flow of goods and information so that **the right commodity is in the right time in the right place at the lowest possible cost** (Pražská and Jindra, 2002).

Logistics is a cross-sectional field that extends to all areas of the economy and the environment, and reliable business processes are an important prerequisite for business. The aim of logistics operations is to meet the individual requirements of the final customer at the **optimum time** at **affordable prices** with a **high degree of reliability** and **minimal environmental** burden. The choice of logistical means depends on many factors directly related to the physical relocation of the object of purchase, but is to a large extent conditional on the provisions of the concluded **purchase contract**. Other factor may also influence the concrete form of logistics. (Mulačová and Mulač, 2013)

Distribution means that companies deliver value to customers in the form of products (Storback and Lehtinen, 2002). The **goal of distribution** is to deliver the product in the right place to the place that is most convenient for customers at the time they want to have the product, the quantity they need, and the quality they want (Jakubíková, 2013).

THE SPECIFICATION OF BUSINESS LOGISTICS AND DISTRIBUTION FROM THE NATIONAL PERSPECTIVE

Among the factors influencing the choice of logistic means include (Mulačová and Mulač, 2013):

- Nature of goods
- Packing method
- Transport distance
- Climate conditions
- Technical and other logistic equipment of transporters

In addition, the agreed **delivery parity** (such as INCOTERMS), which determines which of the two contractual partners will provide the transport and to what extent it will participate in its payment (see lecture No. 3), is **decisive for the calculation of transport costs** (see lecture No. 6).

For the physical movement of goods which are normally required to implement each business operation, are used with **tangible and intangible**, collectively referred to as **logistics**. Tangible assets include the movement of **finished products, packaging and waste**, while intangible assets include a set of **logistics activities and services, including the movement of information**.

With regard to the geographical location of the Czechia, domestic business entities do not have direct access to the sea, and therefore they are only allowed to use maritime transport routes indirectly. Therefore, they use significantly more expensive land transport by rail or road, which represents the decisive volume of transport in the Czechia. The advantage that at least to a limited extent can offset this deficiency from the macroeconomic point of view is the provision of services to foreign transit carriers (Mulačová and Mulač, 2013)

THE SPECIFICATION OF LOGISTICS AND DISTRIBUTION FROM THE INTERNATIONAL PERSPECTIVE



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Global operations of business **increase the complexity of logistics** with obvious **effects on the cost of moving goods and servicing customers** (Sople, 2012).

Transport plays an extremely important role and in many cases significantly influences the realization of foreign trade. In foreign trade, the importance of transport is more evident, **as exporters and importers separate borders and longer distances than in "domestic trade"**. The total cost of transporting goods often has a significant share of the final price, especially for goods with relatively low added value. That is why it often happens that goods are not tradable because of the high cost of transporting them to their destination. The speed and safety of transport is often the decisive factor in the export operation. (Svatoš et al., 2009)

As a consequence of globalisation, managing logistics at the global level poses a challenge of considerable **complexity**. The complexity of challenge varies with the business and the environment it is operating in. To face the logistical challenges there is no single standard solution available. Individual companies will have to understand both **strategic and management issues** to bring in more clarity in knowing the implications of their global businesses on logistics management. (Sople, 2012)

THE SPECIFICATION OF LOGISTICS AND DISTRIBUTION FROM THE INTERNATIONAL PERSPECTIVE



The major areas of logistical expertise required in cross border cargo movement are **mode of transportation, cargo insurance, packaging, and shipping documentation for customs clearance** (Sople, 2012). The differences (challenges) of global logistics highlights the Table 1. The important role of transport in foreign trade places great demands on its organization and implementation (Svatoš et al., 2009).

Table 1: The differences between domestic and global logistics

| Parameters | Domestic Logistics | Global Logistics |
|-------------------|--------------------|--|
| Performance Cycle | Shorter | Longer (due to greater distances, customer clearances, more intermediaries, more use of slow sea travel) |
| Documentation | Simple | Complex (for customs, banking, and foreign exchange clearance requirements) |
| Alliances | Few | Multiple (on a global front with logistics service providers, distributors, and manufacturers) |
| Information Flow | Simple | Multiple channels, varied standards, alternative languages |

Source: adapted from Sople, 2012

The most significant Geographic Market Profiles

-The Western European logistics market



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Logistics markets in Western Europe are highly competitive. There are no shortage of medium to large national players with good logistics capabilities (Manners-Bell, 2013). Into this area includes Germany, France, The United Kingdom, Italy and Spain.

Germany

- German logistic companies have become amongst the **most highly developed** and **expansionist in the world**.
- The complexity of regulations and the tariff system which existed (fixing the rates that transport companies could charge for certain products, routes and mode of transport) led to the development of expedition companies. These were essentially domestic freight-forwarding operators which could manage freight movements throughout the complex German transport regime.
- One characteristics of the German market is the number of partnerships (alliances) which exist between the many mid-sized logistics companies. The German contract logistics market remains more fragmented than elsewhere in Europe.

France

- In France the hypermarket model is widespread, where emphasis is placed on bulk purchases of goods at a discount from manufacturers, rather than the Just-in-Time delivery of product directly to the shelves.
- Although the market is far more deregulated than it was, one piece of legislation to have a major impact on the transport market has been the **Working Time Directive**. The French government established this as 35 hours. One of the effects that this has had on the industry has been the creation of more strategically located hubs throughout the country in order to reduce the duration of driver trips. There is the belief that the French market is being squeezed by lower-cost Spanish hauliers to the west and the operators moving into the market from Eastern Europe.

The most significant Geographic Market Profiles

-The Western European logistics market

The UK

- The UK has the most mature logistics market in Europe, mainly due to the length of time that it has been deregulated. Since the early 1970s there have been no quantitative controls on the number of logistics companies operating in the market which has led to high degree of competition.
- The early adoption by UK manufacturers and retailers of outsourcing their non-core activities has also helped to fuel the country's logistics sector and allowed a much faster rate of expansion than in other EU countries. It is probably safe to say that this growth has come to an end. Consumer expenditure in the UK has hit a ceiling for the moment and is unlikely to increase substantially for a number of years.

Italy

- The Italian road transport industry is characterized by extreme fragmentation with high levels of owner-drivers. Structural defects that reduce Italy's systemic productivity and make it less competitive include clearly transport and logistics.
- Italian carriers suffer from unfair competition from foreign operators. Goods in Italy are transported more slowly and at higher cost.

Spain

- The situation in Spain is similar to other European markets. Spain has also experienced strong consumer-led growth over the past decade.
- This provided the logistic market in Spain with a good opportunity to diversify from the automotive sector which had dominated its business. Indeed, the Autonomous Regions have started to emphasize the provision of logistics services and support the construction of new logistics centres.

The most significant Geographic Market Profiles

-The Central and Eastern Europe contract logistics market

Central Europe has been a dynamic market for larger logistics companies. Although the region suffered from poor infrastructure and patchy services in the decade after the fall of the Berlin Wall, since 2000 the sector has grown enormously. Key to the development of logistics in Central Europe has been the nature of economic growth in the region. The automotive sector has been the leader in this trend. Previous to 2005 disposable income was too low to drive the retail sector. However, over recent years this has changed, and **increasingly the consumer sector has been building a substantial logistics infrastructure in most of the countries of the region.** (Manners-Bell, 2013)

- There is a different position of LSPs* in the region, heavily influenced by the nature of local and national economies. DB Schenker, for example, has a strong presence in the Czech Republic due to the size of VW Group operations in the country, although DHL Supply Chain has penetrated into much of this business in recent years. GEFICO is strong in Slovakia due to the presence of the Toyota Peugeot-Citroën joint venture in Kolin. Glovis has established a presence in Slovakia to serve its parent Hyundai-Kia's new plant in the country.
- A feature of the Central European logistics market is that there are very few indigenous contract logistics providers but a large number of local road freight operators.

*LSPs – Logistics service providers

The most significant Geographic Market Profiles

-The Central and Eastern Europe contract logistics market



Poland

- One of the more mature economies of Central Europe, Poland is also the largest.
- Poland's successful economy is now triggering growth in areas such as retail. Transport infrastructure, however remains a problem. Unsurprisingly, German companies are major investors in the country and are disproportionately represented in Poland's logistics market.

Czech Republic

- In the Central European region, the Czech Republic has a unique position given by its geographical location.
- Logistics problems in this area are mainly caused by insufficient capacity and under-built transport infrastructure and low use of rail transport.

Slovakia

- Although motorway infrastructure still needs development, road transport still plays a major role in Slovak logistics. However large investments are needed in modern information systems supporting logistics.

Hungary

- Hungary is notable for having one of the few major Central European contract logistics providers in the form of Waberer's Optimum Solution*.

*Waberer's is the largest owned vehicle operator within the European international full truck load (FTL) transportation segment

The most significant Geographic Market Profiles

-North American logistics market



The North American logistics market is a fragmented one. Besides transportation services and warehousing and distribution services, numerous niche players offer specialized services such as reverse logistics, IT services and consulting. As the economy continues to show improvement, consolidation within the logistic market, particularly in the United States, is expected over the next two to three years. The US market, albeit a mature one, remains a focal point for North American logistics. Trade continues to steadily improve as the North America region emerges from the 2009 recession. Infrastructure is an issue for the region. Canada is seeking funding to improve roads and rail along the US-Canada border. The Mexican government has invested billions of dollars into improving its ports in anticipation of increasing Asian trade. Trends in distribution centres are changing as many shippers are consolidating their requirements. The number of distribution centres is declining for the average shipper and now are being located in more strategic locations throughout the region. Multi-customer distribution centres are also being utilized to provide customers and providers additional cost savings. (Manners-Bell, 2013)

USA

- The transportation and logistic market is highly fragmented. One of trends affecting the US contract logistics industry include the rise in e-commerce activity. Retailers are adapting to the rise in e-commerce by dedicating more of their distribution centres to the service. Amazon is investing heavily in distribution centres right across the country.

The most significant Geographic Market Profiles

-Asian logistics market



As vertical integration amongst the Asian countries continues to evolve, China is experiencing a shift in manufacturing locations. Historically, manufacturing was located in the eastern parts of the country. However, due to rising labour wages, manufacturing is shifting to the west of China in search of lower labour wages. Instead of moving westward, some manufacturers are opting to relocate to other Asian countries such as India, Vietnam or Thailand while others are choosing to move closer to the markets they are servicing such as the United States or Europe. Higher levels of disposable income have led to increased demand for a variety of consumables. This has in turn placed higher performance demands on the overall supply chain, from manufacturers who have ramped up supply, to the 3PL operators who provide the service link to the retail outlets. (Manners-Bell, 2013)

Japan

- Japan is considered Asia's logistics leader in terms of sophistication and transportation connectivity. The March 2011 earthquake and tsunami will result in many rethinking their overall supply chain strategy. The disruptions from Japan are resulting in many companies realizing that their supply chain risk profile is not driven only by the direct supplier network, but their suppliers' suppliers and perhaps even the suppliers of their suppliers' suppliers.

China

- Due to its huge growth China occupies a special position amongst national logistics markets. Yet as many companies have found out, this is far from an unalloyed benefit, for the Chinese market may well be described as large but difficult.

India

- As Asia's third largest economy, India is witnessing a boom in economic and trade activity. Unfortunately, the growth rate has outpaced the country's infrastructure. Due to the lack of modern infrastructure, India's logistics costs are very high.

The most significant Geographic Market Profiles

-Middle East logistics market



Although it might be perceived as an emerging market, the Middle East in terms of logistics is **quite different from most others**. Middle Eastern economies vary substantially, from Egypt, with its large population and growing economy based on tourism and manufacturing, to the oil and gas-driven economies of the Gulf. In terms of contract logistics, however, it is the latter that have made the running. The dominant industry in the region is obviously **oil and gas**. Logistic provision in the **oil and gas sector is not usually described as contract logistics**, as the oil companies involved generally own much of their own logistics infrastructure., such as oil storage and terminals. There is substantial activity in this area by local contract logistics players as well, particularly serving state-owned oil companies. Another aspect of the Middle Eastern economies over the past decade is their programmes of diversification. Typified by the Emirate of Dubai, Gulf States in particular have invested in areas such as airlines, tourism and ports. The latter in particular has had a direct impact on the logistics sector. (Manners-Bell, 2013)

➤ The contract logistics providers, both global and Middle Eastern-based, have established **Dubai as an important centre of operations**. The sectors served by Dubai-based logistics operations tend to be in the area of consumer durables. Electronic products in particular are suitable for strategic inventory holding in Dubai, but increasingly pharmaceutical logistics is attracted to the mix of good quality temperature-controlled warehousing and intensive air freight services. Tourism and hotel support logistics is also important.

