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EU4Digital: supporting digital economy and society in the Eastern Partnership

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eCommerce report (draft version updated 3 June 2020)

R.3.3-2. Analysis report of each EaP country's legal environment and standards related to eCommerce

R.3.3-3. Summary report of the eCommerce ecosystem in each EaP country

R.3.3-4. Recommendations proposed for eCommerce environment harmonization in the EaP countries.

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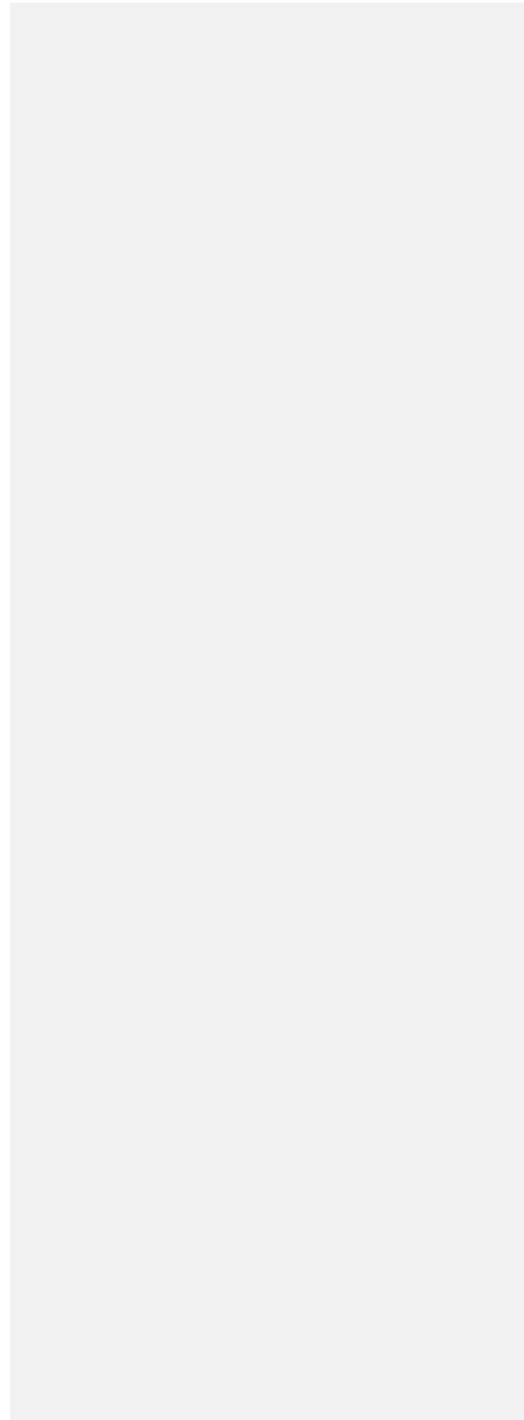
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1 Legal framework analysis

1.1 Introduction

The legal framework analysis covers the EU baseline and the state of play of the Eastern partner countries. The EU baseline and the state of play of the Eastern partner countries are related in the following way. First, the rules for eCommerce in the EU has been shaped for years and show how eCommerce is regulated by one of the world's biggest market of consumers and businesses. In addition, as the EU is working to secure a fair-trade setup, some of the EU legislation change with time forcing trading partners to adapt. Second, there are the Eastern partner countries that are developing trade with the EU, including eCommerce. There are certain rules that should be adjusted, harmonized and approximated to the EU market to facilitate trade. There are also rules that do not exist in the Eastern partner countries and should be created to enable seamless eCommerce with the EU market.

In the EU baseline, mainly the EU regulations and directives are described. To complement this description, rights and obligations set by the global organisations, such as the Universal Postal Union (UPU) and the World Customs Organisation (WCO), are covered as well. This global perspective on eCommerce has to be taken into consideration as the EU Member States trade with the Eastern partner countries and the rest of the world. As the EU trades with the rest of the world, there are legislation and procedures developed by global cooperation (e.g. the UPU network that enables delivery within eCommerce, the WCO global model for import customs requirements). Such systems and procedures influence eCommerce legislation in the EU and the rest of the world.

The EU baseline mainly consists of the existing regulations and directives. However, as the EU is in the process of major changes that impact eCommerce, the baseline includes the upcoming legislation that is already defined and is to be implemented in 2021. It is crucial for the Eastern partner countries to align to these changes. Failing in doing so might lead to substantial challenges when trying to export goods into the EU, even block trade completely. The changes are related to the digitalization of customs procedures and fiscal aspects, as well transport security and customer protection.

The description of the EU baseline is focused on the aspects important for cross-border eCommerce harmonisation. This is critical as the EU market is a sustainable and growing section of the global eCommerce ecosystem. Thus, the report focuses on the eCommerce legislation areas that are the most critical to be harmonised for cross-border transactions. Failure to do so disables eCommerce possibilities between the EU and other countries.

As described in the chapter [Methodology](#), areas that this report focuses on are:

1. Customer protection, including the areas such as unfair practices, rights, contract terms, injunctions, price indication, dispute resolution.
2. Parcel delivery, including digitalisation of customs procedures, fiscal aspects such as taxation and duties, and non-fiscal aspects such as product restrictions.
3. Obligations set by the UPU, WCO and other global organisations, including postal and delivery processes, data exchange processes.
4. In addition, the report provides an overview on the areas that support eCommerce. By harmonising these areas, the Eastern partner countries also benefit reducing obstacles for seamless cross-border trade. The supporting areas include security of network and information systems, geo-blocking, data protection, payments.

1.2 EU baseline

1.2.1 General applicability of the EU eCommerce legislations

EU law provides that providers of information society services, such as web-shops or online marketplaces, established in the EU are subject to the law of the Member State where the provider is established ('country of origin principle').

Commented [A1]: The dates will be updated as per the latest alignment with the European Commission.



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Companies established in a third country¹, including the six Eastern partner countries providing information society services into the EU fall under the jurisdiction of each individual EU Member State, including, for instance, prior authorisation schemes or rules on information to be provided to users. Moreover, the limitations of liability set out in the Directive on electronic commerce (Directive 2000/31/CE), in its Section 4 "Liability of intermediary service providers²" does not apply to intermediary service providers established in a third country.

Regulations on Net Neutrality (Regulation (EU) 2015/2120) on open internet provides common rules on equal and non-discriminatory treatment of traffic in the provision of internet access services and related end-users' rights. While these rules do not apply to third countries directly, they continue to govern the provision of internet access services into the EU-27, no matter where the information society service provider is established. This makes these rules applicable to third countries, when services are provided to the end-user established in the EU.

Aspects to be considered for transferring to national legislation by Eastern partner countries:

The EU principle of Net Neutrality Regulation (EU) 2015/2120 applies to Eastern partner countries. End-users in the EU have the right to access and distribute information and content, use and provide applications and services, and use terminal equipment of their choice, irrespective of the end-user's or provider's location or the location, origin or destination of the information, content, application or service, via their internet access service.

1.2.2 Consumer protection

Consumer protection is a priority of the EU³ while finalising the creation of the EU digital single market.

According to EU law, where a consumer concludes a contract with a professional in another country who, by any means, directs his commercial activities to the consumer's country of residence, the **contract is generally governed by the law of the country where the consumer has his or her habitual residence** (Member state of consumption principle). It is possible to choose another law, but that choice cannot deprive the consumer of the protection afforded by the law of the habitual residence which cannot be derogated from by agreement under that law.⁴ On that basis **EU courts will continue to apply the EU rules on consumer protection even though the trader is in a third country** (Principle of priority of EU law). This includes in particular the rules set out in the legislations analysed below.

1.2.2.1 Unfair Commercial Practices Directive⁵

The objective of the directive is to **reduce barriers to free trade** in the EU and achieve a high level of consumer protection.

According Art. 5, unfair commercial practices shall be prohibited. A commercial practice shall be unfair, if it is contrary to the requirements of professional diligence⁶, and it materially distorts or is likely to materially distort the economic behaviour with regard to the product of the average consumer whom it reaches or to whom it is

¹ A third country is a country not member of the EU.

² Such intermediary service are: Art. 12 "Mere Conduit"; Art 13. "Cashing" and Art. 4 "Hosting"; see section on the Directive on electronic commerce (Directive 2000/31/CE), page 30

³ Consumer protection is in the European Commission's strategic vision.

https://ec.europa.eu/info/policies/consumers/consumer-protection/consumer-strategy_en

⁴ Article 6(1) of Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), OJ L 177, 4.7.2008, p. 6. For exceptions to this general rule, see Article 6(2)-(4) of Regulation (EC) No 593/2008.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02008R0593-20080724&from=EN>

⁵ Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council (Unfair Commercial Practices Directive), OJ L 149, 11.6.2005, p. 22.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005L0029&from=EN>

⁶ "professional diligence" means the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or the general principle of good faith in the trader's field of activity



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addressed, or of the average member of the group when a commercial practice is directed to a particular group of consumers.

Unfair commercial practices are regarded misleading according Art. 6, when such **practise contains false information and is therefore untruthful or in any way deceives** the average consumer. Such information might concern the existence or nature of the product, the main characteristics of the product, the extent of the trader's commitments, the price or the manner in which the price is calculated, the need for a service, part, replacement or repair, the nature, attributes and rights of the trader or his agent and the consumer's rights. Misleading omissions in this context are, according Art. 7, likely to cause the average consumer to take a transactional decision that he would not have taken otherwise.

According Art 8 and 9, unfair commercial practices are regarded aggressive if by harassment, coercion or undue influence, it significantly **impairs the average consumer's freedom of choice or conduct** with regard to the product and thereby causes him to take a transactional decision that he would not have taken otherwise.

Art. 10 **encourages Codes of conduct** and proceedings in addition to the court or administrative proceedings established. Enforcement (Art. 11) shall be available regardless of whether the consumers affected are in the territory of the Member State where the trader is located or in another Member State.

In its annex I the Directive 2005/29/EC lists commercial practices which are in all circumstances considered unfair; further in its annex II according to Art 4 and 5 of the Directive 2005/29/EC is setting out in community law provision for advertising and commercial communication rules.

Aspects to be considered for transferring to national legislation by Eastern partner countries: definition of unfair practises; prohibition of unfair practises; introduction of codes of conduct / code owners and related legislation.

1.2.2.2 Consumer Rights Directive⁷

The objective of the Directive 2011/83/EU is to contribute to the **proper functioning of the internal market** by approximating certain aspects of the laws, regulations and administrative provisions of the Member States **concerning contracts concluded between consumers and traders.**

Chapter III of Directive 2011/83/EU regulates the consumer information and right of withdrawal for distance⁸ and off-premises contracts⁹. Art. 6 lays down all the **information requirements for distance and off-premises contracts**, it forms an integral part of the distance or off-premises contract and shall not be altered unless the contracting parties expressly agree otherwise. The leading formal requirement according Art. 7 is that the trader¹⁰ shall give the information required for off-premises contracts to the consumer on paper or, if

⁷ Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, OJ L 304, 22.11.2011, p. 64.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02011L0083-20180701&from=EN>

⁸ Art. 2 (7): "distance contract" means any contract concluded between the trader and the consumer under an organised distance sales or service-provision scheme without the simultaneous physical presence of the trader and the consumer, with the exclusive use of one or more means of distance communication up to and including the time at which the contract is concluded

⁹ Art. 2 (8): "off-premises contract" means any contract between the trader and the consumer:

(a) concluded in the simultaneous physical presence of the trader and the consumer, in a place which is not the business premises of the trader

(b) for which an offer was made by the consumer in the same circumstances as referred to in point (a);

(c) concluded on the business premises of the trader or through any means of distance communication immediately after the consumer was personally and individually addressed in a place which is not the business premises of the trader in the simultaneous physical presence of the trader and the consumer; or

(d) concluded during an excursion organised by the trader with the aim or effect of promoting and selling goods or services to the consumer

¹⁰ Art. 2 (2): "trader" means any natural person or any legal person, irrespective of whether privately or publicly owned, who is acting, including through any other person acting in his name or on his behalf, for purposes relating to his trade, business, craft or profession in relation to contracts covered by Directive 2011/83/EU



the consumer agrees, on another durable medium. That information shall be legible and in plain, intelligible language.

With respect to distance contracts (Art. 8), the trader shall give the information required for distance contracts or make that information available to the consumer in a way appropriate to the means of distance communication used in plain and intelligible language.

If a distance contract to be concluded by electronic means **places the consumer under an obligation to pay**, the trader shall make the consumer aware in a clear and prominent manner, and directly before the consumer places his order. **At the beginning of the ordering process, trading websites shall** indicate clearly and legibly whether any delivery restrictions apply, and which means of payment are accepted.

According to Art. 8 (7), the trader shall provide the consumer with the **confirmation of the contract concluded**, on a durable medium within a reasonable time after the conclusion of the distance contract, and at the latest at the time of the delivery of the goods or before the performance of the service begins.

The consumer has a period of 14 days¹¹ **to withdraw** from a distance or off-premises contract, without giving any reason and without incurring any cost other than provided in Art 13. (2) and Art. 14.

It is the obligation of the trader in the event of withdrawal, according Art. 13, to reimburse all payments received from the consumer, including, if applicable, the costs of delivery (the least expensive type standard delivery offered by the trader) without undue delay and in any event not later than 14 days from the day on which he is informed of the consumer's decision to withdraw from the contract.

It is the obligation of the consumer in the event of withdrawal according to Art. 14, unless the trader has offered to collect the goods himself, to send back the goods or hand them over to the trader or to a person authorised by the trader to receive the goods, in any event not later than 14 days (date of sending) from the day on which he has communicated his decision to withdraw from the contract to the trader.

According to Art 18., the trader shall deliver the goods by **transferring the physical possession or control of the goods** to the consumer without undue delay, but not later than 30 days from the conclusion of the contract.

Aspects to be considered for transferring to national legislation by Eastern partner countries: information and process requirements for distance and off-premises contracts (incl. such aspects as obligation to pay, confirmation of the contract concluded, withdrawing); requirements for trading websites regarding information to be provided at the beginning of ordering process; time limits to transfer the goods.

1.2.2.3 Unfair Contract Terms Directive¹²

The objective of the Directive is to approximate the laws, regulations and administrative provisions of the Member States relating to **unfair terms¹³ in contracts** concluded between a seller or supplier and a consumer.

According to Art. 3 of the Directive 93/13/EEC, a contractual term which has not been individually negotiated shall be regarded as unfair if, contrary to the requirement of good faith, it causes a **significant imbalance in the parties' rights and obligations arising under the contract**, to the detriment of the consumer. Not individually negotiated refers to terms drafted in advance, where the consumer has therefore not been able to influence the substance of the term, particularly in the context of a pre-formulated standard contract. The annex of the Directive 93/13/EEC contains an indicative and non-exhaustive list of the terms which may be regarded as unfair.

¹¹Art. 9 (2) lit b: the 14 expire -> in the case of sales contracts, the day on which the consumer or a third party other than the carrier and indicated by the consumer acquires physical possession of the goods

¹² Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, OJ L 95, 21.4.1993, p. 29. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01993L0013-20111212&from=EN>

¹³ Art. 2(a): "unfair terms" means the contractual terms defined in Article 3



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Unfair terms used in a contract concluded with a consumer by a seller or supplier shall, as provided for under their national law, according to Art. 6 (1), not be binding on the consumer and that the contract shall continue to bind the parties upon those terms if it is capable of continuing in existence without the unfair term.

Directive 93/13/EEC provides in Art. 7 (1), that Member States ensure that, in the interests of consumers and of competitors, adequate and effective means exist¹⁴ to **prevent the continued use of unfair terms in contracts** concluded with consumers by sellers or suppliers.

Aspects to be considered for transferring to national legislation by Eastern partner countries: definition of unfair terms in contracts; means to prevent the continued use of unfair terms in contracts.

1.2.2.4 Consumer Sales and Guarantees Directive¹⁵

The objective of the Directive is the approximation of the laws, regulations and administrative provisions of the Member States on certain aspects of the **sale of consumer goods and associated guarantees in order to ensure a uniform minimum level of consumer protection** in the context of the internal market.

Sellers must deliver **goods to consumers in conformity with the contract of sale**. Consumer goods are presumed according to Art 2. (2) to be in conformity with the contract if they:

- comply with the description given by the seller and possess the qualities of the goods which the seller has held out to the consumer as a sample or model;
- are fit for any particular purpose for which the consumer requires them and which he made known to the seller at the time of conclusion of the contract and which the seller has accepted;
- are fit for the purposes for which goods of the same type are normally used;
- show the quality and performance which are normal in goods of the same type and which the consumer can reasonably expect, given the nature of the goods and taking into account any public statements on the specific characteristics of the goods made about them by the seller, the producer or his representative, particularly in advertising or on labelling.

According to Art 3, the seller shall be **liable to the consumer for any lack of conformity** which exists at the time the goods were delivered. In the case of a lack of conformity, the consumer shall be entitled to have the goods brought into conformity free of charge by repair or replacement, in accordance with paragraph 3, or to have an appropriate reduction made in the price or the contract rescinded with regard to those goods, in accordance with paragraphs 5 and 6.

