

FEATURES ON INTRA-COMMUNITY ACQUISITIONS MANAGEMENT

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Abstract: *Since the signing, in 1993, of the European Association Agreement, all Romanian governments without exception have set as their priority programs of government the imperative of EU membership, based on early performance of the Copenhagen and Madrid admission criteria, so this goal has become reality at January 1, 2007. The research presents the evolution of Romanian foreign trade after the European integration, being pointed out the risks benefits associated with intra-community acquisitions.*

Key words: *economic, strategies, management, intra-Community*

1. INTRODUCTION

From legal point of view, Romania's adhesion has brought many changes, with direct impact on commercial transactions conducted by businesses. The supply activity of intra-communitarian market tries to assure full and comprehensive the economic unit with the necessary resources, appropriate quality at the place and time required and with minimal cost.

The peculiarities of intra-Community acquisitions management can be defined both by the performed functions, but also by highlighting specific activities, with a different degree of complexity and difficulty, performed in this process (Dumitru, 2005).

Planning targets the substantiation of objectives and actions that need to be followed in the supply activity, determining resource requirements and ways of realization. Fulfilling this function involves running the following activities:

- Sizing consumption, namely developing analytical specific consumption standards, technically and economically fundament, thus preventing irrational consumption;
- Sizing based on quantitative economic levels or calendar times of orders, the action is likely complex, given its economic importance, and it's conducted in the context of overall business development and defining policy in the stock management area in relation to the internal and external environment of the enterprise;
- Technical-economic substantiation of the plan and of the unit's programs of material supply and to this tendency we use the plan and manufacturing programs, consumption standards (consumption specific set based on economic documentation) for the entire structure of production, the needs for other destinations of use of material resources, structure and levels of stock, own resources existing during the time in which the substantiation is made;
- Identifying and establishing the amount and structure of necessary resources that will be purchased from suppliers from European Union.

Organization of intra-Community acquisitions management involves the following activities:

- Prospecting of the common market, for detecting and locating the actual and potential sources of supply, the action means issuing inquiries, investigations in international fairs and exhibitions, the commodity

exchanges, the study of trade catalogs, booklets, and brochures and other information and advertising sources, contacting specialized units in merchandising materials and products;

- Choosing material resources and machinery that respond best to the characteristics for consumer applications, are the most advantageous terms of delivery and good price/quality report;
- Selection of suppliers in the Member States' area, whose offers present the most advantageous economic conditions and provide certainty for future delivery on short or long term;
- Developing strategies for resource acquisition in relation to intra-Community supply market, this action is performed after a prior analysis of characteristics supply market, suppliers, situations that influence buying strategy, etc.;
- Testing the credibility of the selected suppliers to highlight the moral probity, that have guarantees, thoroughness in business, in compliance with assumed obligations and responsibilities and not least of solvency;
- Negotiation and concretization of relationships with the selected suppliers, action which involves setting, by agreement of will, of all conditions of delivery between partners; the completion sale- purchase relations is done by issuing orders and commercial contracts to ensure normal conditions of acceptance-reception of incoming goods from suppliers (Feleaga, 2007).

Influence is the process of harmonizing the decisions and actions of the organization's staff members and of the component subsystems. Actions taken in this regard relate to:

- Selecting and employing by principle of competence of specialized personnel with responsibilities for making acquisitions in the common market, the selection criteria concern - besides a good knowledge of acquisition domain - negotiating skills and thorough knowledge of at least two languages used within the European Union;
- Training and development workers in the material insurance sector through various forms of training, in order to be able to perform their duties in line with the established objectives;
- Establishing and delegating responsibilities for the unit's reporting obligations relating to: the deduction of VAT or VAT particular deduction, summary statement, Intra-State declaration (if exceeded the threshold value), ensuring good cooperation between the financial accounting and acquisition departments (Miron, 2003).

2. RISKS AND BENEFITS ASSOCIATED WITH INTRA-COMMUNITY ACQUISITIONS

To efficiently ensure the necessary material resources, operators in Romania appeal more often to Intra-Community acquisitions.