Business logistics includes the **business operations associated with buying, storing, transporting and selling in the appropriate number of stages**. The set of all elements involved in this movement is called the **distribution chain**. The size, location, character and equipment of individual warehouses and other facilities are based on the overall **logistics strategy** of the respective chain or network. Large retail companies have a large regional capacity that is common to multiple business units in the region. The modern concept of business logistics is characterized by the emphasis on the **complex functioning of the entire distribution chain**, the individual interests of each involved entity must be subordinate to the interests of the entire network. **Handling units** in business logistics are an extremely important attribute of economical stock flow as well as rationalization of transport, storage and other logistics operations. One of the most important principles applied in this area is the rationalization and standardization of the process of handling and transporting goods.(Mulačová a Mulač, 2013)

According to Cimler and Zdražilová (2007), the handling units are divided in terms of business logistics as follows:

- **Zero-order handling unit** (goods in consumer packaging)
- **Handling unit I. order** (basic unit adapted for manual handling, mostly with a maximum weight of 15kg)
- **Handling unit II. order** (is adapted for mechanized handling and transport, consists of a larger number of units of the 1st order with the aim of rationalization of handling operations, pallet 250-1000kg)
- **Handling unit III. order** (is adapted for mechanized handling by cranes and special means of transport and equipment, is used for long-distance transport - sea, rail, water, road, air, container weight 10-30 tons)
- **Handling unit IV. order** (is adapted for special mechanized handling within long-distance combined inland and maritime transport, its weight is 400 - 2000 tons)

Packaging of Goods

The **business logistics** as well as **the technology of business operation** are directly related to the issue of **packaging of goods**. In every transport and operation there is a strong tendency to **rationalize handling, minimize time and reduce transport costs**. (Mulačová and Mulač, 2013)

The four main **types of packaging** include (Boučková, 2006):

- **Transport** - used for transport, handling and storage of goods (pallets, containers, crates)
- **Consumer** - ensure the sale of products to consumers (cans, bottles, boxes, cups)
- **Commercial** - enable the delivery of goods to the merchant, eventually presentation of goods at the POS (boxes, cartons)
- **Service** - offered by the trader to facilitate the sale and ensure hygiene (pastry bags, fruit and vegetables, carrier bags)

The **basic functions of the packaging** are the following (Pražská and Jindra, 2006; Mulačová and Mulač, 2013):

- **Technical** (ensuring the protection of the goods and preserving their quality so that the customer does not negatively feel how long they had to travel to the shelf. This includes attributes such as good manipulation, stability of means of transport, saving space when transporting empty means of transport difficult handling, possibility of recycling or easy disposal of packaging and transport means)
- **Marketing** (the importance of packaging is increasing with the growing supply of goods and the growth of impulsive purchases. The packaging contributes to the unmistakability and uniqueness of the product. The packaging also provides basic product information and must comply with applicable legislation dealing with consumer protection for example)
- **Environmentally friendly** (the principles of sustainable development are beginning to be implanted significantly and the relevant legislation places increasingly stringent requirements on the materials used, the obligations of manufacturers and traders and the methods of disposal of used packaging).

EXPLANATION OF REVERSE LOGISTICS



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Definition of reverse logistics is as following: *“Encompasses all merchandise flows from the customer and/or the retailer back through the supply channel”* (Berman et al., 2017).

Reverse supply chains consist of a **series of activities required to collect used products from consumers and reprocess them** to either recover their leftover market values or dispose of them. Strict environmental regulations and diminishing raw material resources have intensified the importance of reverse supply chains at an increasing rate. (Gupta, 2016)

Although there are studies using the terms **“reverse logistics”** and **“reverse supply chains”** interchangeably, there is a **slight difference between them**. Reverse logistics deals with transportation, production planning, and inventory management while reverse supply chain has a broader focus involving additional elements such as coordination and collaboration among channel partners (Prahinski and Kocabasoglu, 2006). Reverse logistic is one of the elements of reverse supply chain (Gupta, 2006).

The **core elements in Reverse Supply Chains** are (Gupta, 2016):

- Based on environmentally conscious principles and laws as well as on profit and cost optimization
- More difficult forecasting for product returns
- Highly stochastic product quality
- Processing times and steps depend on the condition of the returned product
- Returned products collected from many locations arrive in one processing facility
- Speed is not a critical factor
- Lack of packaging
- Modified product structure
- Determination and visualization of cost factors is complicated

EXPLANATION OF REVERSE LOGISTICS



Reverse logistics manages flows of degraded or morally obsolete products, expired goods, seasonal goods, packaging and claimed goods. Flows tend to be uneconomic because they are generally poorly organized. Current interest in reverse logistics has been caused by the main causes (Jan et al., 2013):

- **E-business**, because the return on products is several times higher than in stores. The customer does not have the opportunity to test the goods immediately, and when it is delivered it often finds that it does not suit and wants to replace it. Also, the printing industry often fails to correctly estimate the future demand for some book titles and unsold items have to be returned or sold at a discount. There is also a great return on electronics sales.
- **Ecology**. The point is that the environment should not be contaminated by discarded or retired/old products. On the other hand, concerns about the depletion of raw material resources are forcing mankind to better manage these scarce resources, especially by recycling them.

There are currently two strategies for promoting reverse logistics:

- **Push Eco-strategy** - in which **states enact laws to protect the environment**, lead to some ecological buildings, and some civil movements, by their protest, force businesses to apply the principle of reverse logistics.
- **Pull Eco-strategy** - is based on the **environmental awareness of producers** (for example by adopting ISO 14 001) **and consumers**. This strategy can only complement the Push Eco-strategy, because this strategy alone is not enough for the meet the challenges.

In reverse logistics, **waste and material losses related to production, goods returned by trade, used products from consumers** are the main flows.