Directive 1999/44/EC states in Art 4 a **right to redress**, where the final seller is liable to the consumer because of a lack of conformity resulting from an act or omission by the producer, a previous seller in the same chain of contracts or any other intermediary, the final seller shall be entitled to pursue remedies against the person or persons liable in the contractual chain.

Directive 1999/44/EC requires the EU member states to determine by national law the person or persons liable against whom the final seller may pursue remedies, together with the relevant actions and conditions of exercise.

Aspects to be considered for transferring to national legislation by Eastern partner countries: conformity of goods with the contract of sale; liability of seller for lack of conformity; final seller's right, actions and conditions to redress.

1.2.2.5 New deal for consumers directive¹⁶

¹⁴ Art. 7 (2) provides that the courts or administrative authorities of the Member States must have at their disposal adequate and effective means of preventing the continued application of unfair terms in consumer contracts.

¹⁵ Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees, OJ L 171, 7.7.1999, p. 12. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01999L0044-20111212&from=EN>

¹⁶ DIRECTIVE (EU) 2019/2161 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU of the European



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The objective of Directive 2019/2161 is the **better enforcement and modernisation of EU consumer protection rules** amending the existing EU instruments and to bring the existing rules **in line with digital developments**.

NOTE: The Directive 2019/2161 is binding only as to the result it sets out to achieve. According to Art. 7 (1) it has to be transposed into national law of each member state **by 28 November 2021 at the latest**.

Directive 2019/2161 **amends** the Unfair Contract Terms Directive 93/13/EEC, the Price Indication Directive 98/6/EC, the Unfair Commercial Practices Directive 2005/29/EC, and the Consumer Rights Directive 2011/83/EU.

Art. 3 (7) lit.a prohibits traders providing search results in response to a consumer's online search query without clearly disclosing any paid advertisement or payment specifically for achieving higher ranking of products within the search results. However, when the **ranking**¹⁷ of consumers' online search results has been altered, Art. 3 (4) lit.b states, that general information, made available in a specific section of the online interface that is directly and easily accessible from the page where the query results are presented, on the main parameters determining the ranking of products presented to the consumer as a result of the search query and the relative importance of those parameters, as opposed to other parameters, shall be regarded as material.

Art. 3 (1) lit.b provides a new, technology neutral definition of an "**online marketplace**"¹⁸. Providers of online marketplaces should require according Art. 3 (4) lit.a, third-party suppliers on the online marketplace to indicate their **status as traders or non-traders** for the purposes of consumer protection law and to provide this information to the provider of online marketplace. **Consumers must be informed** that, in the case of a contract with non-traders, EU consumer protection laws do not apply.

Art. 4 (1) lit.d provides a new **definition on "digital content"**¹⁹ and "**digital service**"²⁰ in line with definitions in Directive (EU) 2019/770 Concerning Contracts for the Supply of Digital Content and Digital Services²¹. Digital content providers are now considered to be "continuous suppliers over a period of time". Consumers shall therefore be granted a 14-day test period of the service and the ability to cancel the online contract within that period (Art. 4 (11) lit.b).

Digital content and digital services are often supplied online under contracts under which the consumer does not pay a price but provides personal data to the trader. Directive 2011/83/EU already applies to contracts for the supply of digital content which is not supplied on a tangible medium (i.e. supply of online digital content) regardless of whether the consumer pays a price in money or provides personal data. However, that Directive only applies to service contracts, including contracts for digital services, under which the consumer pays or undertakes to pay a price. Consequently, that Directive does not apply to contracts for digital services under which the consumer provides personal data to the trader without paying a price. Given their similarities and the interchangeability of paid digital services and digital services provided in exchange for personal data, they should be subject to the same rules under that Directive.

Parliament and of the Council as regards the better enforcement and modernisation of Union consumer protection rules; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L2161&from=EN>

¹⁷ Art. 3 (1) lit.b; "ranking" means the relative prominence given to products, as presented, organised or communicated by the trader, irrespective of the technological means used for such presentation, organisation or communication.

¹⁸ Art. 3(1) lit.b; "online marketplace" means a service using software, including a website, part of a website or an application, operated by or on behalf of a trader which allows consumers to conclude distance contracts with other traders or consumers.

¹⁹ Directive 2019/770, Art. 2(1); "digital content" means data which are produced and supplied in digital form

²⁰ Directive 2019/770, Art. 2(2); "digital service" means: (a) a service that allows the consumer to create, process, store or access data in digital form; or (b) a service that allows the sharing of or any other interaction with data in digital form uploaded or created by the consumer or other users of that service;

²¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0770&from=EN>

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The scope of the Consumer Rights Directive 2011/83/EU has been extended (Art.4 (4) lit.a) to inform the consumer that the **price was personalised** on the basis of automated decision-making.

Directive 2019/2161 Art. 2(1) inserts a new Art. 6a into the Price Indication Directive 98/6/EC to prevent **fake price reductions** resulting from increasing prices just before announcing price reductions, any announcement made for a price reduction must now indicate the prior price of the product. The prior price of the product is the lowest price in the last 30 days before the price reduction.

Annex I of the Unfair Commercial Practices Directive 2005/29/EC has been amended by Directive 2019/2161 Art. 3(7), so that traders are prohibited from submitting fake **consumer reviews** or commissioning fake reviews or endorsements; as well as Art. 3 (4) lit.c, so that trader must ensure that the published reviews originate from consumers who have actually used or purchased the product, and related information has to be supplied.

In accordance with the new Regulation (EU) 2017/2394²² on cooperation between national authorities responsible for the enforcement of consumer protection laws, the set criteria for the **application of penalties** in the earlier directives (Unfair Contract Terms Directive 93/13/EEC, Price Indication Directive 98/6/EC, Unfair Commercial Practices Directive 2005/29/EC, and the Consumer Rights Directive 2011/83/EU) has been amended by Directive 2019/2161 to be proportionate to "the nature, gravity, scale and duration of the infringement". (Art. 1; Art. 2(2); Art. 3(6); Art. 4(13)). Member States shall ensure that, when penalties are to be imposed in accordance with Article 21 of Regulation (EU) 2017/2394, they include the possibility either to impose fines through administrative procedures or to initiate legal proceedings for the imposition of fines, or both, the maximum amount of such fines being at least 4% of the seller's or supplier's annual turnover in the Member State or Member States concerned (Art. 1(4); Art. 3(6); Art. 4(13))

In the case of **redress**, Directive 2019/2161 has amended the Unfair Commercial Practices Directive 2005/29/EC and added Art.11a, Art. 3(5), so that consumers harmed by unfair commercial practices, shall have access to proportionate and effective remedies, including compensation for damage suffered by the consumer and, where relevant, a price reduction or the termination of the contract. Member States may determine the conditions for the application and effects of those remedies. Member States may take into account, where appropriate, the gravity and nature of the unfair commercial practice, the damage suffered by the consumer and other relevant circumstances.

Directive 2019/2161 has amended the Unfair Commercial Practices Directive 2005/29/EC to ensure one single EU economic area for the purpose of better national enforcement (Art. 3(3)) to include as a misleading action, any marketing of a good, in one Member State, as being identical to a good marketed in other Member States (**Dual Quality of Products**), while that good has significantly different composition or characteristics, unless justified by legitimate and objective factors.

Aspects to be considered for transferring to national legislation by Eastern partner countries: paid digital services and digital services provided in exchange for personal data; presentations of search results; definition of the online marketplace, digital content, digital service; obligation to indicate the status of trader/non-trader in the online marketplace and related information to the consumers; personalisation of the price; announcement of price reduction; consumer reviews; application of penalties for infringements; redress of unfair commercial practices; Dual Quality of Products.

1.2.2.6 Injunctions Directive²³

²² REGULATION (EU) 2017/2394 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02017R2394-20181203&from=EN>

²³ DIRECTIVE 2009/22/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 April 2009 on injunctions for the protection of consumers' interests; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02009L0022-20181203&from=EN>



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An injunction is an order granted by a court or an administrative body whereby qualified entities are required to perform or to refrain from performing a specific action.

The Injunctions Directive (Directive 2009/22/EC) **ensures the defence of collective interests of consumers in the internal market**. Member States therefore shall designate the courts or administrative authorities²⁴ competent to rule on proceedings commenced by qualified entities²⁵.

It provides that all EU countries have in place injunction procedures for stopping infringements of EU consumer rights (as enumerated in the Annex to the Directive and transposed into national law).

Aspects to be considered for transferring to national legislation by Eastern partner countries: injunction procedures for stopping infringements.

1.2.2.7 Price Indication Directive²⁶

The objective of the Directive is to stipulate indication of the selling price²⁷ and the price per unit²⁸ of measurement of products offered by traders to consumers in order to improve consumer information and to facilitate comparison of prices.

Aspects to be considered for transferring to national legislation by Eastern partner countries: indication of the selling price and the price per unit.

1.2.2.8 Directive on consumer alternative dispute resolution (ADR)²⁹

EU law is ensuring the availability of out-of-court dispute resolution in Directive 2013/11/EU (Directive on consumer ADR). Alternative dispute resolution (ADR) means settling a complaint out of court with the assistance of an impartial dispute resolution body. Resolving consumer disputes this way is easier, faster and less expensive than going to court. Types of ADR are: Mediation, Conciliation; Ombudsmen; Arbitration; Complaints boards. Therefore, a large number of out of court bodies for most types of product or service exist across the EU³⁰.

Aspects to be considered for transferring to national legislation by Eastern partner countries: introduction of alternative dispute resolution, incl. its different types, out of court bodies.

1.2.2.9 Regulation on consumer online dispute resolution (ODR)³¹

In the case of the out-of-court resolution of disputes concerning contractual obligations stemming from online sales or service contracts between a consumer resident in the Union and a trader established in the Union

²⁴ (2019/C 237/03); Notification from the Commission concerning Article 4(3) of Directive 2009/22/EC of the European Parliament and of the Council on injunctions for the protection of consumers' interests, which codifies Directive 98/27/EC, concerning the entities qualified to bring an action under Article 2 of this Directive

²⁵ Art. 3: "qualified entity": means any body or organisation which, being properly constituted according to the law of a Member State, has a legitimate interest in ensuring that the provisions referred to in the scope of DIRECTIVE 2009/22/EC are complied with.

²⁶ Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on consumer protection in the indication of prices of products offered to consumers, OJ L 80, 18.3.1998, p. 27.

https://eur-lex.europa.eu/resource.html?uri=cellar:b8fd669f-e013-4f8a-a9e1-2ff0dfee7de6.0008.02/DOC_1&format=PDF

²⁷ Art. 2 (a): "selling price" shall mean the final price for a unit of the product, or a given quantity of the product, including VAT and all other taxes.

²⁸ Art. 2 (b): "unit price" shall mean the final price, including VAT and all other taxes, for one kilogramme, one litre, one metre, one square metre or one cubic metre of the product or a different single unit of quantity which is widely and customarily used in the Member State concerned in the marketing of specific products

²⁹ Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes (Directive on consumer ADR), OJ L 165, 18.6.2013, p. 63. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013L0011&from=EN>

³⁰ The European Commission provides a list of out of court dispute resolution bodies by country.

<https://ec.europa.eu/consumers/odr/main/?event=main.adr.show2>

³¹ REGULATION (EU) No 524/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0524&from=EN>



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through the intervention of an ADR entity listed in accordance with Article 20(2) of Directive 2013/11/EU, the Regulation (EU) No 524/2013 (Regulation on consumer ODR) applies.

The Commission developed an ODR platform³² as **a single point of entry for consumers and traders seeking out-of-court resolution of disputes**. The European Commission ODR platform allows to submit a complaint online to an ADR body in any language and in any EU country. Usually, the process happens entirely online, takes about 90 days following the choice of ADR body, and is provided for free or for a nominal charge.

Facilitating access to online dispute resolution³³ does not apply to third countries.

Aspects to be considered for transferring to national legislation by Eastern partner countries: EU wide online single point of entry for consumers and traders seeking out-of-court resolution of disputes, by submitting complaints to an ADR body.

1.2.3 Parcel delivery

1.2.3.1 Customs formalities

According to EU law, goods brought into the customs territory of the EU are subject to customs supervision and may be subject to customs controls. Goods have to be presented to customs, when entering into the EU. This applies equally to goods acquired online and subsequently delivered via a parcel delivery operator from a third country, whether those goods are sent by post (with the UPU postal network of designated postal operators) or courier, express- or parcel operator.

As of 1 July 2021, the decision³⁴ of the EU Member States to **abolish the import VAT exemption limit** (so call de-minimis threshold of €22) and the **introduction of the fully electronic customs declaration of all consignments**³⁵, leads to an EU wide optional import scheme implemented covering distance sales of goods imported from third countries or territories to customers in the EU up to a value of €150 (i.e. the EU VAT e-commerce package).

The seller will charge and collect the VAT at the point of sale to EU customers and declare and pay that VAT globally to the Member State of identification via a One-Stop-Shop (OSS). These goods will then benefit from a VAT exemption upon importation, allowing a fast release at customs, resulting in timely delivery to the end-recipient.

A taxable person established outside the EU wishing to make use of this special scheme will be obliged to appoint an intermediary established in the EU (e.g. a courier-, express-, parcel-, postal operator or customs agent), unless it is established in a country with which the EU has concluded an agreement on mutual assistance and from which it carries out the distance sales of goods.

Additionally, also with effect from 1 July 2021, where the import OSS is not used, a second simplification mechanism will be available for imports in consignments of an intrinsic value not exceeding €150. Import VAT due in respect of goods for which the dispatch or transport ends in the Member State of importation will be collected from customers by the customs declarant (e.g. a courier-, express-, parcel-, postal operator or customs agent) which will pay it to the customs authorities via a monthly payment.

³² <https://webgate.ec.europa.eu/odr/main/index.cfm?event=main.home.chooseLanguage>

³³ Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes (Regulation on consumer ODR), OJ L 165, 18.6.2013, p. 1.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0524&from=EN>

³⁴ Regulation (EC) No 1186/2009 of 16 November 2009 setting up a Community system of reliefs from customs duty. <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32009R1186> and COUNCIL DIRECTIVE (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods

³⁵ Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code

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Concerning the customs clearance of the consignments, the legal framework applicable as of 1 July 2021 sets out the following requirements:

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Value of consignment	Designated Postal Operator ³⁶	Courier-, Express- or Parcel Operator
Value of the Consignment less than €150 ("Low Value Consignment")	<ul style="list-style-type: none"> - Entry summary declaration (ENS)³⁷ - Customs declaration with a super-reduced dataset - Presentation to customs 	
Value of the consignment more than €150	<ul style="list-style-type: none"> - ENS - Standard customs declaration - Presentation to customs 	<ul style="list-style-type: none"> - ENS - Standard customs declaration for VAT and customs purposes - Presentation to customs

Figure 1. Overview of applicable customs and VAT legislation by 1 July 2021 for postal consignments entering into the EU

Excise goods

As excise goods are not covered by the import duty exemption for consignments of a value up to €150, the simplified customs formalities mentioned above do not apply. Consequently, a full customs declaration is needed for their release into free circulation.

Fees

EU law provides that, as a general rule, no fees are to be charged for customs procedures³⁸. However, the postal or express operator may charge a fee for dealing with customs procedures.

1.2.3.2 Fiscal aspects

Duties

According to EU law, a customs debt on import is incurred in particular through the placing of non-Union goods liable to import duty under the customs procedure of release for free circulation.

Consignments of a value up to €150 ("Low Value Consignments") dispatched directly from a third country business to an EU consumer are exempted of import duties³⁹. This exemption does not apply to alcoholic and tobacco products, perfumes and toilet waters⁴⁰.

³⁶ Designated Postal Operator: is a national postal operator designated by a member state of the Universal Postal Union (www.upu.int) to fulfil the member states obligations resulting from the UPU treaties and convention

³⁷ As of 15 March 2021

³⁸ Article 52(1) of Regulation (EU) No 952/2013 laying down the Union Customs Code, OJ L 269, 10.10.2013, p. 1. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0952-20200101&from=EN>

³⁹ Article 23 of Council Regulation (EC) No 1186/2009 setting up a Community system of reliefs from customs duty, OJ L 324, 10.12.2009, p. 23. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009R1186&from=EN>

⁴⁰ Article 24 of Council Regulation (EC) No 1186/2009.



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VAT

According to the VAT Directive⁴¹, VAT is due at the importation of goods in the EU⁴² at the rate that applies to the supplies of the same goods within the territory of the Member State of importation⁴³. VAT is payable to customs authorities at the time of importation, unless the Member State of importation allows to enter import VAT in the periodical VAT return of the taxable person⁴⁴. The taxable amount is based on the value for customs purposes, but increased (in so far as not yet already included) by (a) taxes, duties, levies and other charges due outside the Member State of importation, and those due by reason of importation, excluding the VAT to be levied, and (b) incidental expenses, such as commission, packing, transport and insurance costs, incurred up to the first place of destination within the territory of the Member State of importation as well as those resulting from transport to another place of destination within the EU, if that other place is known when the chargeable event occurs⁴⁵.