"Attractiveness" of Intra-Community acquisitions can be explained by the following advantages (Toma, 2005):

- 1) *Quality* - there are many situations where, on the common market of European Union we can find suppliers that offer products of better quality and at acceptable prices.
 - 2) *Price* - by using a cheaper workforce, or more effective, by the existence of better supply sources, there are often situations where products obtained from foreign markets have lower prices or afford a cost-efficient utility;
 - 3) *Experience in production* - it's known that the product is also sold according to its image which is generally perceived in terms of quality.
 - 4) *Lack of internal sources* can be caused due to appealing to acquisitions from Member States for certain products.
 - 5) *Delivery safety* is another cause of appealing to external sources. Thus, technical and managerial monopoly position, for example, if the Romanian enterprises timeliness is not considered one of the priorities.
 - 6) *Technical assistance is another argument*. Thus, there are external suppliers who are well aware that the sale of final products is an essential condition for selling their own products.
 - 7) *Implementing competition and creating feelings of insecurity* for internal suppliers by appealing to the possibility of external sources;
 - 8) *There are sometimes strategic alliance relationships*, joint ventures with foreign companies.
 - 9) *Supply counterpart* which stimulates the desire to purchase the final product or to identify potential new suppliers.
- Intra-Community purchases of goods and services necessary to conduct the business requires presume not only advantages but also some risks.

Socio-economic, political and legislative peculiarities of each country may cause particular problems in the supply process. Specialty literature mentions the following cases (Visan, 1999):

- Political and economic issues specific to each country. There are countries with a greater or lesser political and economic stability.
- Time of supply - is generally higher given their distance, use of transportation systems, border transit, etc.
- Identifying and evaluating potential suppliers is another problem that can be a source of losses, the problems are determined by: the sources of information, distance, attitudes toward certain specific situations, etc.;
- Currency fluctuations - which result from the activity of the financial market - but also of the economic policies - have a role in the decision to appeal to the suppliers of the Community;
- Transport of products is a problem that can decisively influence the quality and cost of the supply activity.
- Language can be an advantage in establishing international supply relations thru the possibility of rapid communication and without different interpretation resulted from misunderstanding of meanings;
- Cultural habits may be the cause of some failures, if they aren't known and respected, but they can be used to obtain benefits.

3. DEVELOPMENTS IN THE ROMANIAN FOREIGN TRADE DURING THE PERIOD 1998-2008

The total volume of Romania's international trade, in the year 2008, increased by 11.9% compared to the year 2007, exports registered an increase of 14.4% and imports increased by 10, 5%. The FOB (Free on Board) exports of Romania, in year 2008, were 33,327.9 million euros, with 4,226.1 million euros higher than the previous year, when it amounted to 29,401.8 million euros.

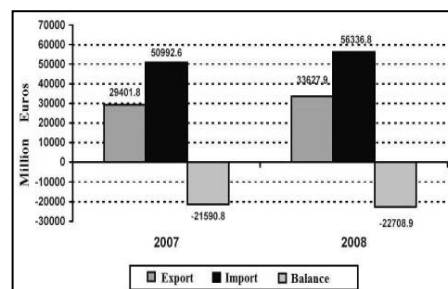


Fig. 1. Romania's international trade in 2008, compared with 2007

Source: ANV, INS, Romanian Center for Commerce Promoting

The CIF (Cost, Insurance, Freight) imports of Romania, in the year 2008, was 56,336.8 million euros, with 5344.2 million euros higher than in the year 2007, when it amounted to 50,992.6 million euros. The total volume of intra-Community Romania, in the year 2008, increased by 9.1% compared to the year 2007, exports registered an increase of 12.0% and imports increased by 7.4%. The value of intra-Community export (by the 26 EU countries) was 23,671.3 million euros, increasing by 12.0% from last year and represented 70.4% of the total Romanian exports. The value of intra-Community import (derived from the 26 EU countries) was 38,937.1 million euros, increasing by 7.4% from last year and represented 69.1% of the total Romanian imports.

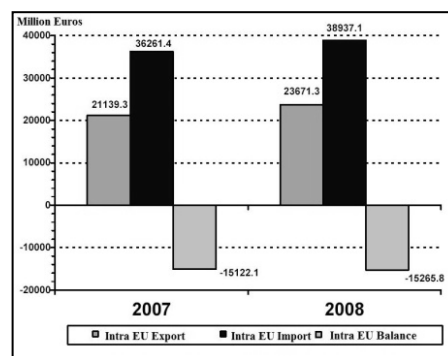


Fig. 2. Structure of Romania's intra-Community trade

Source: ANV, INS, Romanian Center for Commerce Promoting

4. CONCLUSION

It is noted that in the case of supply from the common market there are particular problems which if they are properly resolved can ensure opportunities, otherwise they can be the source of losses. To solve the problems posed by these difficulties there are different solutions, such as: appropriate organization of supply relations, training of personnel, use of opportunities created by the existence of international bodies, professional associations, communication systems (internet).

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