Reverse Logistics Process

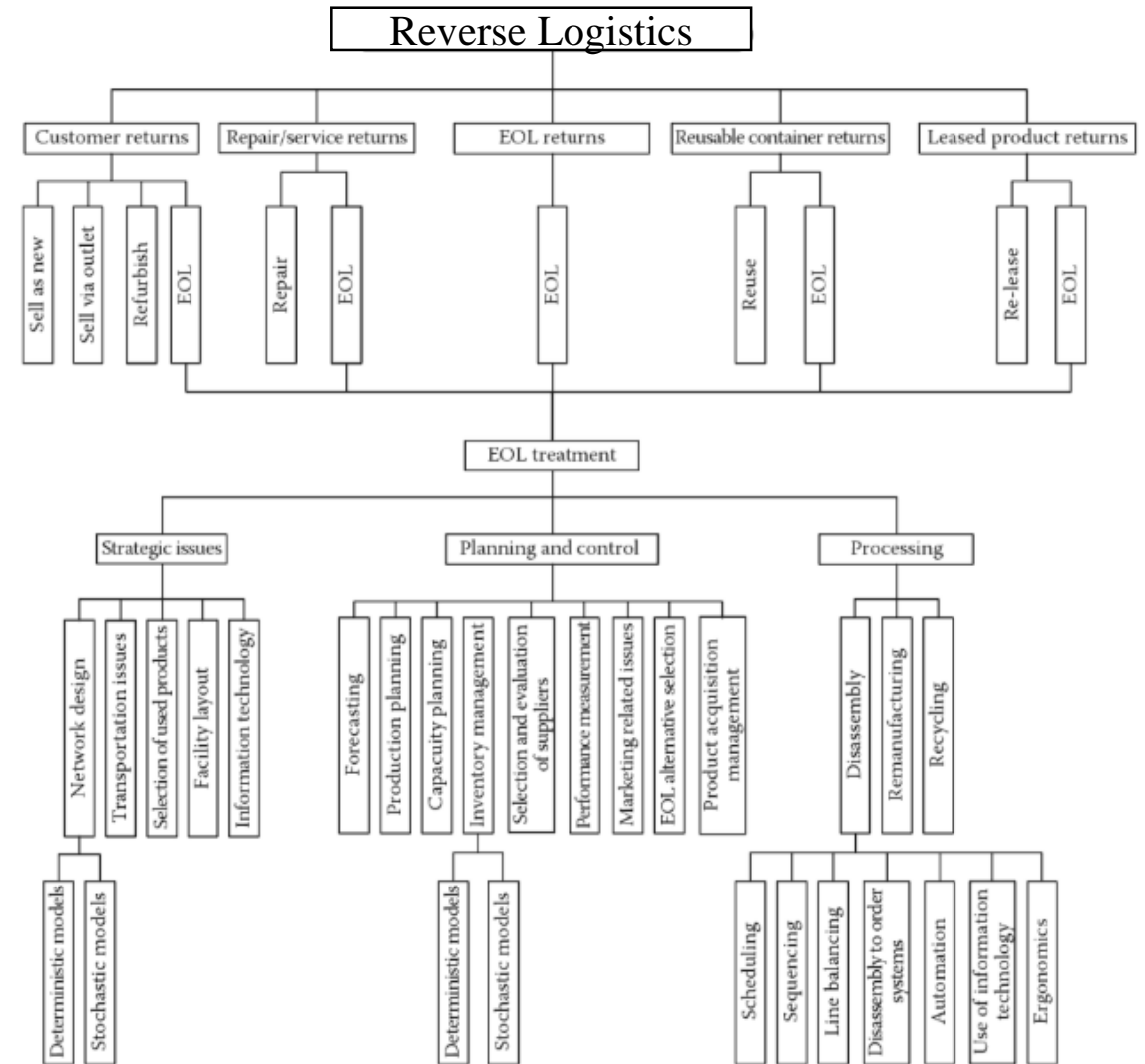


Five different types of product returns is distinguish in reverse logistics. These types are (Gupta, 2016):

- **Customer returns**
- **Repair/service returns**
- **EOL returns**
- **Reusable container returns**
- **Leased product returns**

Collection, sorting, and inspection stages are common to all return types. For the cases of customer, leased product, repair/service, and reusable container returns, if a returned product is found to be in very bad condition (non-refurbishable, non-repairable, non-reusable) at the end of inspection operation, then it is regarded as an **EOL product return**. If it is found to be in a good condition, then a series of refurbishing or repair operations are carried. (Gupta, 2016)

Figure 1: The process of reverse logistics



Retailers sell in many different formats with some requiring consumers to visit a physical location while others sell to customers in a virtual space. It should be noted that many retailers **are not tied to a single distribution method but operate using multiple methods**. Distribution method can be divided into “Store-Based Sellers” and “Non-Store Sellers” (Chandrasekar, 2010):

1. Store-Based Sellers – by far the predominant method, consumers use to obtain products is to acquire these by physically visiting retail outlets (known as brick-and-mortar). Store outlets are further divided into several categories. One key characteristic that distinguishes these categories is whether the retail outlets are physically connected to one or more others stores:

- **Stand-Alone**

- these are retail outlets that do not have other retail outlets connected

- **Strip-Shopping Centre**

- a retail arrangement with two or more outlets physically connected or that share the physical resources (e.g. shared parking lot)

- **Shopping Area**

- a local centre of retail operations containing many retail outlets that may or may not be physically connected but are in close proximity to each other such as a city shopping mart

- **Regional Shopping Mall**

- consists of a large self-contained shopping area with many connected outlets

2. Non-Store Sellers

-a fast growing method used by retailers to sell products is through methods that do not need the customers to physically visit the retail outlet. In fact, in many cases customers make their purchase from within their own homes.

- **Online Sellers**

-the fastest growing retail distribution method allows the consumer to purchase products via the Internet. In most cases delivery is then handled by a third-party shipping service.

- **Direct Marketers**

-retailers that are principally selling via direct methods have a primary location that receives orders but does not host shopping visits. Rather, orders are received via mail or phone.

- **Vending**

-purchasing through vending machines does require the consumer to physically visit a location. This type of retailing is considered as non-store retailing as the vending operations are not located at the vending company's place of business.

THE SPECIFICATION OF INTRA-COMMUNITY TRADE IN EU



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Before selling goods on the EU market, company must ensure that its products meet **EU requirements for the protection of human and animal health, the environment and consumer rights**. These are rules and specifications that are harmonized within the EU or that each country of the EU requires separately, but is also recognized by the EU - the so-called mutual recognition.

The company can define general terms of sale itself (including restrictions on delivery), however **all EU customers must have the same opportunity to purchase the goods as local customers**.

If the company offers discounts or other special terms of sale, **all customers should be able to benefit** from them regardless of their EU country, nationality and place of residence.

Customers must have access to any version of the company website.

The current shape of the European Union is characterized by a common economic space and a single internal market, which has four basic economic attributes:

Free Movement of Goods

Free Movement of Persons

Free Movement of Capital

Freedom to Establish and Provide Services

Free Movement of Goods



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It is based on the **removal of physical and technical barriers to trade**. Physical barriers are **the elimination of customs clearance at border states**, while technical barriers have been eliminated by **harmonizing national regulations in product requirements**. So far, tax differences between countries have not been eliminated. (Mulačová and Mulač, 2013)

The free movement of goods is a prerequisite for the functioning of the internal market. Significant easing has already been achieved by removing so-called tariff barriers (customs duties and restrictions having equivalent effect). The instrument for release is also **technical harmonization** (harmonization of technical, health and other requirements) at the level of **EC legislation and subsequently in national regulations**. For example, requirements for cosmetic products, toys, machinery are harmonized. The coordinator of the field of harmonized goods is the **Office for Technical Standardization, Metrology and State Testing**. In addition, there is still a wide range of goods where each state sets its own requirements through national regulations - the **non-harmonized sphere**. The so-called mutual recognition principle applies to these goods.