Concerning the payment of VAT due, the legal framework applicable as of 1 January 2021 sets out the following options:

- a one-stop-shop for the declaration and payment of the VAT due for imports of goods in the EU up to a value of €150⁴⁶ (the VAT e-commerce package is now fully complete with adoption on 12 February 2020 of Commission Implementing Regulation⁴⁷ (EU) 2020/194); or
- the collection of the VAT due by the customs declarant (e.g. postal operator, courier firm, customs agents) which will pay it to the customs authorities via a monthly payment⁴⁸.

Excise duties

Excise duties are due on the goods when they are released for consumption at the applicable rates for the Member State where the release physically takes place. There are no de-minimis exemptions available for online sale.

Aspects to be considered for transferring to national legislation by Eastern partner countries: EU Member States to abolish the import VAT exemption limit; introduction of the fully electronic customs declaration of all consignments crossing borders into the EU; postal privilege in declaring postal consignments to customs authorities ends. Customs fees apply in addition to VAT for consignments with an intrinsic value above €150.

1.2.3.3 Non-fiscal aspects

Prohibitions and restrictions

EU law establishes various "prohibitions and restrictions" for the import/introduction of certain goods into the EU customs territory. These "prohibitions and restrictions" apply also to introduction of goods into the EU customs territory by way of parcel delivery. They can concern a variety of different products that may be sold B2C, ranging from pharmaceuticals, or specimen of endangered species. For the declaring products it is

⁴¹ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, OJ L 347, 11.12.2006, p. 1. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02006L0112-20200101&from=EN>

⁴² Article 2(1)(d) of the VAT Directive

⁴³ Article 94(2) of the VAT Directive - the VAT rates applied in each Member State are here:

https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf

⁴⁴ Article 211 of the VAT Directive

⁴⁵ Articles 85 and 86 of the VAT Directive

⁴⁶ Articles 369I to 369x of the VAT Directive introduced by Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods, OJ L 348, 29.12.2017, p. 7.

⁴⁷ This Regulation provides the details for the registration in the VAT One Stop Shop, including the Import One Stop Shop, and for the VAT One Stop Shop return. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0194&from=EN>

⁴⁸ Articles 369y to 369zb of the VAT Directive introduced by Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods, OJ L 348, 29.12.2017, p. 7.

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mandatory to use the HS code system. The **Harmonized Commodity Description and Coding Systems (HS)** is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. At the international level, the Harmonized System (HS) for classifying goods is a six-digit code system.

For the purpose of the Import scheme, the six-digit code system will be sufficient. When it comes to prohibitions and restrictions, it lays within the sovereignty of the EU member states establish different classes beyond the first six-digits of the HS code system.

Aspects to be considered for transferring to national legislation by Eastern partner countries: "prohibitions and restrictions" for the import/introduction of certain goods into the national territory.

Compliance with product rules

Products sold online and sent from a third country to the EU are placed on the EU market and hence these products have to comply with all EU **product safety rules**.

EU law requires customs authorities of the EU Member States to be closely involved in the market surveillance activities and to cooperate with other authorities⁴⁹.

In particular, customs authorities are to suspend the release of a product for free circulation and, in cooperation with market surveillance authorities, prevent it from being placed on the Union market where it presents a serious **risk to health, safety, the environment or other public interest protected or the product is non-compliant with the applicable EU product safety legislation**. In addition, excise products may be subject to packaging and labelling requirements under Union and national health legislation, as well as national requirements for the attachment of fiscal stamps.

Aspects to be considered for transferring to national legislation by Eastern partner countries: Products without conformity assessment related to applicable directive(s) and harmonised standards, represented by the "CE" mark, cannot be traded in the EEA.

Compliance with EU rules for the protection of intellectual property

Under EU law, distribution rights are subject to exhaustion once the good protected by an intellectual property (IP) right has been put lawfully on the market within the EU, for example by the right owner or a licensee.

Apart from the issue of exhaustion, EU rules provide for a **specific regime for the enforcement of trademarks and other intellectual property rights** registered in the EU, where products are imported. According to EU rules, an applicant can request the customs authorities of the Member States to take action with respect of goods suspected of **infringing an intellectual property right**⁵⁰.

Directive 2004/48/EC⁵¹ (Intellectual property rights enforcement) on the enforcement of intellectual property rights provides for a minimum but standard set of measures, procedures and remedies allowing effective civil enforcement of intellectual property rights. The objective of Directive 2004/48/EC is to bring national legislative systems closer together to ensure a high, equivalent and homogeneous level of protection in the internal market.

⁴⁹ See Commission Notice 'Blue Guide', chapter 7.3.

[https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0726\(02\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0726(02)&from=EN)

⁵⁰ Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights, OJ L 181, 29.6.2013, p. 15.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0608&from=EN>

⁵¹ DIRECTIVE 2004/48/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2004 on the enforcement of intellectual property rights

[https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32004L0048R\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32004L0048R(01)&from=EN)



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Aspects to be considered for transferring to national legislation by Eastern partner countries: enforcement of trademarks, customs enforcement of intellectual property rights.

Online pharmacies

EU law provides for a "common logo" for online pharmacies established in the EU and offering medicinal products for sale at a distance to the public by means of information society services⁵². Persons established in a third country can not avail themselves of this common logo.

Aspects to be considered for transferring to national legislation by Eastern partner countries: compliance with EU legislation and regulations for online pharmacies.

Tariffs for cross-border parcel delivery and regulatory oversight

EU law provides for increased **transparency of tariffs for cross-border parcel delivery**⁵³. While the obligations⁵⁴ stemming from Regulation 2018/644 do not apply with regard to tariffs for parcel delivery to and from third countries, the transparency obligation according to Article 12 of Directive 97/67EC⁵⁵ applies to Union universal service providers.

Aspects to be considered for transferring to national legislation by Eastern partner countries: transparency of tariffs for cross-border parcel delivery tariffs and its regulatory oversight.

1.2.4 Key aspects from Universal Postal Union⁵⁶ obligations

The 6 Eastern partner countries and all EU member states are UPU member countries, their postal operators are designated to fulfil rights and obligations of the UPU convention and treaties. Approx. 75% of all cross border commercial items sent, are collected, transported, sorted, and finally delivered by designated postal operators within the network of the UPU. The UPU and the universal service obligation guaranteed by all its member countries and their designated postal operators is the worldwide back bone of eCommerce, as more than 2/3 of all eCommerce consignments sent across-borders are collected and delivered by UPU designated postal operators.

The Universal Postal Union (UPU) is an intergovernmental special organisation of the United Nations. The 192 member countries form a single postal territory⁵⁷ for the reciprocal exchange of postal items⁵⁸ by ensuring that all users/customers enjoy the right to a universal postal service involving the permanent provision of quality basic postal services at all points in their territory, at affordable prices.

⁵² See Title VIIA of Directive 2001/83/EC.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32001L0083&from=EN>

⁵³ Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services, OJ L 112, 2.5.2018, p. 19.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0644&from=EN>

⁵⁴ Regulation 2018/644 lays down specific provisions to foster better cross-border parcel delivery services, in addition to those laid down in Directive 97/67/EC, concerning: (a) regulatory oversight related to parcel delivery services; (b) transparency of tariffs, and assessment of tariffs for certain cross-border parcel delivery services for the purpose of identifying those that are unreasonably high; (c) information for consumers made available by traders concerning cross-border parcel delivery services.

⁵⁵ Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service, OJ L 15, 21.1.1998, p. 14.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01997L0067-20080227&from=EN>

⁵⁶ www.upu.int

⁵⁷ Single postal territory (one and the same postal territory): the obligation upon the contracting parties to the UPU Acts to provide for the reciprocal exchange of postal items, including freedom of transit, and to treat postal items in transit from other countries like their own postal items, without discrimination, subject to the conditions specified in the Acts of the Union.

⁵⁸ Postal item: generic term referring to anything dispatched by the designated operator of a member country (letter post, parcel post, money orders, etc.), as described in the Universal Postal Convention, the Postal Payment Services Agreement and their respective Regulations.



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Such exchange is guaranteed throughout the entire territory of the UPU by the concept of Freedom of transit⁵⁹ subject to the conditions specified in the Acts of the Union⁶⁰.

The aim of the UPU is to secure the organization and improvement of the postal services and to promote in this sphere the development of international collaboration. To achieve this aim, the member countries designate Designated Postal Operators to operate postal services and to fulfil the related obligations arising out of the Acts of the Union on its territories.

1.2.4.1 Overview of Products and Services

UPU basic services, value-added services (supplementary services) and add-on service features:

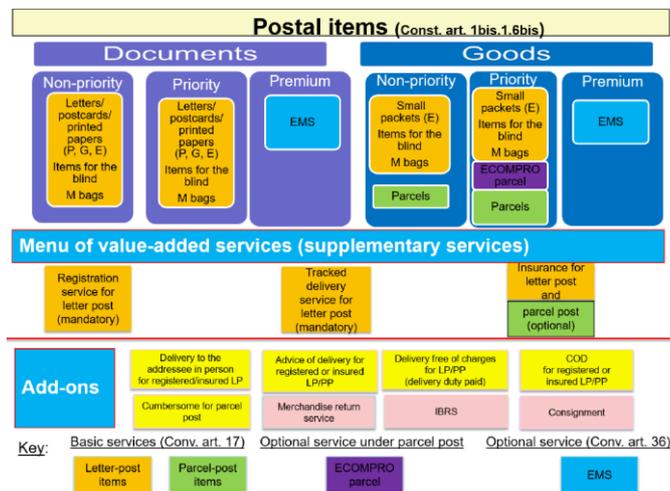


Figure 2. Overview of UPU basic products and services

Letter-post items

As described in UPU Convention Article 17 the member countries shall ensure that their **designated operators accept, handle, convey and deliver letter-post items**. Letter-post items are separated into two categories⁶¹:

- Letter-post items containing only documents
- Letter-post items containing goods⁶²

⁵⁹ Freedom of transit: obligation for an intermediate member country to ensure the transport of postal items passed on to it in transit for another member country, providing similar treatment to that given to domestic items, subject to the conditions specified in the Acts of the Union.

⁶⁰ <http://www.upu.int/en/the-upu/acts-of-the-union-and-other-decisions/permanent-acts.html>

⁶¹ letter-post items may also be classified on the basis of their format as small letters (P), large letters (G), bulky letters (E) or small packets (E). The size and weight limits are specified in the Regulations.

⁶² priority and non-priority small packets, up to 2 kilogrammes; so called "small packets" or "E format".



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Letter-post items may also be classified on the basis of their format as small letters (P), large letters (G), bulky letters (E) or small packets (E). The size and weight limits are specified in the Regulations.

The rates (Terminal Dues⁶³) per item and per kilogramme are separated for small (P) and large (G) letter-post items and bulky (E) and small packet (E) letter-post items.

Self-declared rates for small packets (E): The third Extraordinary Congress, held in Geneva from 24 to 26 September 2019, revised the remuneration for bulky (E) and small packet (E) letter-post items (referred to below as E format rates) and approved the creation of a new article 28bis of the UPU Convention containing provisions for the self-declaration of E format rates⁶⁴.

Parcel-post items

Member countries shall also ensure that their designated operators accept, handle, convey and deliver **parcel-post items up to 20 kilogrammes**. Weight limits **higher than 20 kilogrammes**⁶⁵ apply optionally for certain parcel-post items under the conditions specified in the Regulations.

The rates for parcels exchanged between two designated operators shall be subject to inward land rates⁶⁶ calculated by combining the base rate per parcel and base rate per kilogramme laid down in the Regulations.

Aspects to be considered for transferring to national legislation by Eastern partner countries: designated operators accept, handle, convey and deliver letter-post items, parcel-post items up to 20 kilogrammes and higher than 20 kilogrammes.

1.2.4.2 Postal security requirements for the mandatory provision of EAD

Items containing goods may be subject to specific import customs- and security-based requirements for providing electronic advance data (EAD) as referred to in article 8.1 of the Convention⁶⁷ and further specified in the respective provisions of the Regulations. Letters, postcards, printed papers (other than books) or letter-post items containing correspondence or items for the blind, which are not subject to customs duties, shall be exempted from these requirements.

The exchange of electronic advanced data will be mandatory by 1 January 2021 for all postal items containing goods.

Aspects to be considered for transferring to national legislation by Eastern partner countries: mandatory exchange of electronic advanced data for all postal items containing goods.

1.2.4.3 Security measures for all cargo or mail

Air carriers that fly cargo or mail from a non-EU airport to an EU airport (ACC3s) must ensure, since 1 February 2013, that **all cargo and mail carried to the EU is physically screened or comes from a secure supply chain** which is validated according to the EU regulations. The EU defines between three entities in the secure supply chain:

⁶³ Convention Manual, Art 1.11; Terminal Dues: remuneration owed to the designated operator of the country of destination by the designated operator of the dispatching country in compensation for the costs incurred in the country of destination for letter-post items received.

⁶⁴ http://www.upu.int/uploads/tx_sbdownloader/actsActsOfTheExtraordinaryCongressGenevaEn.pdf

⁶⁵ Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services: Art 2 (1): 'parcel' means a postal item containing goods with or without commercial value, other than an item of correspondence, with a weight not exceeding 31,5 kg.

⁶⁶ Convention Manual, Art 1.14; Inward Land Rates: remuneration owed to the designated operator of the country of destination by the designated operator of the dispatching country in compensation for the costs incurred in the country of destination for parcels received

⁶⁷ UPU Convention Art 8.1: This strategy shall include the objectives defined in the Regulations, as well as the principle of complying with requirements for providing electronic advance data on postal items identified in implementing provisions (including the type of, and criteria for, postal items) adopted by the Council of Administration and Postal Operations Council, in accordance with UPU technical messaging standards. The strategy shall also include the exchange of information on maintaining the safe and secure transport and transit of mails between member countries and their designated operators.

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- Regulated agent (RA): An agent, freight forwarder or any other entity that handles cargo and ensures security controls in respect of cargo and mail.
- Known consignor (KC): A consignor who originates cargo or mail for its own account and whose procedures meet common security rules and standards sufficient to allow carriage of cargo or mail on any aircraft.
- Account consignor (AC): A consignor who originates cargo or mail for its own account and whose procedures meet common security rules and standards sufficient to allow carriage of that cargo or mail on all-cargo or all-mail aircraft only.

Aspects to be considered for transferring to national legislation by Eastern partner countries: all cargo and mail carried to the EU has to be screened or has to come from a secure supply chain.

1.2.4.4 Import Control System 2

ICS2 is the **new EU customs advance cargo information system** that will facilitate free flow of trade through improved **data-driven customs security processes**, adapted to global business models. It will collect data about all goods entering the EU prior to their arrival. The system will be used by EU customs authorities to ensure security and safety of all people living in the EU.

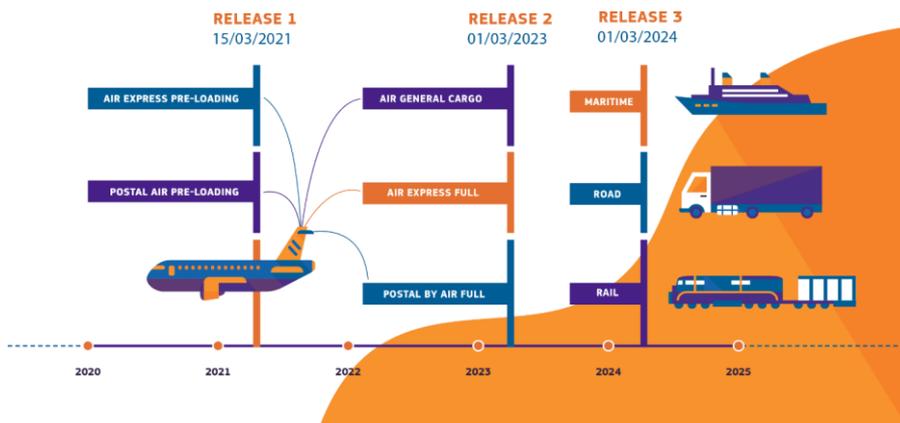


Figure 3. Import Control System 2 implementation timeline

The system will become operational in three releases, in accordance with the UCC – Union Customs Code work programme (Commission Implementing Decision (EU) 2019/2151 - UCC Work Programme⁶⁸). Economic Operators will begin declaring safety and security Entry Summary Declaration (ENS) data to ICS2 in phased approach based on the type of services they provide in relation to international movement of goods.

1st Phase: As from 15 March 2021, express carriers and designated postal operators established in the European Union (destination posts) will be required by the Union Customs Code⁶⁹ to provide the minimum set of advance electronic data, in the format of the electronic Entry Summary Declaration (ENS) to the ICS2, for all goods in consignments they are responsible to bring into the EU Customs territory. ENS will be mandatory for all express and postal consignments destined to enter the Union customs territory. The aim is to provide

Commented [A8]: The dates will be updated as per the latest alignment with the European Commission.

⁶⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583245779608&uri=CELEX:32019D2151>

⁶⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013R0952-20200101>



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an extra security layer to the existing civil aviation security requirements. Pre-loading advance cargo information – PLACI, as a subset of the ENS will be used by the EU customs authorities to perform air cargo and mail security risk assessment.

