SECTION VI.
LAW AND INTERNATIONAL LAW

DOI 10.36074/logos-26.02.2021.v1.20

CONCEPT AND CLASSIFICATION OF TRADE INTERMEDIARIES

ORCID ID: 0000-0003-0149-0710

Viktoriia V. Rieznikova
Doctor of Law Sciences, Professor,
Head of the Department of Economic Law and Economic Procedural Law
Institute of Law
Taras Shevchenko National University of Kyiv

ORCID ID: 0000-0002-7523-5045

Iryna M. Kravets
Candidate of Law Sciences, Associate Professor,
Associate Professor of the Department of Economic Law and Economic Procedural Law
Institute of Law
Taras Shevchenko National University of Kyiv

UKRAINE

In the current circumstances of economic development, including trade liberalization, expansion of foreign economic activity of Ukrainian economic entities, the distance of providers from customers, there is an objective need to develop the institution of trade intermediaries.

A trade intermediary is a full participant in the economic relations, acting within the economic competence, directly carrying out trading intermediary activities for economic purposes (mainly, making a profit), and whereby mediation is the main and / or exclusive type of activity of the economic entity. The trade intermediary is a physical person or a legal entity exercising a link between the producer and the consumer, the seller and the buyer of goods that promotes trade [1].

An economic entity that systematically carries out trading mediation activities on a professional basis, as a general rule, on its own behalf, but at the expense and in the interests of the customer for a fee acts as a trade intermediary (a key figure in a trading mediation relationship). The trade intermediary is an economic entity that establishes economic relations between a producer, a seller (supplier), a buyer of goods and the third parties (including consumers) in order to accelerate and facilitate the economic turnover of goods. The status of an economic entity is assigned to a trading intermediary via its state registration, the very fact of which establishes the acquisition of additional proceedings for the legal space for professional activity compared to the general rights and freedoms.

Intermediaries generally specialize in certain groups of goods, constantly monitoring the situation in a particular segment of the commodity market, as a result, intermediaries faster than producers of goods find counterparties interested in buying such goods. Through constant monitoring of supply and demand for the relevant groups of goods, trade intermediaries have the opportunity to inform producers about the main trends in market conditions and its indicators.

The following functions of trade intermediaries are defined:
1) research work – collecting information to plan and improve the exchange;
2) sales promotion – short-term measures aimed at stimulating a rapid market response to the company’s production;
3) establishing contacts – reaching out to and maintaining relationships with potential buyers;
4) adaptation of goods – adjustment of goods to customer requirements, concerning such activities as production, sorting, installation, packaging;
5) negotiations – attempts to agree on prices and other conditions for further transfer of ownership;
6) organization of goods movement – transportation and storage of goods;
7) financing – search and use of funds to cover the costs of delivery of goods to consumers;
8) assumption of risk – taking responsibility for bringing goods to the final customers [2].

In the practice of international trade, the relevant requirements for the choice of trade intermediary have been formed:
1) the intermediary shall provide the required level of additional maintenance services, especially when the object of the sale is machinery, equipment or other manufacturing-technical goods;
2) the potential intermediary shall have at his disposal the appropriate material and technical support, in particular, trade, representative, demonstration and storage facilities, as well as the channels and means of communication;
3) the intermediary firm must be financially stable, have an impeccable business reputation and readiness for a long-term cooperation;
4) the intermediary must not act in the interests of other firm or national company which produces similar or competing goods in the territory [3].

With regard to the classification of trade intermediaries on the basis of dependence, independent, partially dependent and dependent trade intermediaries can be differentiated (dependence occurs due to territorial, price and other restrictions of the trade intermediary on the part of the customer).

According to the volume of trade, trade intermediaries can be classified into wholesale trade and retail trade intermediaries.

Due to the national origin, trade intermediaries are divided into national trade intermediaries (residents) that facilitate the establishment of economic relations between economic entities and promote economic turnover of goods and services within the domestic (national) market, national trade intermediaries in foreign trade (residents) and foreign intermediaries (non-residents).

To summarize, the purpose of economic and trade mediation in trading intermediary legal relations reflects the important legal, economic and / or social results of its implementation (exercising of trading intermediary activities by providing trading intermediary services). For a trade intermediary, achieving the goal of a trade-brokerage relationship is to meet the needs of the customer and to receive income / profit from the trade-brokerage services delivered. Trade intermediaries specialize either in a certain range or in different groups of customers. This allows them to perform a significant amount of work getting ready for the meeting of the parties and negotiations. It would be fruitful to pursue further research to analyze the legal status of trade intermediaries, to study the peculiarities of the procedure for trading intermediation.

References: