

## **ANALYSIS APPROACH TO ENTREPRENEURSHIP IN FORWARDING**

Miloš Poliak<sup>1</sup>

---

---

*Summary: The paper deals with analysis of market access in forwarding. The paper analyzes the market access for forwarding the following countries: Slovak Republic, Czech Republic, Austria and U. S. A.*

*Key words: transport, manager, entrepreneurship, analysis.*

### **1. INTRODUCTION**

The paper deals with analysis of market access in forwarding. The paper analyzes the market access for forwarding the following countries: Slovak Republic, Czech Republic, Austria and U. S. A.

### **2. FORWARDING ACTIVITIES**

The forwarder has the responsibility to take professional care of the implementation of the responsibilities under the transportation contract. He/she is responsible for minimizing the transportation costs, minimizing risks arising from transportation and to ensure the best possible transportation of goods from source to destination. He/she represents the connection between the customers and the carrier, between the producers and the consumers, the exporters and the importers. His or her efforts are devoted to create the best price for customer. In this regard, he/she cooperates with motor carriers (transport capacity), and other forwarders. The forwarder also helps to speed up the flow of funds for goods sold by issuing documents accepted by the banks and the customs offices. In addition the forwarder is also an expert in various parameters concerning the vehicles, and he is able to recommend or select the appropriate vehicle for the transportation process. The forwarder combines shipments and modes of transport for a rational transport process. The forwarder is able to provide information to the customers on the movement of goods from the loading to the unloading site.

The forwarding across the EU has no regulations that would unite the conditions for forwarder. There is only a Directive of the European Parliament and Council 2006/123/ about services in the internal market. This document governs only the education necessary for carrying out the business of the forwarder as follows:

- Secondary education and at least 2 years experiences in the field,
- A university degree and at least one year experience in the field.

---

<sup>1</sup> doc. Ing. Miloš Poliak, PhD.; University of Žilina, Faculty of Operation and Economics of Transport and Communications, Department of Road and Urban Transport, Univerzitná 1, 010 26 Žilina, Tel.: +421 41 513 3531, E-mail: [milos.poliak@fpedas.uniza.sk](mailto:milos.poliak@fpedas.uniza.sk)

For this reason, there are significant differences of approach in the forwarding business in the EU.

### **3. LEGISLATIVE CONDITIONS FOR ACCESS TO THE SLOVAK FORWARDING MARKET**

Business for forwarding is regulated by law of services in the internal market. According to these laws the forwarder must meet the following two criteria:

General business conditions:

- minimum age of 18 years,
- legal capacity,
- integrity.

Professional competence:

- Secondary education and at least two years experiences in the field,
- University degree and at least one year experience in the field.

If the applicant for an authorization to operate in the forwarding sector meets these requirements, the Trade Office is obliged to issue a business license.

In addition to the previous conditions of the law of services in the internal market, the forwarder has to fulfill another condition that will raise awareness to the customers. The customers will know more information about his/ her company and activities. Before signing a transportation contract or before providing any service, the forwarder should unambiguously inform the customer about:

- The business name, the legal status, the place of business or domicile, residence, the telephone number, fax number or address for electronic mail,
- Identification number for value added tax, if assigned, otherwise the tax identification number, membership in professional organization, general conditions for the provision of forwarding services, liability if it provides a range of duties provided by law.
- Cost of the service if the price is fixed in advance or paid, or method of calculating the price if the price will be set up to provide services, contact details of the insurer if he/she has contracted with the insurance, the extent of liability insurance for damage caused by execution of activities and spatial extent of the insurance, contact details, where the customer can lodge a complaint or claim to the service provided.

These data may be available to customers through:

- information available at the place where the service or where the contract is awarded for the provision of services,
- information documents intended to the recipient of services, which include a detailed description of the service,
- electronic means of communication, in particular the data at web site.

The Slovak Trade inspection has a control of compliance with an obligation under the law of services in the internal market.

#### **4. LEGISLATIVE CONDITIONS FOR ACCESS TO THE AUSTRIA FORWARDING MARKET**

The responsibilities of the forwarder are the same in Austria as in any other country. He/ she has to take professional care of the whole transportation process but the professional conditions are more strict than in other countries.

Professional education can also be obtained by successful accomplishing a test. Any individual who successfully completes the transport school plus at least 2 years of experience in the transportation management field is qualified to provide professional transportation services.

The topics of the test include:

1. Creating correspondence and documents.
2. Payments and lending.
3. Calculate the cost according to the tariffs.
4. Accounts under the special accounting.
5. The oral examination.

#### **5. LEGISLATIVE CONDITIONS FOR ACCESS TO THE CZECH FORWARDING MARKET**

The responsibilities of the forwarder are the same in the Czech Republic as in any other country, but the conditions are less strict than in other countries.

The forwarder must only meet the general conditions for business:

- Minimum age 18 years old,
- Legal capacity,
- Integrity,

According to Government Resolution no. 140/2000 Collection of Law, transportation is divided into:

- National,
- International.

The forwarder cannot do transportation for his/her own purpose, representation in customs procedure and the activity of customs agents.

#### **6. LEGISLATIVE CONDITIONS FOR ACCESS TO THE U.S.A. FORWARDING MARKET**

The forwarder can set up business as a "sole proprietor" (single person). To do so, the forwarder just starts his own business.

There are three main types of corporate forms for businesses - "C" corporation, "S" corporation, and LLC or Limited Liability Company. Most small businesses choose to be either an "S" corporation or an LLC because these forms limit personal liability while still allowing profits and losses to be passed through to the owners' personal tax returns<sup>10</sup>. Every forwarder must be a licensed customs broker, which requires passing an exam.