2nd Phase: As from 1 March 2023, all goods by air in postal, express and general cargo consignments will be subject, in addition to pre-loading filing requirements, to complete pre-arrival ENS data requirements. Furthermore, air carriers and other parties such as freight forwarding logistics providers, will become liable to submit minimum pre-loading and complete pre-arrival data to ICS2.

3rd Phase: As from 1 March 2024, maritime, road and rail carriers, including postal and express carriers that transport goods via those modes, and other parties, such as logistic providers, and in certain circumstances also final consignees established in the EU, will have to submit ENS data to ICS2.

Aspects to be considered for transferring to national legislation by Eastern partner countries: new EU customs advance cargo information system that will facilitate free flow of trade through improved data-driven customs security processes.

1.2.4.5 UPU - WCO Model⁷⁰

The World Customs Organisation and the UPU have developed a global model for the specific import customs requirements.

Aspects to be considered for transferring to national legislation by Eastern partner countries: UPU-WCO customs model used by the EU /EEA to adapt to global business models.

1.2.4.6 UPU – IATA Model⁷¹

The International Aviation Transport Association (IATA) and the UPU have developed a global model for the specific security requirements.

Aspects to be considered for transferring to national legislation by Eastern partner countries: UPU-IATA model is used by the EU / EEA to adapt to global business models in the air freight specific transport mode.

1.2.4.7 UPU versus EU legal framework⁷²

All of the Member States of the European Union and the European Economic Area are members of the Universal Postal Union. At the conclusion of the Istanbul Congress 2016 the 27 Member States of the EU and the 3 Member States European Economic Area of the filed a joint declaration stating their common intention to apply the acts of the Istanbul Congress in accordance their obligations under EU laws the EEA agreement with the EU and the General Agreement on Trade in Services (GATS).

Aspects to be considered by Eastern partner countries: EU / EEA member states apply the UPU acts in accordance to their obligations under EU laws and EEA agreements.

1.2.5 Trademarks and Community Designs

EU trademarks and registered Community designs registered in accordance with Union law (Regulation (EU) 2017/1001 on the European Union trade mark and Regulation (EC) No 6/2002 on the Community designs⁷³) as well as unregistered Community designs made available to the public in the manner provided

⁷⁰ http://www.upu.int/uploads/tx_sbdownloader/guideWcoUPUCustomsEn.pdf

⁷¹ http://www.upu.int/uploads/tx_sbdownloader/brochureTransportEdiAirmailVisibilityEn.pdf

⁷² UPU, Decisions of the 2016 Istanbul Congress (Congress–Doc 34.Add 11): "The delegations of the member countries of the European Union hereby declare that their countries will apply the Acts adopted by this Congress in accordance with their obligations pursuant to the Treaty on European Union, the Treaty on the functioning of the European Union and the General Agreement on Trade in Services (GATS) of the World Trade Organization"

⁷³ Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.1.2002, p. 1.



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for in Union law (Regulation (EC) No 6/2002) are valid in the EU27 Member States, they have **no effect in a third country**.

In particular, the following should be considered by right-holders and applicants: **Natural or legal persons that are domiciled or have a seat in a third country** will have to be represented before the European Union Intellectual Property Office in accordance with Article 120(1) of Regulation (EU) 2017/1001⁷⁴ (on the European Union trade mark) and Article 78(1) of the Regulation (EC) No 6/2002⁷⁵ (on Community designs) in all proceedings provided for in those two Regulations, other than the filing of an application for an EU trade mark or an application for a registered Community design.

Aspects to be considered by Eastern partner countries: representation of right-holders and applicants domiciled or having a seat in a third country.

1.2.6 Security of Network and Information Systems

Directive (EU) 2016/1148 defines 'digital service provider' as any legal person that provides a digital service (cf. Article 4(6)). The digital services covered by the Directive are online marketplace, online search engine and cloud computing services (cf. Article 4(5) and Annex III of Directive (EU) 2016/1148⁷⁶). Article 16 of Directive (EU) 2016/1148 imposes on digital service providers some **requirements on security and incident notification**. In accordance with Article 17 of Directive (EU) 2016/1148, these requirements are subject to *ex post* supervisory control by the relevant national competent authorities as understood under Article 8 of Directive (EU) 2016/1148. Article 18 of Directive (EU) 2016/1148 provides for the rules on the jurisdiction for such supervisory activity:

- Where a digital service provider **is established in the Union**, it will be, pursuant to Article 18(1) of Directive (EU) 2016/1148, subject to the jurisdiction of the Member State where it has its main establishment, which in principle corresponds to the place where the provider has its head office in the Union⁷⁷.
- Where a digital service provider, **is not established in the Union but offers digital services into the Union**, it must, in accordance with Article 18(2) of Directive (EU) 2016/1148, designate a representative in the Union. Pursuant to Article 4(10) of Directive (EU) 2016/1148, a representative means any natural or legal person established in the Union explicitly designated to act on behalf of a digital service provider not established in the Union with regard to the latter's obligations under this Directive. The designation of a representative by the digital service provider shall be without prejudice to legal actions which could be initiated against the digital service provider itself, as provided for under Article 18(3) of Directive (EU) 2016/1148.

A digital service provider located in a third country may be subject to the following:

- If the digital service provider maintains one or several establishments in the EU27 Member States, it will be deemed to be under the jurisdiction of the EU27 Member State where it has its main establishment in the EU27, thus effectively resulting in a change of competent authority;

⁷⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1001&from=EN>

⁷⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32002R0006&from=EN>

⁷⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016L1148&from=EN>

⁷⁷ Jurisdiction in respect of digital service providers should be attributed to the Member State in which the digital service provider concerned has its main establishment in the Union, which in principle corresponds to the place where the provider has its head office in the Union. Establishment implies the effective and real exercise of activity through stable arrangements. The legal form of such arrangements, whether through a branch or a subsidiary with a legal personality, is not the determining factor in this respect. This criterion should not depend on whether the network and information systems are physically located in a given place; the presence and use of such systems do not, in themselves, constitute such main establishment and are therefore not criteria for determining the main establishment.



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- If the digital service provider is no longer established in the EU27 but offers digital services into the EU27, it will be subject to the obligation to designate a representative in an EU27 Member State in accordance with Article 18(2), as described above.

Consequently, the national competent authority⁷⁸, as understood under Article 8 of Directive (EU) 2016/1148, of that Member State where the digital service provider concerned has either its main establishment or has designated a representative, will receive notifications of incidents taking place within the Union and will exercise *ex post* supervisory control.

Aspects to be considered for transferring to national legislation by Eastern partner countries: requirements on security and incident notification for digital service providers; rules on the jurisdiction for such *ex post* supervisory activity; need for a digital service provider located in a third country to designate a representative in an EU27 Member State.

1.2.7 Geo-Blocking⁷⁹

In order to realise the full potential of the European Union internal market, as an area without internal frontiers in which the free movement of, *inter alia*, goods and services is ensured, it is not sufficient to abolish, between Member States, State barriers alone. Such abolition can be undermined by private parties putting in place obstacles inconsistent with internal market freedoms. That occurs where traders operating in one Member State block or limit access to their online interfaces, such as websites and apps, by customers from other Member States wishing to engage in cross-border transactions (a practice known as 'geo-blocking').

It also occurs when certain traders apply different general conditions of access to their goods and services with respect to such customers from other Member States, both online and offline.

Although such different treatment might, in some cases, be objectively justified, in other cases, some traders' practices deny or limit access to goods or services by customers wishing to engage in cross-border transactions, or some traders apply in this regard different general conditions of access, which are not objectively justified.

1.2.7.1 Customers

From its date of application (3 December 2018), Regulation (EU) 2018/302 prohibits discrimination based on customers' nationality, place of residence or place of establishment, including **unjustified geo-blocking**, in certain cross-border transactions between a trader and a customer in relation to the sales of goods and the provision of services within the EU. In particular, it provides for the following measures protecting customers⁸⁰:

- ban of discriminatory blocking or limiting customers' access to traders' online interfaces (e.g. a website) and redirecting them to another online interface without the customer's prior consent (Article 3);
- prohibition on traders to apply, in certain defined situations, on a discriminatory basis different conditions of access for customers to goods and services (Article 4; informally known as "shop like a local" principle);
- non-discrimination for reasons related to payment (Article 5).

Natural persons residing in a third country (unless they have a nationality of a Member State) or undertakings established in a third country will not be able to benefit from Regulation (EU) 2018/302:

⁷⁸ The website of the Commission on cyber-security (<https://ec.europa.eu/digital-single-market/en/policies/cybersecurity>) provides general information concerning Directive (EU) 2016/1148. These pages will be updated with further information, where necessary.

⁷⁹ Regulation (EU) 2018/302 of the European Parliament and of the Council of 28 February 2018 on addressing unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market, OJ L 60 I, 2.3.2018, p. 1.; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0302&from=EN>

⁸⁰ Both consumers and businesses.



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1. such persons or undertakings who wish to access websites in the EU will not benefit from the aforementioned ban related to access to traders' online interfaces. This means that a trader could block, limit or redirect those customers to specific versions of his/her website which might be different from the one that the customers initially sought to access;
2. such persons or undertakings will not have the guarantee to be able to "shop like a local" in the EU in the situations covered by Article 4 of the Regulation, including benefitting from the same prices and conditions relating to the delivery of goods and services as the locals (i.e. the customers of the trader's home Member State). For example, the off-line and on-line sales of goods and services, such as goods delivered or picked up in the EU territory, tickets for sports events or amusement parks in Member States, and the sale of electronically supplied services, such as hosting services, are areas where those customers will be affected;
3. such persons or undertakings using payment means from a third country⁸¹ will not be protected against traders applying different conditions for a payment transaction from the ones offered to EU customers, or refused to complete the purchase for reasons related to payment, when (wanting to) pay electronically for goods or services.

1.2.7.2 Traders

Regulation (EU) 2018/302 applies to all traders operating within the EU, regardless of whether those traders are established in the EU or in a third country⁸².

Traders who are established in a third country and offer their goods or services to customers in the EU will continue to be bound by the rules established by the Regulation (EU) 2018/302 in respect of those activities.

Aspects to be considered for transferring to national legislation by Eastern partner countries: unjustified geo-blocking.

1.2.8 Data Protection

Aside from an "adequacy decision", which allows the **free flow of personal data from the EU** without the EU data exporter having to implement any additional safeguards or being subject to further conditions, the EU's data protection rules (both under the current Directive 95/46 and under the new General Data Protection Regulation 2016/679⁸³, "GDPR" - which will apply as from 25 May 2018) **allow a transfer if the controller or processor has provided "appropriate safeguards"**.

These safeguards may be provided for by:

- **Standard data protection clauses:** the Commission has adopted three sets of model clauses which are available on the Commission's website⁸⁴;
- **Binding corporate rules:** legally binding data protection rules approved by the competent data protection authority which apply within a corporate group;
- **Approved Codes of Conduct** together with binding and enforceable commitments of the controller or processor in the third country;
- **Approved certification mechanisms** together with binding and enforceable commitments of the controller or processor in the third country.

⁸¹ A third country is a country not member of the EU.

⁸² Regulation (EU) 2018/302, Recital 17: The effects for customers and on the internal market of discriminatory treatment in connection to transactions relating to the sales of goods or the provision of services within the Union are the same, regardless of whether a trader is established in a Member State or in a third country. Therefore, and with a view to ensuring that competing traders are subject to the same requirements in this regard, this Regulation should apply equally to all traders, including online marketplaces, operating within the Union.

⁸³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0679&from=EN>

⁸⁴ https://ec.europa.eu/info/law/law-topic/data-protection/data-transfers-outside-eu/model-contracts-transfer-personal-data-third-countries_en



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In the absence of an “adequacy decision” or of “appropriate safeguards” a transfer or a set of transfers may take place on the basis of so-called “derogations”: they allow transfers in specific cases, such as based on consent, for the performance of a contract, for the exercise of legal claims or for important reasons of public interest.

These tools are well-known to business operators in the Member States.

The GDPR has simplified the use of these tools by cutting red tape compared to the current Directive 95/46. Transfers based on **approved standard data protection clauses** or on **binding corporate rules** will not be subject to a further, specific authorisation from a supervisory authority. In addition, the GDPR has, subject to further conditions, introduced codes of conduct and certification mechanisms as new tools for the transfer of personal data.

As regards the implementation of the GDPR, and in particular the new tools for transfers to third countries (e.g. approved Codes of Conduct and approved certification mechanisms entailing binding commitments by the controllers and processors receiving the data in the third country), the Commission (DG JUST) is working with interested parties and data protection authorities to make the best use of these new instruments. Moreover, the Commission has set up a stakeholder group comprised of industry, civil society and academics, in which this topic will be discussed.

Aspects to be considered for transferring to national legislation by Eastern partner countries: standard data protection clauses.

1.2.9 Other areas of eCommerce EU legal framework

1.2.9.1 Directive on electronic commerce⁸⁵

The objectives of the Directive 2000/31/CE are to **remove obstacles to cross-border online services** in the EU internal market, as an aspect of the EU principle of “**free movement of information society services**”, to provide legal certainty to business and citizens, to offer a flexible, technically neutral and balanced legal framework and to enhance the competitiveness of European service providers.

Art. 3 (Internal market clause) secures the free movement of information society services, stating that Member States may not, for reasons falling within the coordinated field, restrict the freedom to provide information society services from another Member State. Derogations from Art. 3 are possible under strict conditions, e.g.:
i. measures necessary for public policy, protection of public health, public security, protection consumers; ii. proportionality test.

However, Art. 3 does not apply to intellectual property rights, consumers contracts and to the freedom of parties to choose the applicable law.

Art. 4 introduces the principle excluding prior authorisation at establishment. Therefore, Members States shall ensure that the taking up and pursuit of the activity of an information society service provider may not be made subject to prior authorisation or any other measure having equivalent effect.

When it comes to the **liability of online intermediaries**, Directive 2000/31/CE harmonises in Art. 9 - 11 the conditions under which information society service providers cannot be held liable (liability limitations) for a third-party illegal content. The Directive 2000/31/CE ECD does not harmonise “liability” but “limitations of liability”. The liability limitations apply to all forms of illegal activities (including copyright and trademark infringements, defamation, misleading advertising etc.). The liability exemptions apply to both civil and criminal liability.

⁸⁵ DIRECTIVE 2000/31/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32000L0031&from=EN>



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The Directive 2000/31/CE does not provide for a legal definition of "online intermediaries". Such notion is defined through the activities described in Art. 12, "Mere Conduit"⁸⁶, Art. 13, "Caching"⁸⁷ and Art. 14 "Hosting"⁸⁸.

Aspects to be considered for transferring to national legislation by Eastern partner countries: free movement of information society services; liability of online intermediaries.

1.2.9.2 Service Directive⁸⁹

The aim of the services directive is to **remove the barriers to trade in services** ("free movement of services"), while maintaining a high quality of service provision throughout the EU. In practice, it simplified the administrative procedures for service providers, enhanced the rights of consumers and businesses receiving services, and fostered cooperation among EU countries.

According to Art. 2 the following service are covered Directive 2006/123/CE: distributive trades including retail and the wholesale of goods and services; activities of most regulated professions such as legal and tax advisers, architects, engineers, accountants or surveyors; construction services and crafts; business-related services such as office maintenance, management consultancy, event organisation, debt recovery, advertising and recruitment services; tourism services such as travel agents; leisure services such as sports centres and amusement parks; installation and maintenance of equipment; information society services such as publishing for print and web, news agencies, computer programming; accommodation and food services such as hotels, restaurants and caterers; training and education services; rentals and leasing services including car rentals; real estate services; household support services such as cleaning, gardening and private nannies.

Not covered by the Directive 2006/123/CE are: financial services; electronic communications services with respect to matters covered by other EU instruments; transport services falling within the scope of Title VI of the Treaty on the Functioning of the European Union (TFEU); healthcare services provided by health professionals to assess, maintain or restore the state of patients' health where those activities are reserved to a regulated health profession; temporary work agencies' services; private security services; audio-visual services; gambling; certain social services provided by the State, by providers mandated by the State or by charities recognised by the State; services provided by notaries and bailiffs appointed by an official act of government.

Freedom to provide services principle improves the regulatory environment for service providers who want to engage in cross-border activities. The Services Directive lays down the principle of freedom to provide services. This principle requires that EU countries do not impose nationality requirements on service providers.

⁸⁶ Mere conduit: Service providers, whose role solely consists in the transmission of information originating from third parties and the provision of access through a communication network, cannot be held liable for third party illegal content if they: i. do not initiate the transmission; ii. do not select the receiver of the transmission, and iii. do not select or modify the information transmitted.

Automatic, intermediate and transient storage of information which takes place during the transmission of the information in order to carry out the transmission, are covered by the exemption of liability.