According to this principle, goods produced or placed on the market of one Member State in accordance with its legislation have, in principle, **free access to the market of another Member State**. The idea is that a product that is good for consumers in one Member State is good for consumers in another. The principle is based on **Articles 34 to 36 TFEU** (the Treaty on the Functioning of the European Union) as well as the case law of the European Court of Justice. Its application takes precedence over national law as well as over administrative practice in the Member States' authorities. Exceptions to the application of the principle of mutual recognition are only possible for reasons of public interest protection as set out in Article 36 TFEU. (BusinessInfo, 2019)

Freedom to Establish and Provide Services



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It may take the form of **cross-border service provision**, i.e. to clients in another Member State **without the need for the client or entrepreneur to relocate**, allowed by the simultaneous development of communication and information technologies, or by establishment in another Member State. (Mulačová and Mulač, 2013)

Freedom to provide services is one of the fundamental pillars of the internal market. Services can be provided within the EU in **two modes**. In **the regime of establishment** and in **the regime of so-called cross-border provision**. The regime of establishment simply means that no citizen of an EU Member State must be prevented from settling in the territory of another state, i.e. obtaining an activity permit - providing services either as a self-employed person or establishing a company. If an entrepreneur decides to obtain a local equivalent of a trade license, for example in France, he will be issued with the same conditions as a French sole trader. The fact that he is not a French citizen must not be an obstacle here. The real benefit is the possibility of cross-border service provision. This means that an entrepreneur or self-employed person from one Member State provides services in another Member State only on the basis of an authorization issued by the authority of his home State. For example, a Czech trader may temporarily or occasionally provide a service in another Member State only on the **basis of his trade license issued by the Czech Trade Licensing Office**, without applying for any authorization to the authority of the country where he intends to provide his service. This business mode can be used if the service is provided temporarily and occasionally. However, in some cases, which vary from country to country for different professions, it is necessary to prove that the entrepreneur meets the **relevant qualification requirements** before providing the service.

Free Movement of Persons and Capital



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Free Movement of Persons includes not only the free movement of persons, i.e. workers, students or pensioners, but also **the right to conduct business in any Member State**. When enlarging the EU to include new members, transitional measures can be temporarily imposed to restrict access for workers from newly admitted countries. Free movement is supported by Schengen. (Mulačová and Mulač, 2013)

EU citizens and their family members have the same access to the labour market of any Member State as their own nationals, i.e. without any restrictions, permits or other conditions that they do not have to fulfil. The coordinator is the **Ministry of Labour and Social Affairs**. **Freedom of establishment** for the purposes of business applies to both **self-employed persons and companies**.

Free movement of capital is the possibility to **freely allocate capital to individual Member States**, while respecting **the rules on financial restrictions on banking transactions or tax regulations**

In addition to the free movement of goods, persons and services, the free movement of capital is one of the fundamental rights of citizens of EU Member States. Strengthening this right is all about **removing all national barriers to the transfer of capital**, both **between individual EU Member States** and in relation to **third countries**, and introducing EU rules on securing cross-border payments and transfers of capital of all kinds. In the Czech Republic, the issue of free movement of capital falls primarily within the competence of the **Ministry of Finance**.