To be eligible for a broker's license:

- be at least 21 years old,
- be a United States citizen,
- not be a current Federal Government employee,
- possess good moral character.

If the forwarder complies with previous requirements, he/she additionally has to:

- pass the customs broker license examination,
- submit a broker license application with appropriate fees,
- application must be approved by CBP (U.S. Customs and Border Protection).

The customs Broker license examination is an open book/open test with 80 multiple-choice questions based on designated editions of the following publications:

- the Harmonized Tariff Schedule of the United States (HTSUS),
- title 19, Code of Federal Regulations,
- specified Customs Directives,
- customs and Trade Automated Interface Requirements document (CATAIR).

The appropriate CBP port director must receive the examination application and a \$200 fee at least 30 days in advance of the examination. An acceptable result is considered when the applicant gets at least a 75 % score.

A CBP bond is a contract that is given to insure the performance of an obligation or obligations imposed by law or regulation. A bond is like an insurance policy that guarantees payment to U.S. Customs and Border Protection (CBP) if a required act is not performed. Bonds have a number of uses in CBP. The most common use allows importers to take possession of their goods before all CBP formalities are completed. Another common use allows a carrier to move goods under bond from one place to another before those goods are actually entered for consumption with duties paid.

All parties that import merchandise into the United States for commercial purposes or transport imported merchandise through the United States must have a CBP Bond

## **7. CONCLUSION**

For a forwarder it is easier to start a new business in the U.S. than in some countries in EU. But conditions are same all over the U.S. In the U.S. there is just one condition that the forwarder must have: the customs Broker license. The forwarder obtains the customs Broker license when he passes a test.

The EU has just general conditions which apply to the whole EU. However professional conditions are different in each country. Some countries have less strict conditions (Czech Republic) for forwarders and some countries have stricter ones (Austria). The EU needs to unify professional conditions for all the EU state members; similarly as it is in the general business because the competitive environment is distorted.

The forwarder in U.S. must have a special type of "insurance" called a customs bond, in the case transportation is from one country to another. The European forwarder does not need this insurance when transport is within European union (27 countries), but the forwarder must have this type of insurance when transportation is performed from EU to another country.

## REFERENCES:

- (1) <http://www.koop.sk/index.cfm?module=lomtec&page=SearchResults>.
- (2) Commercial Code no. 513/1991 collection of Laws from 5th November 1991.
- (3) Directive 2006/123/EC of the European Parliament and of the council of 12 December 2006 on services in the internal market.
- (4) (<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:376:0036:0068:en:PDF>) 136/2010 Collection of Laws for Slovakia and above- mentioned European Directive about services in the internal market.  
(<http://www.zbierka.sk/zz/predpisy/default.aspx?PredpisID=209600&FileName=zz2010-00136-0209600&Rocnik=2010>).
- (5) Government Resolution no. 140/2000 Collection of Law  
(<http://www.sagit.cz/pages/sbirkatxt.asp?zdroj=sb00140&cd=76&typ=r>).
- (6) Customs Act (<http://www.vyvlastnenie.sk/predpisy/colny-zakon/>).
- (7) Act no. 455/1991 Collection of Laws on business activities.  
(<http://www.zbierka.sk/zz/predpisy/default.aspx?PredpisID=11370&FileName=91-z455&Rocnik=1991>).
- (8) <http://www.telecom.gov.sk/index/index.php?ids=1>.
- (9) <http://www.ok.gov/opm/jfd/t-specs/t23.htm>; <http://www.wisegeek.com/what-does-a-transportation-manager-do.htm>.
- (10) <http://smallbusiness.chron.com/differences-between-llc-sole-proprietor-s-corp-4372.html>.
- (11) [http://www.cbp.gov/xp/cgov/trade/trade\\_programs/broker/brokers.xml](http://www.cbp.gov/xp/cgov/trade/trade_programs/broker/brokers.xml).
- (12) [http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&sqi=2&ved=0CHcQFjAA&url=http%3A%2F%2Fwww.cbp.gov%2Flinkhandler%2Fcgov%2Ftrade%2Ftrade\\_programs%2Fbonds%2Fqa\\_bonds.ctt%2Fq\\_and\\_a\\_bonds.doc&ei=qzdqT9yBOung2QXUr8TsCA&usg=AFQjCNG719Kf9DQo2TodUPFdW5h1Mqw\\_eg&sig2=otLqkB5K90HCMniq\\_BLy9Q](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&sqi=2&ved=0CHcQFjAA&url=http%3A%2F%2Fwww.cbp.gov%2Flinkhandler%2Fcgov%2Ftrade%2Ftrade_programs%2Fbonds%2Fqa_bonds.ctt%2Fq_and_a_bonds.doc&ei=qzdqT9yBOung2QXUr8TsCA&usg=AFQjCNG719Kf9DQo2TodUPFdW5h1Mqw_eg&sig2=otLqkB5K90HCMniq_BLy9Q).
- (13) <http://www.zlz.sk/sk/informacie-o-zvaeze/zasielateske-podmienky/48-zasielateske-podmienky.html>.
- (14) MAJERČÁK, P.: Valuation of road safety measures - cost - benefit analysis. In: Studies of Faculty of operation and economics of transport and communications of

University of Žilina : Volume 19. - Žilina: University of Žilina, 2003. - ISBN 80-8070-096-6. - S. 123-126.

- (15) MAJERČÁK,P.: Financing of road safety actions. In: Podniková ekonomika a Manažment: elektronický odborný časopis o ekonomike, manažmente, marketingu a logistike podniku. - ISSN 1336-5878. - 2005. - Roč. 1, č. 3 (2005), s. 48-51. - Spôsob prístupu: <http://fpedas.utc.sk/katedry/ke/ke.htm>.