⁸⁷ Caching: Service providers cannot be held liable for third party illegal content when providing caching facilities provided they: i. do not modify the information; ii. comply with conditions on access to information and with rules on the updating of the information; iii. do not interfere with lawful use of technology to obtain data on the use of the information; iv. expeditiously act to remove the access to the information stored when informed that the information has been removed from the network, when access to it has been disabled or when a responsible authority has ordered the removal.

⁸⁸ Hosting: Service providers who store information supplied by and at the request of a recipient of the service are not liable if: i. they do not have actual knowledge of illegal activity or information and as regards claims for damages and are not aware of the facts or circumstances from which the illegal activity or information is apparent; or ii. the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or disable access to the information.

⁸⁹ DIRECTIVE 2006/123/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2006 on services in the internal market: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006L0123&from=EN>



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Certain requirements can still be imposed but only when they are non-discriminatory, justified for reasons of public policy, public security, public health or the protection of the environment and do not go beyond what is necessary to achieve their objective.

Derogations to the freedom to provide services principle are covered by Directive 96/71/EC on posting of workers⁹⁰ and by Title II of Directive 2005/36/EC on the recognition of professional qualifications⁹¹.

Information on requirements allow Member states to impose on incoming service providers that they are available through **the points of single contact**.

Art. 6 establishes that Member states have to set up points of single contact⁹² to enable businesses access to information and complete all procedures relating to their activities in one place. All administrative procedures can be completed by mail, phone or electronically.

Chapter III (Freedom of establishment for providers), Art. 9 – 15 established that member states had to abolish discriminatory requirements such as nationality or residence requirements, abolish particularly restrictive requirements such as economic needs tests that require businesses to prove to the authorities that there is a demand for their services, and to review other burdensome requirements which may not always be justified, such as territorial restrictions or ensuring that a business has a minimum number of employees.

Aspects to be considered for transferring to national legislation by Eastern partner countries: remove the barriers to trade in services; point of single contact will make information available on requirements to impose on incoming service providers.

1.2.9.3 Electronic payments

The Directive (EU) 2015/2366 (Payment Service Directive 2 — PSD 2)⁹³ provides the legal foundation for the further development of a better integrated internal market for electronic payments within the EU. It puts in place **comprehensive rules for payment services**⁹⁴, with the goal of making **international payments (within the EU) as easy, efficient and secure** as payments within a single country. It seeks to open-up payment markets to new entrants leading to more competition, greater choice and better prices for consumers. It also provides the necessary legal platform for the Single Euro Payments Area (SEPA)⁹⁵. It repealed Directive 2007/64/EC (PSD) from 13 January 2018.

The key legal and regulatory framework of the Directive (EU) 2015/2366:

⁹⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31996L0071&from=EN>

⁹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005L0036&from=EN>

⁹² Points of Single Contact (PSCs) are e-government portals that allow service providers to get the information they need and complete administrative procedures online. They are managed by the 'EUGO network' of national coordinators.

⁹³ DIRECTIVE (EU) 2015/2366 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2015

on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L2366&from=EN>

⁹⁴ Art. 4 (3) and ANNEX I of DIR (EU) 2015/2366: "Payment services": services enabling cash to be placed on or withdrawn from a payment account, as well as all the operations required to operate the account. This can include transfers of funds, direct debits, credit transfers and card payments. Paper transactions are not covered by the directive.

⁹⁵ The single euro payments area (SEPA) harmonises the way cashless euro payments are made across Europe. It allows European consumers, businesses and public administrations to make and receive the following types of transactions under the same basic conditions: (i) credit transfers; (ii) direct debit payments; (iii) card payments. This makes all cross-border electronic payments in euro as easy as domestic payments.

SEPA covers the whole of the EU. It also applies to payments in euros in other European countries: Andorra, Iceland, Norway, Switzerland, Liechtenstein, Monaco, San Marino and Vatican City State.

The advantages of a single euro payments area include: (i) a single system for both domestic and cross-border bank transfers; (ii) allowing cross-border transactions by direct debit, that is to charge directly an account in one country for services provided in another country; (iii) allowing people working or studying in another SEPA country to use an existing account in their home country to receive their salary or pay bills in the new country; (iv) ensuring cheaper, safer and faster cross-border payments and more transparent pricing thanks to the single set of payment schemes and standards.



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- improves the existing EU rules for electronic payments. It takes into account emerging and innovative payment services, such as internet and mobile payments;
- sets out rules concerning:
 - **strict security requirements** for electronic payments and the protection of consumers' financial data, guaranteeing safe authentication and reducing the risk of fraud;
 - the **transparency of conditions and information requirements** for payment services;
 - the **rights and obligations** of users and providers of payment services;
- is complemented by Regulation (EU) 2015/751⁹⁶ which puts a cap on interchange fees charged between banks for card-based transactions. This is expected to drive down the costs for merchants in accepting consumer debit and credit cards.

The Directive (EU) 2015/2366 (PSD2) establishes a clear and comprehensive set of rules that apply to existing and new providers of innovative payment services. These rules ensure that these players can compete on equal terms, leading to greater efficiency, choice and transparency of payment services, while strengthening consumers' trust in a harmonised payments market.

The PSD2 aims to **open up the EU payment market** to companies offering consumer- or business-oriented payment services based on access to information about the payment account, particularly:

- **account information services** which allow a payment service user to have an overview of their financial situation at any time, allowing users to better manage their personal finances;
- **payment initiation services** which are services to initiate an order at the request of the payment service user with respect to a payment account held at another payment service provider.

The Directive (EU) 2015/2366 has enhanced EU consumer rights, including:

- **reduced liability** for non-authorized payments from €150 to €50;
- **unconditional refund right** for direct debits in euro for a period of 8 weeks;
- **removal of surcharges** for the use of a consumer credit or debit card.

In line with the Directive (EU) 2015/2366, it is the role of the European Banking Authority (EBA) has been strengthened⁹⁷ to:

- develop a publicly **accessible central register** of authorised payment institutions, which shall be kept up to date by the national authorities;
- assist in **resolving disputes** between national authorities;
- develop **regulatory technical standards** on strong customer authentication and secure communication channels with which all payment service providers must comply;
- develop regulatory technical standards for cooperation and information exchange between supervisory authorities.

Aspects to be considered for transferring to national legislation by Eastern partner countries: integrated EU market for electronic payments; strict security requirements; transparency and information requirements; rights and obligations for providers of payment services; reduced liability; unconditional refund

⁹⁶ REGULATION (EU) 2015/751 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2015 on interchange fees for card-based payment transactions

⁹⁷ The Commission has adopted the following implementing and delegated acts: Regulation (EU) 2017/2055 on regulatory technical standards for the cooperation and exchange of information between competent authorities relating to the exercise of the right of establishment and the freedom to provide services of payment institutions; Regulation (EU) 2018/389 on regulatory technical standards for strong customer authentication and common and secure open standards of communication; Regulation (EU) 2019/410 laying down implementing technical standards with regard to the details and structure of the information to be notified, in the field of payment services, by competent authorities to the EBA; Regulation (EU) 2019/411 on regulatory technical standards setting technical requirements on development, operation and maintenance of the electronic central register within the field of payment services and on access to the information contained therein.



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right; removal of surcharges for the use of credit cards and debit cards; development of regulatory technical standards on strong customer authentication and secure communication channels with which all payment service providers must comply.

1.2.9.4 Platform-to-business relations regulation (P2B regulation⁹⁸)

NOTE: Regulation (EU) 2019/1150 is in force but shall be applicable as of 12 July 2020.

The Regulation on platform-to-business relations (P2B regulation), lays down rules to ensure that business users of **online intermediation services⁹⁹ and corporate website users¹⁰⁰ in relation to online search engines¹⁰¹** are granted appropriate transparency, fairness and effective redress possibilities.

This Regulation shall apply to online intermediation services and online search engines provided, or offered to be provided, to business users¹⁰² and corporate website users, respectively, that have their place of establishment or residence in the Union and that, through those online intermediation services or online search engines, offer goods or services to consumers located in the Union, **irrespective of the place of establishment or residence of the providers of those services** and irrespective of the law otherwise applicable.

Regulation (EU) 2019/1150 shall **not apply** to online payment services or to online advertising tools or online advertising exchanges, which are not provided with the aim of the facilitating the initiation of direct transactions and which do not involve a contractual relationship with consumers.

Art 3 of the Regulation (EU) 2019/1150 ensures that **terms and conditions** of providers of online intermediation services: (a) are drafted in plain and intelligible language; (b) are easily available to business users at all stages of their commercial relationship with the provider of online intermediation services, including in the pre-contractual stage; (c) set out the grounds for decisions to suspend or terminate or impose any other kind of restriction upon, in whole or in part, the provision of their online intermediation services to business users; (d) include information on any additional distribution channels and potential affiliate programmes through which providers of online intermediation services might market goods and services offered by business users; and (e) include general information regarding the effects of the terms and conditions on the ownership and control of intellectual property rights of business users.

Changes of their terms and conditions by providers of online intermediation services shall be notified on a durable medium, to the business users concerned. Those changes shall not be implemented before the expiry of a notice period (at least 15 days) which is reasonable and proportionate to the nature and extent of the envisaged changes and to their consequences for the business user concerned. Providers of online intermediation services shall grant longer notice periods when this is necessary to allow business users to

⁹⁸ Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R1150&from=EN>

⁹⁹ Art. 2(2); "online intermediation services" means services which meet all of the following requirements: (a) they constitute information society services within the meaning of point (b) of Article 1(1) of Directive (EU) 2015/1535 of the European Parliament and of the Council (>"service" means any Information Society service, that is to say, any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.<); (b) they allow business users to offer goods or services to consumers, with a view to facilitating the initiating of direct transactions between those business users and consumers, irrespective of where those transactions are ultimately concluded; (c) they are provided to business users on the basis of contractual relationships between the provider of those services and business users which offer goods or services to consumers.

¹⁰⁰ Art. 2 (7); "corporate website user" means any natural or legal person which uses an online interface, meaning any software, including a website or a part thereof and applications, including mobile applications, to offer goods or services to consumers for purposes relating to its trade, business, craft or profession

¹⁰¹ Art. 2 (5); "online search engine" means a digital service that allows users to input queries in order to perform searches of, in principle, all websites, or all websites in a particular language, on the basis of a query on any subject in the form of a keyword, voice request, phrase or other input, and returns results in any format in which information related to the requested content can be found

¹⁰² Art. 2 (1); "business user" means any private individual acting in a commercial or professional capacity who, or any legal person which, through online intermediation services offers goods or services to consumers for purposes relating to its trade, business, craft or profession



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make technical or commercial adaptations to comply with the changes. Terms and conditions which do not comply with the requirements shall be null and void.

Art. 4 of the Regulation (EU) 2019/1150 applies to any **restrictions, suspensions and terminations** of online intermediation services. In relation to individual goods or services offered by a business user, the provider of online intermediation services shall provide the business user concerned, prior to or at the time of the restriction or suspension taking effect, with a statement of reasons for that decision on a durable medium. The opportunity to clarify the facts and circumstances in the framework of the internal complaint-handling process referred to in Art. 11 shall be given to the business user.

Art. 5 states that providers of online intermediation services shall set out in their terms and conditions the **main parameters determining ranking** and the reasons for the relative importance of those main parameters as opposed to other parameters. These terms and conditions regarding ranking shall be sufficient to enable the business users or corporate website users to obtain an adequate understanding of whether, and if so how and to what extent, the ranking mechanism takes account of the following: (a) the characteristics of the goods and services offered to consumers through the online intermediation services or the online search engine; (b) the relevance of those characteristics for those consumers; (c) as regards online search engines, the design characteristics of the website used by corporate website users.

When **differentiated treatment is applied** (Art 7) by providers of online intermediation services, a description in their terms and conditions of any differentiated treatment which they give, or might give, in relation to goods or services offered to consumers through those online intermediation services by, on the one hand, either that provider itself or any business users which that provider controls and, on the other hand, other business users has to be given. That description shall refer to the main economic, commercial, or legal considerations for such differentiated treatment.

Special contractual terms shall be conducted, according Art. 8, in good faith and based on fair dealing. Providers of online intermediation services therefore or obliged: (a) not impose retroactive changes to terms and conditions, except when they are required to respect a legal or regulatory obligation or when the retroactive changes are beneficial for the business users; (b) ensure that their terms and conditions include information on the conditions under which business users can terminate the contractual relationship with the provider of online intermediation services; and (c) include in their terms and conditions a description of the technical and contractual access, or absence thereof, to the information provided or generated by the business user, which they maintain after the expiry of the contract between the provider of online intermediation services and the business user.

A description of the technical and contractual **access**, or absence thereof, of business users **to any personal data or other data**, or both, which business users or consumers provide for the use of the online intermediation services concerned or which are generated through the provision of those services shall be included in the terms and conditions according Art. 9.

To resolve potential conflicts related to the service provision, Art. 11 establishes an **Internal complaint-handling system**¹⁰³; Art. 12 a **mediation**, out-of-court settlement scheme (to be included in the terms and conditions), when complaints cannot be resolved by means of the internal complaint-handling system referred to in Article 11.

Aspects to be considered for transferring to national legislation by Eastern partner countries: terms and conditions of providers of online intermediation services; differentiated treatment; Special contractual terms; access to any personal data or other data; Internal complaint-handling system; mediation.

¹⁰³ Art. 11(5) The rules for internal complaint-handling system shall not apply to providers of online intermediation services that are small enterprises within the meaning of the Annex to Recommendation 2003/361/EC. -> Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10 million.



1.3 Legislation in Eastern partner countries

1.3.1 Armenia

Country profile

<intro + additional data + unique processes, etc.>

Analysis of legislation

Table 1. <>

Key area of eCommerce in legislation (e.g. customer rights)				
Topic inside the area (e.g. refunds, product return, disputes resolutions)				
No	Ref to the EU baseline	Legal act	Provision in national legislation	Gaps comparing to the EU baseline
2.				
3.				
4.				

Such tables can go to the Annex and in the body they will be summarised.

<Go by each regulation and summarise by explaining the gaps + providing statement of compatibility >

Challenges

<Analyse main bottlenecks than can obstruct to cross-border eCommerce between the EU and the EaP countries >

Recommendations

<Using the proposed eCommerce framework and value chain structure, provide recommendation in each key area identified in the table above>

1.3.2 AZ

1.3.3 BY

1.3.4 GE

1.3.5 MD

1.3.6 UA



2 Standards

2.1 Introduction

European Committee for Standardisation (CEN)

The EU Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service¹⁰⁴ (Postal Service Directive (PSD)) states that the European Committee for Standardisation (CEN)¹⁰⁵ shall be entrusted with drawing up technical standards applicable in the postal sector on the basis of standardisation requests adopted by the Commission. Such work should take account of the harmonisation measures adopted at international level and in particular those decided upon within the Universal Postal Union¹⁰⁶.

Since 1996 the European Commission has entrusted the CEN/TC331 "Postal Services"¹⁰⁷ with 4 standardisation requests M/240¹⁰⁸, M/312¹⁰⁹, M/428¹¹⁰ and M/548¹¹¹.

While the EU focused in 1996 on standards for postal services and equipment, by 2008 the establishment of tools for the measurement of the quality of postal services and the facilitation of interoperability between the actors in the postal value chain became the focus for the "side regulation"¹¹² based on the Postal Service Directive and mandates given to CEN/TC331.

Ecommerce and the growth of cross-border parcel volumes

The European Commission identified ecommerce as one of the main drivers of a more prosperous and competitive Europe, with a significant potential for contributing to economic growth and employment¹¹³. In its action point 5, of the Communication of the Commission "A roadmap for completing the Single Market for parcel delivery - Build trust in delivery services and encourage online sales" the EU Commission stated to give a standardisation request to the CEN to develop inter alia voluntary standardisation tools for measuring complaints concerning damaged, delayed or lost parcels.

¹⁰⁴ DIRECTIVE 97/67/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service; a consolidated version of the Directive can be found: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01997L0067-20080227&from=EN>

¹⁰⁵ According to the CEN/CENELEC Internal Regulations, the national standards organisations of the following countries are involved in this work: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Former Yugoslav Republic of Macedonia, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom

¹⁰⁶ To assure such a harmonisation and to avoid that the UPU specifications (NOTE: the UPU is not an internationally recognised standardisation authority) divert from CEN postal standardisation, CEN and the UPU have established a Memorandum of Understanding

¹⁰⁷ <https://www.cenc331.eu/>

¹⁰⁸ M/240, Mandate to CEN for standardisation in the field of postal services and equipment, 15.3.1996

¹⁰⁹ M/312, Standardisation mandate to CEN for standardisation in the field of postal services and equipment, 4.5.2001

¹¹⁰ M/428, Standardisation mandate to CEN for standardisation in the field of postal services and equipment, 9.10.2008

¹¹¹ M/548, Standardisation mandate to CEN for standardisation in the field of postal services and equipment, 1.8.2016

¹¹² "side regulation": the European Union Postal Service Directive establishes the legal and regulatory framework, whereas CEN/TC331 and its experts appointed by the national standardisation authorities develop and adapt technical and message standards under mandates of the EU Commission.