THE CURRENT TRENDS OF INTRA-EU TRADE



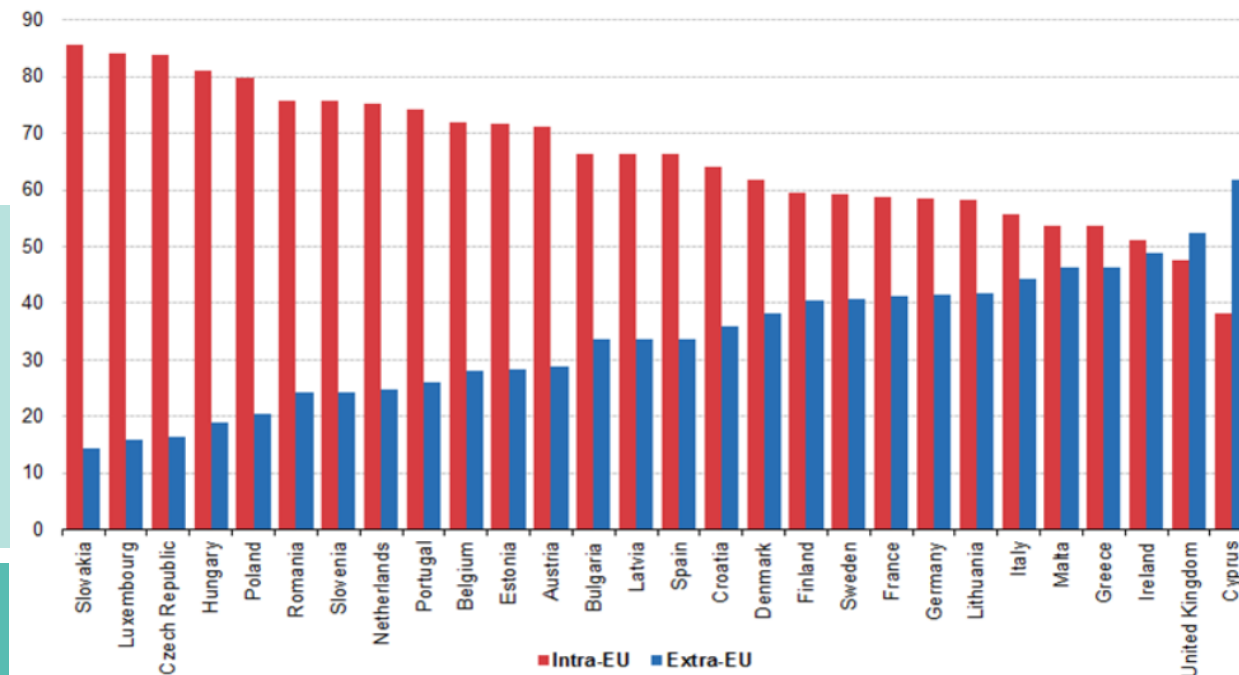
Traditionally, the EU Member States as a whole have traded goods **more with other Member States than with countries outside the EU**. Figure 2 shows that in 2017, with the exception of the United Kingdom and Cyprus, all Member States exported more goods to partners within the EU than outside the EU.

There is a relatively large variation among Member States in this proportion, ranging from 86 % of Slovakia's total exports of goods going to other EU Member States to under 38 % of Cyprus' total goods exports.

The exchange of goods between EU Member States (intra-EU trade) amounted to **EUR 3,347 billion** in 2017. This was 78% more than the value of exports from the EU-28 to non-member countries, amounting to EUR 1 879 billion (non-EU trade).

Four fifths of total exports of goods within the EU in 2017 were **manufactured products**.

Figure 2: Intra EU exports of goods compared with Extra EU exports of goods by Member State



Source: Eurostat, 2017

SUMMARY

- Business logistics is a discipline that deals with the planning, management and implementation of the flow of goods and information so that **the right commodity is in the right time in the right place at the lowest possible cost.**
- Distribution means that companies **deliver value to customers in the form of product.**
- The choice of logistic means these factors: **nature of goods, packing method, transport distance, climate conditions and technical and other logistic equipment of transporters.**
- The major areas of logistical expertise required in cross border cargo movement mode of transportation, cargo insurance, packaging, and shipping documentation for customs clearance.
- The handling units are divided in terms of business logistics as zero-order handling unit, handling unit I. order, handling unit II. order, handling unit III. order and handling unit IV. order.
- Reverse logistics **encompasses all merchandise flows from the customer and/or the retailer back through the supply channel.**
- Reverse supply chains consist of a series of activities required to collect used products from consumers and reprocess them to either recover their leftover market values or dispose of them.
- There are two strategies for promoting reverse logistics: **push eco-strategy** and **pull eco-strategy.**
- Distribution method can be divide into **store-based sellers** (stand-alone, strip-shopping centre, shopping area and regional shopping mall), **non-store sellers** (online sellers, direct marketers, vending).
- Intra-community trade in EU is characterized by **free movement of goods, free movement of persons, free movement of capital, freedom to establish and provide services.**



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