¹¹³ COM(2013) 886 final: COMMUNICATION FROM THE COMMISSION A roadmap for completing the single market for parcel delivery Build trust in delivery services and encourage online sales



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The annual Union Work Programme in 2015 for European Standardisation emphasised in point 2.5¹¹⁴ the need to enhanced interoperability of parcel-delivery operations.

In the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions in May 2015 on "A Digital Single Market Strategy for Europe"¹¹⁵ the need to enhance the quality and affordability of cross-border parcel delivery has been identified as a priority in the EU's policy to facilitate e-commerce, and to create a Digital Single Market for the European Union.

Progress in the interconnection of postal networks and the interests of users require that technical standardisation be encouraged.

Technical standardisation is indispensable for the promotion of interoperability between national networks and for an efficient European Union universal service.

Current (ongoing) standardisation activities

The European Committee for Standardisation (CEN) is requested to draft, in support of the implementation of Article 20 of Directive 97/67/EC as amended by Directives 2002/39/EC and 2008/6/EC and in support of Action 5 of the Commission Communication of 16 December 2013 COM (2013) 886 final, European standards or European standardisation deliverables in order to **eliminate product and weight silos**, to create a **differentiation of postal items based on content (documents versus goods)**, to provide a **seamless 0 – 31.5 kg weight range** and to be **compliant to security and customs clearance requirements for electronic advanced data** in line with international standards adopted by the World Customs Organisation (WCO) and Universal Postal Union (UPU) and the WCO and UNECE Data model, and to promote **interoperability of parcel-delivery operations** and thereby contribute to promoting the creation of a **Digital Single Market for the European Union**.

Considering the overview of the actions in the standardisation area, the EU baseline of standards is described further in the following way:

- CEN/TC331 standardisation activities – as one of the major stakeholders working on standards in the EU. The section covers specific areas of focus including:
 - Quality of services
 - Interoperability
 - Digital postal services
 - Physical process and associated data
- European Telecommunication Standards Institute (ETSI) – as another key stakeholder working on the EU standards.
- Electronic Advanced Data exchanges on item level – the section explains the standards in data exchange between eCommerce stakeholders. These standards will be implemented in 2021.
- Stakeholder and information exchanges based on WCO/UPU flowchart and messaging model – as the model currently implemented until 2021. It includes the UPU standards to exchange data and technical standards.
- Other EU eCommerce-related standards – this section describes other standards that support the eCommerce area, including trustmarks, product safety and goods labelling.
- Terms and definitions – this section introduces the key terms and definitions relevant to parcel delivery.

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2.2 EU baseline

The description of the EU standardisation activities is presented in the following sections of the report and follows the structure introduced above, in the introduction.

2.2.1 CEN/TC331 standardisation activities

¹¹⁴ COM (2014) 500 final, 30.7.2014.

¹¹⁵ COM(2015) 192 final.



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Development of European standards or European standardisation activities or where necessary to revise existing standards, covering the following topics:

2.2.1.1 Quality of services

As mentioned in the introduction to this section of the report, one of the focuses of CEN is quality of services. CEN provides standards in the following areas of quality of service:

- a) method for transit time measurement for cross border postal items
- b) new method(s) of measurement of transit time for cross border mail flows based on the real mail
- c) standardised tools for measuring and handling complaints concerning damaged, delayed or lost postal items

[CEN/EN13850:2012; Postal services – Quality of services – Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail](#)

This European Standard specifies **methods for measuring the end-to-end transit time of domestic and cross-border Single Piece Priority Mail (SPPM)**, collected, processed and delivered by postal service operators. It considers methods using representative end-to-end samples for all types of single piece priority mail services for addressed mail with defined transit-time service levels offered to the customer. This standard is applicable to the measurement of End-to-End priority mail services.

The standardised Quality of services (QoS)-measurement method provides a uniform way for measuring the end-to-end transit time of postal items. Using a standardised measurement method will assure that the measurement will be done in an objective and equal way for all operators in accordance with the requirements of the Directive 97/67/EC and its amendments. The European Commission decided¹¹⁶ to make this standard mandatory.

Aspects to be considered for adoption by the Eastern partner countries: methods for measuring the end-to-end transit time of domestic and cross-border Single Piece Priority Mail (SPPM); standardised QoS-measurement method; provision giving regulators a harmonised tool, including provisions for auditing, and "force majeure" handling.

[CEN/TS14012:2016; Postal services – Quality of service – Complaints handling principles](#)

This European Standard specifies **complaints handling principles** related to domestic and international postal services. It applies to both national and cross border services. The standard also gives **guidance for compensation and redress procedures**.

This European Standard may be applied to all types of postal service both Universal service and non-universal service and by all types of postal organizations. It defines various types of complaints and establishes a methodology for handling complaints in order to improve the service given to postal users. It also gives guidance for complaints handling processes to be set up by postal service providers in order to improve quality of service.

This European Standard provides guidelines **beyond the requirements given in ISO 10002 and ISO 9001** in order to consider both the effectiveness and efficiency of a complaint handling process, and consequently the potential for improvement of the performance of an organization.

Aspects to be considered for the Eastern partner countries: complaints handling principles; guidance for compensation and redress procedures.

¹¹⁶ See also: "Letter to all Members of the Postal Directive Committee, 21.03.2005, Brussels, Markt/E4/JR/DS/HM D(2005) – 2346"



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[CEN/TS16915:2015; Postal Services – Quality of service – Damage to postal items](#)

This Technical Report is an extension as a guide to the European Standard EN 14012 with regard to **damage of postal items**.

Aspects to be considered for the Eastern partner countries: complaints handling principles; extended to damage of postal items.

[CEN/TS15472:2016; Postal services – Method for measurement of parcel transit time for cross-border parcels within the European Union and EFTA using Tracking and Tracing](#)

Method for **measurement of parcel transit time for cross-border parcels** is mainly from an **e-merchant perspective, especially for small and medium-sized companies**. Based on an earlier study, the method will be based on events of the track and trace process.

This Technical Specification does not set quality of service standards or targets.

Aspects to be considered for the Eastern partner countries: Quality of Service measurement for transit time of cross-border parcels, based on track & trace events applicable to all postal operators.

[CEN/TR16894:2015; Postal services – Quality of delivery: Re-forwarding](#)

This Technical Report specifies methods for **measuring the quality of a re-forwarding service of domestic addressed** mail that is collected, processed and delivered by postal service operators. As a European Standard or technical specification it relates to the measurement of services given to household and business customers who receive mail at their homes, their post office boxes, or at their office premises and have contracted their national Postal Operator (PO) to re-forward their mail for a defined stretch of time to an address that deviates from the one presented on the postal items that are to be delivered to them.

Aspects to be considered for the Eastern partner countries: Quality of Service measures for re-forwarding services to an address that deviates from the one presented on the postal item.

[CEN/TR15735:2008; Postal services – Quality of service – Distance to access points](#)

The Postal Services Directive (PSD); Directive 97/67/EC requires **access to postal services, country wide, for anyone** in each EU country. This Technical Report takes into account the existing systems for measuring access to postal services and the targets that are already in use in member states. To get an understanding of the existing systems regarding population coverage, a questionnaire entitled "Methodology for the Measurement of Distance to postal Access Points" was circulated to postal operators and postal regulators.

Aspects to be considered for the Eastern partner countries: Quality of Service measuring for access to postal access points countrywide.

[CEN/TS15511:2008; Postal services – Quality of service – Information available on postal services](#)

The Postal Services Directive (PSD); Directive 97/67/EC requires that **information on postal services and related products shall be made available** to all users. This Technical Specification is intended to provide a measurement methodology to assess information availability using desk research and a Mystery Shopper Approach. The Technical Specification does not intend to impose service commitments. Information is considered to be one of the key steps in accessing postal services and postal users need to have information available on the proposed services as well as the applicable conditions for access. Increasing the level of information available will inevitably reduce complaints, resulting in improved customer satisfaction and higher overall customer loyalty.

Aspects to be considered for the Eastern partner countries: Quality of service measurement of information available on postal services and conditions of access to such information.



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[CEN/TS14773:2004; Postal services – Quality of service – Measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test letters](#)

This document specifies methods for **measuring the level of loss and substantial delay**, using a survey of test letters, of domestic and cross-border priority and first class single piece letter mail, collected, processed and distributed by postal service operators.

Aspects to be considered for the Eastern partner countries: Quality of service measurement of loss and substantial delay in priority and first-class single piece mail.

2.2.1.2 Interoperability

As mentioned in the introduction to this section of the report, one of the focuses of CEN is interoperability. CEN provides standards in the following areas of interoperability:

- review of the existing standards (EN 14615, CEN/TS 15130) for the digital postal marks to adapt them to the new requirements of secured data printing
- requirements for the operability for the use of reverse envelopes in postal operations.
- review the existing EN 14142-1 and CEN/TR 14142-2 to adapt them to the new ISO 19160-4 on addressing being developed.
- standardisation of digital, optional online connected, parcel boxes with free access for the transport provider and the consumer
- requirements to connect, access, participate and further develop open global networks and systems, for postal operators and the wider postal sector players¹¹⁷

[CEN/EN13724:2013; Postal services – Apertures of private letter boxes and letter plates – Requirements and test methods](#)

The Postal Services Directive (PSD); Directive 97/67/EC requires for each European household to provide a **letter box for the delivery of postal items**. According to mail flow studies in the EU approx. 50% of all commercial letter post items (UPU letter classification "small packets / E-format") fit into these private letter boxes. This European Standard specifies the requirements and the test methods of the apertures for the delivery of letter post items when fitted in accordance with the manufacturer's instructions.

It takes into account security, impregnability, safety and performance for the recipient, and ergonomics and efficiency for delivery personnel. It allows the daily delivery in good condition of a great majority of letter post items.

Aspects to be considered for the Eastern partner countries: requirements for private letter boxes, so that postal items of a certain size fit into letter boxes required for postal delivery to each household.

[CEN/TS16819: 2015; Postal services – Parcel boxes for end use – Technical features](#)

This Technical Specification describes the **technical features of parcel boxes for end use**. This covers technical features such as size of parcels, ergonomics and safety, corrosion and water penetration resistance and security of delivery.

Aspects to be considered for the Eastern partner countries: harmonisation of parcel boxes and their technical features, so that unattended delivery of eCommerce parcels is harmonised throughout the EU.

[EN ISO 19160-4:2017; Postal Services – Addressing – Part 4: International postal address components and template language \(ISO 19160-4:2017\)](#)

EU postal legislation regards EU member state address systems as an especial facility. Definition and standardisation of national addresses is key to the member state infrastructure. The **postal address is**

¹¹⁷ The mandated work item is a guidance specification on how to apply "electronic advanced data for customs and transport security"



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globally harmonised and ISO 19160-4:2017 defines key terms for postal addressing, postal address components and constraints on their use. Specifically, ISO 19160-4:2017 defines postal address components organized into three hierarchical levels:

- **elements**, such as organization name or postcode, which have well-defined conceptual meaning and are not themselves made up of subordinate components, though they may be sub-divided for technical purposes;
- **constructs**, such as organization identification, which group elements into units form a logical portion of a postal address;
- **segments**, such as addressee specification, which group-related postal address constructs and/or postal address elements into units with a specific defined function.

ISO 19160-4:2017 also specifies a mechanism for creation of sub-elements, which correspond to either sub-divisions of element content, such as door type or door indicator or to multiple occurrences and locations of elements in an address, such as levels of administrative regions.

ISO 19160-4:2017 does not specify the length of any component nor the value range of any component.

Aspects to be considered for the Eastern partner countries: postal addresses harmonised according to ISO 19160 and specific member state postal address templates.

[WI331114: Postal services – Digital, optional online connected, opening and closing systems for parcel receptacles for home use with free access for the delivery and collection operators and consumers](#)

European postal legislation focuses on the needs of end users. The growth of eCommerce leads to the need of new delivery methods, allowing recipients to choose unattended delivery, such as parcel locker systems. Such systems shall be open to all operators. The objective of this technical specification (TS) is to define the **framework for secure, trustworthy and user-friendly opening systems for parcel boxes for home use**. Particular attention is given to facilitating secure electronic authentication of the delivery operator.

Aspects to be considered for the Eastern partner countries: last mile delivery, to the individual necessities of consumers led to the need for unattended delivery solutions open to all delivery operators.

[CEN/TR 17535; Postal services — Requirements to connect, access, participate and further develop open global networks and systems, for postal operators and the wider postal sector players](#)

This document is based on be the Technical Report CEN/TR 17536: "Postal Services — **Electronic advanced data (EAD)** in postal operations compliant to security and customs requirements" and **provides the necessary implementation guidance**. The document is based on the semantic mapping description of information on the characteristics or attributes of Low Value Consignments (LVC) which parties in the digital commercial value chain across-borders are called upon to handle, compliant to the EU VAT Ecommerce Package as well as the UPU-WCO customs model. It gives guidance by defining the use of unique transport identifiers, unique transaction identifiers and the IOSS VAT Identification number.

Aspects to be considered for the Eastern partner countries: requirements for EAD in postal operations (i.e. all commercial items sent to consumers up to 31,5 KG) are a pre-requisite for any digital customs or transport security related declaration sent to EU authorities prior to any border crossing into the EU.

[WI331118 Postal services – Packaging for boxable items](#)

The EU digital agenda puts high priority on sustainability. eCommerce and related shipping is directly concerned by environmental constraints. This document covers physical properties and characteristics for the packaging for small and light weight items to be delivered into the consumers' letterbox. It covers the **main design features for the packaging of letterboxable items**, notably the sizes, stacking as well as postal and environmental requirements. The document is intended for e-retailers and postal operators.



Aspects to be considered for the Eastern partner countries: packaging for boxable items to be delivered directly into private letter boxes, as well as environmental aspects of such packaging is of highest priority, when reducing delivery costs (it can be put directly into an unattended letter box) and when converting waste into recyclable material.

2.2.1.3 Digital Postal Services

As mentioned in the introduction to this section of the report, one of the focuses of CEN is Digital Postal Services. CEN provides standards in the following areas of Digital Postal Services:

- a) requirements for electronic advanced data (EDA) in postal operations, in particular compliant to security and customs requirements¹¹⁸

[CEN/TR 17536; Postal services – Requirements for electronic advanced data \(EAD\) in postal operations, in particular compliant to security and customs requirements](#)

This Technical Report provides the **semantic mapping description of information on the characteristics or attributes of Low Value Consignments (LVC)** which parties in the digital commercial value chain across-borders are called upon to handle, compliant to the EU VAT Ecommerce Package as well as the UPU-WCO customs model. This document is limited to LVC, the logical definition of an electronic message, which supports the communication of information about postal items with a unique transport unit identifier.

Aspects to be considered for the Eastern partner countries: requirements for EAD in postal operations (i.e. all commercial items sent to consumers up to 31,5 KG) are a pre-requisite for any digital customs or transport security related declaration sent to EU authorities prior to any border crossing into the EU.

2.2.1.4 Physical process and associated data

As mentioned in the introduction to this section of the report, one of the focuses of CEN is physical process and associated data. CEN provides standards in the following areas of physical process and associated data:

- a) Labelling and exchange of data between e-merchant and logistic operators for cross border parcels.

[CEN/TS17073:2017; Postal services – Interfaces for cross border parcels](#)

This Technical Specification will specify the interface between the e-merchant (any commercial customer sending parcels) and the first logistic operator. The interface is composed on two items:

- the **physical label** stuck on the postal item: contents, sizes, minimum requirements to guarantee the quality and efficiency of the logistic process (sorting, delivery), and
- the **electronic exchanges** between the sender and the logistic operator with the description of the data to be provided, the format of the exchanges.

The Technical Specification aims to specify the interface between the e-merchant (any commercial customer sending postal items) and the first logistic operator composed by incorporating the 3 elements:

- **physical label** attached to the postal item with information for item identification;
- **electronic exchanges** between the sender and the logistic operator concerning parcels dispatch;
- **data** needed for various delivery chain parts, in particular final delivery to the recipient, in order to facilitate exchange between the item-specific identifiers.

Aspects to be considered for the Eastern partner countries: harmonisation of transport identifiers (barcodes for parcels), to provide a unique identification of the transport unit, so that courier-, express- and parcels operators use ID harmonised, even in line with the UPU, has been done by CEN in collaboration with the Universal Postal Union.

¹¹⁸ This mandated work item is directly related to the EU VAT Ecommerce Package



2.2.2 European Telecommunication Standards Institute (ETSI)¹¹⁹

ETSI provides members with an open, inclusive and collaborative environment. This environment supports the timely development, ratification and testing of globally applicable standards for ICT-enabled systems, applications and services.

The postal environment needs technical specification to maintain secure and stable interoperability¹²⁰. This becomes even more the case, as eCommerce related commercial postal items will need secured electronic postal communication means to exchange information on item level when postal items (up to 31,5 KG) are sent cross-border. Intra- and extra-EU related duties, taxes and customs fees, but transport security as well, requires digital communication in advance, before those items cross borders. The EU VAT eCommerce package, put into force in Dec 2017 - (OJ L 348 of 29.12.2017¹²¹), set the legal and regulatory framework, implementing acts and related technical standardisation are the result.

Technical specifications and Technical Reports will make use of e-Document related communication building blocks, established by the eIDAS Regulation (EU) No 910/2014¹²², in particular Electronic Registered Delivery Services and Registered Electronic Mail.

NOTE: This area is out of the scope of this study.

2.2.3 Electronic Advanced Data exchanges on item level

The exchange of electronic advanced data (EAD) will be **mandatory**:

- by 1 July 2021¹²³ for all courier-, express-, parcel operators and customs agents concerning the clearance of consignments. The *Stakeholders and Information Exchanges based on UN/EDIFACT* messaging (Figure 4) model are specified below, and
- by 1 January 2021 for all postal items sent within the UPU postal network containing goods. The *Stakeholder and Information Exchanges based on WCO/UPU flowchart and messaging model* (Figure 6) are specified below.

Commented [A10]: The dates will be updated as per the latest alignment with the European Commission.

2.2.4 Stakeholders and Information Exchanges based on UN/EDIFACT

Figure 4 shows the sematic process flow based on the UN / EDIFACT syntax (United Nations Electronic Data Interchange for Administration, Commerce and Transport). The **message types** mentioned are depending on the content of the required data fields.

The displayed message flows / arrows are not necessarily all exchanged by UN / EDIFACT syntax. In some cases, it could be **possible and senseful to use other syntaxes** for special message flows. As an example, national customs messages created by different systems used by the national customs authorities (like "ATLAS" for any digital communication with German customs authorities) could be used.

¹¹⁹ <https://www.etsi.org/>

¹²⁰ CEN/TS15121-1:2011; Postal Services – Hybrid Mail – Part 1: Secured electronic postal services (SePS) interface specification – Concepts, schemas and operations (and its UPU Specification equivalent: UPU S43a-4: Secured electronic postal services (SePS) interface specification - Part A: Concepts, schemas and operations); CEN/TS15121-2:2011; Postal Services – Hybrid Mail – Part 2: Secured electronic postal services (SePS) interface specification – EPCM Service (and its UPU equivalent: UPU S43b-4: Secured electronic postal services (SePS) interface specification - Part B: EPCM Service); CEN/TS16326:2013; Postal Services – Hybrid Mail – Functional Specification for postal registered electronic mail (and its UPU equivalent: UPU S52-2: Functional specification for postal registered electronic mail)

¹²¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2017:348:FULL&from=EN>

¹²² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0910&from=EN>

¹²³ https://ec.europa.eu/taxation_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis_en



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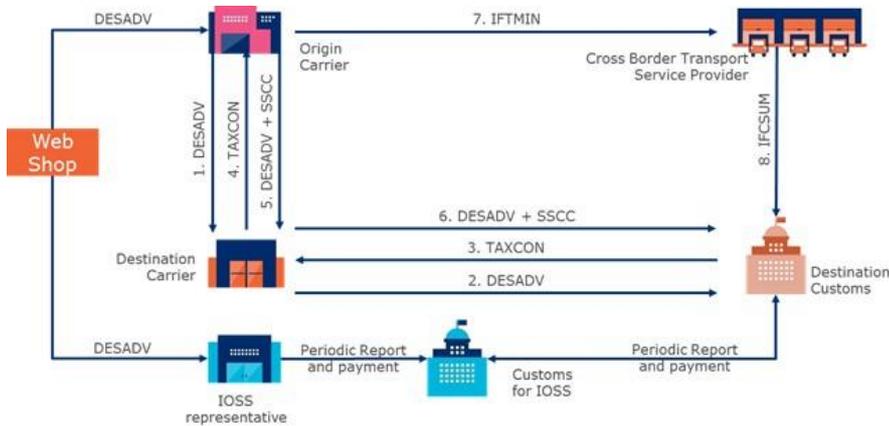


Figure 4. Stakeholders and Information Exchanges based on UN/EDIFACT. Source: GS1 & CEN/TR 17535: Information Exchanges: UN / EDIFACT

UN / EDIFACT is a cross-industry, international standard for the electronic data format of business transactions. EDIFACT is one of several international EDI standards. Responsible for the EDIFACT standard is a UN agency called CEFAC, which is affiliated to UNECE.

Figure 5 shows the message types that are exchanged between the stakeholders.

Flow #	Message	From	To
1	DESADV	Origin Carrier	Destination Carrier
2	DESADV	Destination Carrier	Destination Customs
3	TAXCON	Destination Customs	Destination Carrier
4	TAXCON	Destination Carrier	Origin Carrier
5	DESADV + SSCC	Origin Carrier	Destination Carrier
6	DESADV + SSCC	Destination Carrier	Destination Customs
7	IFTMIN	Origin Carrier	X border Transport Service Provider
8	IFCSUM	X border Transport Service Provider	Destination Customs

Figure 5. The message types that are exchanged between the stakeholders. Source: CEN/TR 17535; EDIFACT messages: From-To information exchange flows

These message types are described in the following section.

2.2.4.1 UN / EDIFACT¹²⁴ Exchange Specification

DESADV - DESpatch ADvice message

Message specifying details for goods despatched or ready for despatch under agreed conditions.

¹²⁴ the United Nations rules for Electronic Data Interchange for Administration, Commerce and Transport comprise a set of internationally agreed standards, directories, and guidelines for the electronic interchange of structured data, between independent computerized information systems



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IFCSUM - Information Forwarding and Consolidation Summary Message¹²⁵

Message from the party issuing either an instruction or a booking regarding forwarding/transport services for a collection of consignments under conditions agreed, to the party arranging the forwarding and/or transport services. The IFCSUM message can also be used as an arrival notice for multiple consignments.

IFTMIN¹²⁶

Message from the party issuing an instruction regarding forwarding/transport services for a consignment under conditions agreed, to the party arranging the forwarding and/or transport services.

TAXCON¹²⁷ - TAX CONTROL message

Message used to enable the transmission of information relating to the tax details for an invoice, or a batch / batches of invoice messages (Invoices, Credit Notes, Debit Notes).

It enables the recipient to ensure the completeness of messages, the prevention of duplication, and the generation of control values and reports.

Aspects to be considered for the Eastern partner countries: For any courier-, express- and parcel operator, as well as any customs agent, the commercial model for eCommerce items below a value of €150 sent from third countries into the EU will be mandatory by 1 July 2021. The necessary data-elements for digital customs pre-declarations on items level are specified in Art 143a UCC DA, ANNEX B, Column H7, so called "super-reduced dataset".

2.2.5 Stakeholder and Information Exchanges based on WCO/UPU flowchart and messaging model

Commented [A11]: The dates will be updated as per the latest alignment with the European Commission.

¹²⁵ https://service.unece.org/trade/untddid/d05b/trmd/ifcsum_c.htm

¹²⁶ https://service.unece.org/trade/untddid/d11a/trmd/iftmin_c.htm

¹²⁷ https://service.unece.org/trade/untddid/d00a/trmd/taxcon_c.htm



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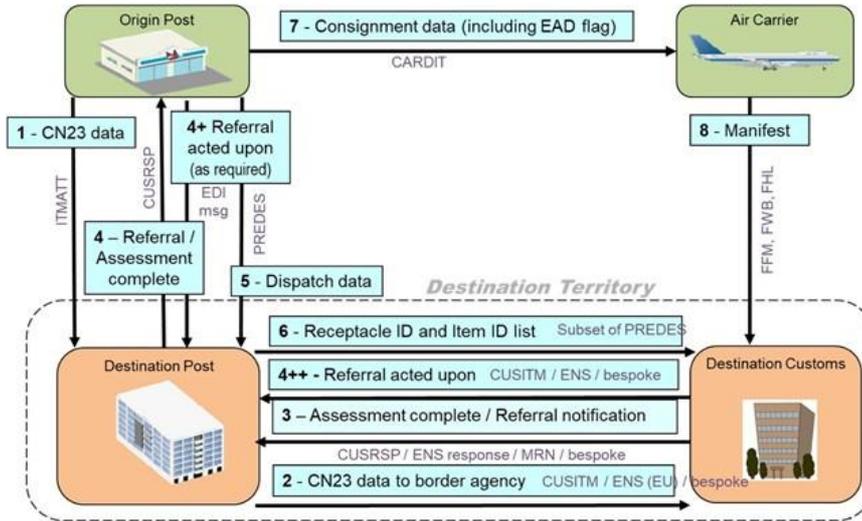


Figure 6. World Customs Organisation (WCO) and Universal Postal Union (UPU) flow chart¹²⁸ and messaging model. Source: the WCO.

The figure above (Figure 6) provides a more detailed look at the components of what has been developed to allow the postal sector to comply with emerging requirements for the provision of postal electronic advanced data (EAD) for both fiscal and security purposes. Each component data flow of the EAD global postal model is shown in Figure 7 below. The key goals are to standardize understanding of the operational protocols supporting this model and the data flows, ensure uniformity of messaging, and pave the way for a practical integration of the electronic systems of the different postal partners in each part of the postal supply chain.

Flow #	Messaging Standard	From	To
1	ITMATT	Origin Post	Destination Post
2	CUSITM	Destination Post	Destination Customs
3	CUSRSP	Destination Customs	Destination Post
4	ITMREF	Destination Post	Origin Post
4+	REFRSP	Origin Post	Destination Post
4++	CUSRSP	Destination Post	Destination Customs
5	PREDES	Origin Post	Destination Post
6	PREDES	Destination Post	Destination Customs
7	CARDIT w. PAWB #	Origin Post	Air Carrier
8	FFM, FWB, FHL	Air Carrier	Destination Customs

Figure 7. WCO-UPU based From-To information exchange flow

¹²⁸ <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/joint-wco-upu-guidelines.aspx>



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DOs (Designated Operators, Postal Operators designated by UPU member countries to fulfil the Universal Postal Obligation)¹²⁹, airlines, and customs administrations are the parties involved in EAD. The UPU EAD global postal model has eight data flows, with the flows taking place between these parties. The model was developed in collaboration with the WCO, the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA).

Aspects to be considered for the Eastern partner countries: For national designated postal operators in each Eastern partner country the UPU-WCO model applies, as well as the mandatory implementation of EAD for any commercial postal item exchanged within the UPU postal network. Once commercial items are sent into the EU, postal items exchanged with EU DOs shall require a UPU-WCO compliant EAD pre-declaration on item level. May the DO wishes to pre-lodge customs declarations itself, or wishes to use the import scheme according to the EU eCommerce VAT Package on behalf of its users in the EU, switching from the UPU-WCO data model into the EU customs model becomes necessary.

NOTE: *without EAD compliant pre-declaration on item level, crossing into the EU is prohibited by 1 July 2021*¹³⁰.

2.2.6 UPU electronic exchange standards¹³¹

The usage of messaging specifications mentioned here will be mandatory for the UPU designated postal operators for cross-border exchange of commercial postal items (both commercial letter items [small packets / E-format], or parcels) by 1 January 2021. These specifications were developed and are maintained by the UPU. The UPU members are the 192 member countries. All Eastern Partnership countries as well as all EU and EEA countries are members.

Even when the UPU specifications have been developed and adopted exclusively for the use within the UPU infrastructure and global network, the principle and content of the item specific data-elements is complementary to the EU Legislation and therefore to the EU VAT Ecommerce package.

Switching from UPU messaging specifications-based messages into message formats compliant to EU customs and VAT legislation and infrastructure (open for all, and therefore also Eastern Partnership country designated postal operators) is possible and envisaged.

2.2.6.1 UPU M30, Electronic exchange standards – Electronic Data Interchange between postal handling organisations

This specification defines the concepts of using **messages to exchange information** between postal handling organisations and the organisation of such exchanges into interchanges. It further defines EDIFACT and XML implementations of these electronic data interchange (EDI) concepts.

Aspects to be considered for the Eastern partner countries: data exchanges between postal handling organisations involve service providers and agents, necessary to provide the necessary interfaces to third party data applications, including the EU authorities and authorised economic operators.

2.2.6.2 UPU M33, Electronic exchange standards – ITMATT V1 – Electronic communication of item information

This specification provides the logical **definition** of an electronic message, ITeM ATtribute, which **supports the communication of information** about postal items with a unique item identifier. The specification further defines both EDIFACT directory 00A and XML implementations of the ITMATT message that can be used to convey item-level data for use in customs processing applications.

¹²⁹ Designated operator (DO) is the UPU term often used when referring to the postal operator.

¹³⁰ https://ec.europa.eu/taxation_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis_en

¹³¹ http://www.upu.int/uploads/tx_sbdownloader/AnIntroductiontoPostalEDIXchanges.pdf

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Commented [A13]: The dates will be updated as per the latest alignment with the European Commission.



Aspects to be considered for the Eastern partner countries: item messaging attributes on postal commercial item level are the core of content related information. This messaging exchange standard links the transport unit identification to the content in the transport unit.

2.2.6.3 UPU M39, Electronic exchange standards – CARDIT/RESBIT – Data flow version 2: Introduction and examples

This specification provides a general introduction to and examples for **CARDIT and RESBIT data flow** version 2 messaging standards and defines:

- the EDIFACT directory D96.A implementation, referred to as CARDIT V2.1, of a message which contains information about a consignment of mail which is, or is intended to be, handed over to a carrier;
- the EDIFACT directory D96.A implementation, RESBIT V1.1, of a message which contains information about a consignment of mail as received by a carrier.

CARDIT and RESBIT messages are normally used together, with CARDIT representing the postal operator's view or intent and RESBIT reporting what the carrier actually received. However, RESBIT may be used alone if the carrier receives receptacles or containers which were not pre-advised in a CARDIT message.

Aspects to be considered for the Eastern partner countries: these messaging specifications constitute the messaging interexchange between a designated postal operator and a specific (air cargo) carrier. The closed messaging type and infrastructure of the UPU postal network is now complemented by EU / EEA open messaging standards. Switching between both will become a pre-requisite for UPU designated operators outside the EU with Postal operators (designated and non-designated) within the EU.

2.2.6.4 UPU M40, Electronic exchange standards – EMSEVT V3. Item level tracking information – Tracking events and associated data elements

This specification defines a means of **exchanging information about key events in the movement** of an item from posting/collection through to final delivery. It can be used to track identified items, e.g. EMS, parcels, registered and/or insured letter post, and express letter post, as they move through the postal network. It is broadly based on design principles consistent with those for M17, EMSEVT V1 [2], particularly in regard to the use of a single EDI message segment to refer to a specific tracking point.

Aspects to be considered for the Eastern partner countries: harmonised tracking event for commercial items are vital for auditable conduct of postal service.

2.2.6.5 UPU M41, EDI Messaging Standards - PREDES V2.1

The PREDES version 2.1 message contains **information about a despatch** of mail which has been prepared by an origin office of exchange for transportation to a destination office of exchange, typically in another country.

The message describes the despatch-level information such as the despatch identification data and the planned transport, the individual receptacles of the despatch and the individually identified (track-able) items in each receptacle.

Aspects to be considered for the Eastern partner countries: the closed messaging type and infrastructure of the UPU postal network is now complemented by EU / EEA open messaging standards. Switching between both will become a pre-requisite for UPU designated operators outside the EU with Postal operators (designated and non-designated) within the EU.

2.2.6.6 UPU M43, Electronic exchange standard – CUSITM V1, Customs Item pre-advice message to Customs

This standard describes CUSITM, through which a postal operator can send **mail item detailed information to its local customs authority/border agency**.

Aspects to be considered for the Eastern partner countries: the closed messaging type and infrastructure of the UPU postal network is now complemented by EU / EEA open messaging standards. Switching between



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both will become a pre-requisite for UPU designated operators outside the EU with Postal operators (designated and non-designated) within the EU.

2.2.6.7 UPU M44, Electronic exchange standard – CUSRSP, Customs Response

This standard describes CUSRSP, through which a customs authority/border agency can send **information to a postal operator regarding mail items**.

Aspects to be considered for the Eastern partner countries: the closed messaging type and infrastructure of the UPU postal network is now complemented by EU / EEA open messaging standards. Switching between both will become a pre-requisite for UPU designated operators outside the EU with Postal operators (designated and non-designated) within the EU.

2.2.6.8 UPU M48, Electronic exchange standards – CARDIT V2.1

The CARDIT message contains **information about a consignment** of mail which is handed over to a carrier. It is a consignment-level message. Technically, CARDIT V2.1 is based on EDIFACT directory D96.A and the IFCSUM (Forwarding and consolidation summary message) standard EDIFACT message.

Aspects to be considered for the Eastern partner countries: the closed messaging type and infrastructure of the UPU postal network is now complemented by EU / EEA open messaging standards. Switching between both will become a pre-requisite for UPU designated operators outside the EU with Postal operators (designated and non-designated) within the EU.

2.2.6.9 UPU M49, Electronic exchange standards – RESDIT V1.1

The RESDIT message (carrier/confirmation of receipt or current exception) contains **information about a consignment of mail as it is received by the carrier**. With Version 2 of the CARDIT and RESDIT dataflows it is no longer required to receive a CARDIT message in order to send a RESDIT message.

Aspects to be considered for the Eastern partner countries: the closed messaging type and infrastructure of the UPU postal network is now complemented by EU / EEA open messaging standards. Switching between both will become a pre-requisite for UPU designated operators outside the EU with Postal operators (designated and non-designated) within the EU.

2.2.6.10 UPU M53, Electronic exchange standards – ITMREF V1 – Item referral

This specification provides the logical definition of an electronic message, ITMREF V1, which supports the communication from the destination postal operator to the origin postal operator of **information on the pre-loading advance cargo information (PLACI)** risk assessment carried out by the destination customs authority or the destination postal operator assessment of ITMATT data.

Aspects to be considered for the Eastern partner countries: the closed messaging type and infrastructure of the UPU postal network is now complemented by EU / EEA open messaging standards. Switching between both will become a pre-requisite for UPU designated operators outside the EU with Postal operators (designated and non-designated) within the EU.

2.2.6.11 UPU M54, Electronic exchange standards – REFRSP V1 – Referral response message specification

This specification provides the logical definition of an electronic message, REFRSP V1, which supports the communication from the origin postal operator to the destination postal operator of **information on action taken and/or information required** subsequent a request following the risk assessment carried out by the destination customs authority of pre-loading advance cargo information or destination postal operator assessment of ITMATT data. REFRSP V1 is sent in response to an ITMREF message.

Aspects to be considered for the Eastern partner countries: the closed messaging type and infrastructure of the UPU postal network is now complemented by EU / EEA open messaging standards. Switching between both will become a pre-requisite for UPU designated operators outside the EU with Postal operators (designated and non-designated) within the EU.



2.2.7 UPU technical standards¹³²

While the UPU messaging standards are complementary to EU / EEA customs and VAT legal specification open to all, technical UPU standards provide specification to uniquely identify each commercial postal item (both commercial letter post items [small packets / E-format], as well as parcels), as well as postal consignments (contrary to definitions in customs and logistics, a postal consignment consists of more than one postal item).

2.2.7.1 UPU S10, Data definition and encoding standards – Identification of postal items – 13-character identifier

This document provides the specification for **13-character item identifiers** for universal use, as referenced in the UPU regulations and in publications of the UPU's EMS Cooperative. The standard may also be applied to the identification of domestic items, as well as items exchanged under bilateral or multilateral agreements, where the standard can meet the business requirement. The UPU convention and the letter post manual requires all postal items (including letters) containing commercial items to carry a unique transport unit identifier compliant to the UPU S10 standard.

Aspects to be considered for the Eastern partner countries: postal items containing goods and merchandise sent across-borders (all eCommerce items) are required to be identifiable by a unique transport unit identifier. Further, the UPU S10 specification provides UPU Member countries to allow other postal operators, apart from the national designated postal operator, to use the UPU S10 to identify its transport units.

Recognizing the need for all commercial cross-border commercial items (within the UPU postal network and outside the UPU network) to carry a unique transport identifier when entering into the EU /EEA, the UPU S10 is an option for both. Other unique transport identifier may be compliant to CEN/TS17073 (which is also referring to ISO/IEC 15549¹³³).

2.2.7.2 UPU S32, Identification/Codification Standards – Postal Consignments

This standard provides a **system for the unique identification and codification of postal consignments**. Throughout the postal transport chain, specific collections of mail need to be identified. In the international transport of mail, a consignment is one of the major entities that need to be recognized. Forms and EDI messages are based on consignments. Consignments need to be uniquely identified for both operational and accounting purposes. The purpose of this standard is to provide this unique identification and codification.

Aspects to be considered for the Eastern partner countries: postal consignments containing commercial postal items (all eCommerce items) are required to be identifiable by a unique transport unit identifier. Authorities required to audit or inspect the flow of items need to understand in which consignment one can find a specific postal item.

2.2.8 EU eCommerce websites trust marks

The Ecommerce Europe Trustmark¹³⁴ on the website of an online shop means that the company has made a commitment to work in compliance with the Ecommerce Europe Code of Conduct, **guaranteeing ethical standards in the digital marketplace**. Online shops that carry the Ecommerce Europe Trustmark link directly to the Ecommerce Europe Trustmark Certificate. The Ecommerce Europe Trustmark shows that the online shop is certified by the national e-commerce association or has made a commitment to work in compliance with the Ecommerce Europe Code of Conduct, guaranteeing ethical standards in the digital marketplace.

The European Regulation No 524/2013 on **online dispute resolution** for consumer disputes¹³⁵ states that traders established within the European Union engaging in online sales or service contracts have to provide on their websites an electronic link to the European Online Dispute Resolution platform

¹³² <http://www.upu.int/en/activities/standards/upu-technical-standards.html>

¹³³ <https://www.iso.org/standard/54779.html>

¹³⁴ <https://www.ecommercetrustmark.eu>

¹³⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0001:0012:EN:PDF>



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(<http://ec.europa.eu/odr>). Furthermore, for consumers with a problem for an online purchase, they can file complaints on the European ODR platform.

Aspects to be considered for the Eastern partner countries: Trust Marks, developed, administered and supervised by Europe-wide associations in accordance with EU legislation (Directive on consumer alternative dispute resolution (ADR), Directive 2013/11/EU; Regulation on consumer online dispute resolution (ODR), REGULATION (EU) No 524/2013)) provide Europe-wide harmonisation and customer confidence.

2.2.9 eCommerce and product safety

Product safety is one of the most expensive and complex aspects of cross-border online sales. Mutual recognition in standards in product safety, specifically the EU **enforcement and early warning mechanisms** (RAPEX, CPC, etc.) have important consequences for online traders and enforcement authorities. A product deemed safe in the EU could then be considered unsafe in the Eastern partner countries and vice versa. Absence of coordinated warnings can leave both sides potentially unaware of dangerous products circulating on the market.

2.2.9.1 Harmonised standards to demonstrate conformity to EU legislation

A harmonised standard is a European standard developed by a recognised European Standards Organisation: CEN, CENELEC, or ETSI. It is created following a request from the European Commission to one of these organisations. Manufacturers, other economic operators, or conformity assessment bodies can use harmonised standards to demonstrate that products, services, or processes comply with relevant EU legislation.

The references of harmonised standards must be published in the Official Journal of the European Union (OJEU). The purpose of this website is to **provide access to the latest lists of references of harmonised standards** and other European standards published in the Official Journal of the European Union (OJEU).

Harmonised standards confer presumption of conformity with:

- **Essential requirements for products** (health & safety, environment, etc.) covered by the harmonised standards. References of relevant EU harmonised standards are published in OJEU;
- **Requirements for accreditation bodies and notification bodies** (list of relevant harmonised standards published in OJEU C 348, 28.11.2013, p. 1);
- Implementation of **coordinated market surveillance activities**¹³⁶

2.2.9.2 CE marking

The letters "CE" appear on many products traded on the extended Single Market in the European Economic Area (EEA). They signify that products sold in the EEA have been assessed to meet high safety, health, and environmental protection requirements. CE marking also supports fair competition by holding all companies accountable to the same rules.

By affixing the CE marking to a product, a manufacturer declares that the product meets all the legal requirements for CE marking and can be sold throughout the EEA. This also applies to products made in other countries that are sold in the EEA.

There are two main benefits CE marking brings to businesses and consumers within the EEA:

- **Businesses** know that products bearing the CE marking can be traded in the EEA without restrictions.

¹³⁶ Cross-border cooperation between market surveillance authorities in different EU countries is essential to ensure efficient, comprehensive, and consistent market surveillance. Regulation (EC) 765/2008, sector specific EU harmonisation legislation aligned to Decision 768/2008/EC, Directive 2001/95/EC provide tools for the pooling of information and cooperation at EU level.



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- **Consumers** enjoy the same level of health, safety, and environmental protection throughout the entire EEA.

Comprehensive guidance on the implementation of EU product rules can be found in the so-called Blue Guide¹³⁷. The website hosting the "Blue Guide" provides information for manufacturers, importers and distributors on their responsibilities when placing a product on the EEA market. It also informs consumers about the rights and benefits that CE marking brings them.

2.2.9.3 Responsibility of the Manufacturer is responsible to assess conformity, shown by "CE" marking

Manufacturers play a crucial role in ensuring that products placed on the extended single market of the European Economic Area (EEA) are safe. They are **responsible for checking that their products meet EU safety, health, and environmental protection requirements**. It is the manufacturer's responsibility to carry out the conformity assessment, set up the technical file, issue the EU declaration of conformity, and affix the CE marking to a product.

Manufacturers have to follow **6 steps to affix a CE marking before** it can be traded on the EEA market:

- Identify the applicable directive(s) and harmonised standards
- Verify product specific requirements
- Identify whether an independent conformity assessment (by a notified body) is necessary
- Test the product and check its conformity
- Draw up and keep available the required technical documentation
- Affix the CE marking and draw up the EU Declaration of Conformity (27 KB).

These 6 steps may differ by product as the conformity assessment procedure varies. Manufacturers must not affix CE marking to products that don't fall under the scope of one of the directives providing for its affixing.

For products that present higher safety risks such as gas boilers, safety cannot be checked by the manufacturer alone. In these cases, an independent organisation, specifically a notified body appointed by national authorities, has to perform the safety check. The manufacturer may affix the CE marking to the product only once this has been done.

Aspects to be considered for the Eastern partner countries: manufacturers are responsible for checking that their products meet EU safety, health, and environmental protection requirements. It is their responsibility to carry out the conformity assessment, set up the technical file, issue the EU declaration of conformity, and affix the CE marking to a product. Without conformity assessment, represented by the "CE" mark on the product cannot be traded in the EEA.

2.2.10 Terms and Definitions

2.2.10.1 Postal Item¹³⁸

An item addressed in the final form in which it is to be carried by a postal service provider. In addition to items of correspondence, such items also include for instance books, catalogues, newspapers, periodicals and postal parcels containing merchandise with or without commercial value.

2.2.10.2 Postal Service

Services involving the clearance, sorting, transport and distribution of postal items.

2.2.10.3 Postal Service Provider

Undertaking that provides one or more postal services.

2.2.10.4 Universal Service Provider

¹³⁷ <http://ec.europa.eu/DocsRoom/documents/18027/>

¹³⁸ Postal Services Directive (PSD); Directive 97/67/EC amended by Directive 2002/39/EC and Directive 2008/6/EC



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The public or private postal service provider providing a universal postal service or parts thereof within a Member State, the identity of which has been notified to the Commission in accordance with Article 4 (of the Postal Service Directive).

2.2.10.5 Parcel¹³⁹

Means a postal item containing goods with or without commercial value, other than an item of correspondence, with a weight not exceeding 31,5 kg.

2.2.10.6 Parcel Delivery Service Provider

Means services involving the clearance, sorting, transport and distribution of parcels.

2.2.10.7 Parcel Delivery Service

Means an undertaking that provides one or more parcel delivery services with the exception of undertakings established in one Member State alone, that only provide domestic parcel delivery services as part of a sales contract and as part of the contract personally deliver goods that are subject of that contract to the user

NOTE 1: In the context of the Cross-border parcel delivery service Regulation, the definitions in Article 2 of Directive 97/67/EC, amended by Directive [2002/39/EC](#) and [Directive 2008/6/EC](#) apply.

NOTE 2: It is assumed that postal items which are over 20 mm thick contain goods other than items of correspondence, whether handled or not by the universal service provider.

Conclusion: According to EU postal law, a PARCEL is a POSTAL ITEM. A POSTAL SERVICE PROVIDER is a public (UNIVERSAL SERVICE PROVIDER [USP]) or private undertaking, providing one or more POSTAL SERVICES. A PARCEL DELIVERY SERVICE is a POSTAL SERVICE.

The cross-border parcel delivery services Regulation (EU 2018/644) applies to all PARCEL DELIVERY SERVICE PROVIDERS, might they be a public (USP) or private undertaking that provides PARCEL DELIVERY SERVICES.

For the EU, the definitions above take precedence over terms and definitions of the UPU and may not be fully harmonised

Aspects to be considered for the Eastern partner countries: European terms and definitions for commercial postal item are not fully aligned to the worldwide UPU definitions for postal commercial items. Further, the definition of "POST" in Europe covers both, those postal operators designated by the UPU member countries, as well as non-designated postal operators, such as courier-, express- and parcel operators. Finally, the definition of a commercial item varies as well.

2.3 Standards in Eastern partner countries

2.3.1 Armenia

Country profile

<intro + additional data + unique processes, etc.>

¹³⁹ Cross-border parcel delivery services Regulation; 2018/644; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0644&from=EN>



Analysis of standards

Table 2. <>

Key area of standards in eCommerce (e.g. product categorisation)				
No	Ref to the EU baseline	Standard	Key aspect	Gaps comparing to the EU baseline
1.				
2.				
3.				
4.				

<Go by each standard and summarise by explaining the gaps + providing statement of compatibility >

Challenges

Recommendations

<Provide recommendation in each key area identified in the table above>

- 2.3.2 AZ
- 2.3.3 BY
- 2.3.4 GE
- 2.3.5 MD
- 2.3.6 UA



3 Ecosystem

3.1 Introduction

In this report, there are three perspectives addressed in eCommerce ecosystem: the EU, the Eastern partner countries, and the global.

First, the EU perspective describes the eCommerce ecosystem setup in the EU / EEA market. This setup has been shaped for years and shows how eCommerce is done by one of the world's biggest market of consumers and businesses.

Second, there are the Eastern partner countries that are developing trade with the EU, including eCommerce. There are certain rules and processes that should be adjusted and harmonised with the EU market to facilitate trade. There are also rules that do not exist and should be created to enable eCommerce with the EU market.

Third, the EU Member States trading with the Eastern partner countries and the rest of the world bring in the global perspective on eCommerce. As the EU trades with the rest of the world, there are systems and procedures developed by global cooperation (e.g. the Universal Postal Union network that enables delivery within eCommerce, the World Customs Organisation global model for import customs requirements). Such systems and procedures influence eCommerce in the EU and the rest of the world by harmonising transactions between different countries.

These three perspectives exist in a timeframe of the history (or the past), the present and the future.

History: eCommerce in the EU has been regulated for years. During its history, rules, laws and processes were created and shaped to arrive at the best working version that benefits the trading parties. This is how eCommerce ecosystem of the EU has been formed.

Present: eCommerce is growing and countries around the world are strengthening their positions in the eCommerce industry. eCommerce in the EU exists as a part of the global trade. As consumers start buying goods cross-border, the EU Member States are concerned to keep the income from such consumption. The goal of the EU for the present eCommerce ecosystem is to secure a fair playing field, so that eCommerce conducted within the EU compared to eCommerce conducted from the third countries into the EU is treated equally.

Future: to reach the goal mentioned above, the EU eCommerce ecosystem is adapting to the need to better secure transport and logistics modes, ensure that import-duties and customs is correctly paid, intellectual property rights are safeguarded and EU / EEA consumer rights are respected. As the result, new updates to the legislation, standards and ecosystem areas are introduced. For example, the next big change to eCommerce that influences the ecosystem is to be implemented in 2021.

These perspectives and the timeframe is summarised on the following figure.

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Figure 8. The three perspectives on the EU eCommerce ecosystem and the timeframe it exists in

eCommerce of the EU market presents opportunities for retailers from the different countries to grow businesses and revenues. The EU market of eCommerce provides access to over 500 million consumers with the eCommerce market worth more than \$602 billion¹⁴⁰ and an annual growth rate of 15% on average domestically and exceeding 25% for cross-border eCommerce.

The EU, being the second biggest in the world cross-border buyer of goods, established own eCommerce processes, rules, know-hows and ways for engagement of stakeholders. The EU Member States expect that these establishments are considered and followed by trading partners, including non-EU businesses.

The objectives of this section of the report is to define foundations of eCommerce ecosystem in the EU, which should be considered by trading partners. This is done by focusing on the review of eCommerce ecosystem from practical perspective to describe how eCommerce works in the EU market. As the result, the baseline is defined for eCommerce that can be used to:

- understand the set up of eCommerce ecosystem in the EU;
- guide assessment of eCommerce ecosystem in the Eastern partner countries;
- provide recommendations to the Eastern partner countries to harmonise certain areas to facilitate trade with the EU.

The baseline of the EU eCommerce ecosystem consists of three parts: the process of cross-border sale, key areas influencing the ecosystem, and key stakeholders engaged in eCommerce.

3.2 EU baseline

3.2.1 The process of cross-border sale in the EU

To identify eCommerce ecosystem, including the key processes and stakeholders, it is important to visualise how goods and related information are exchanged in the EU.

As this report is focused on harmonisation of cross-border eCommerce at a global level, this section presents how goods are purchased in the EU and move cross-border. The goal of this overview is to identify the key process, involved parties and information they share.

¹⁴⁰ <https://www.digitalcommerce360.com/2019/05/09/the-delivery-preferences-of-european-online-shoppers/>



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The following diagram below shows the process of cross-border parcel supply chain. This process is aligned to the global model developed in the last decade by the Universal Postal Union (UPU) and the World Customs Organisation (WCO) and represents the commercial equivalent, which is accountable for and in line with the EU operational requirements in the Union.

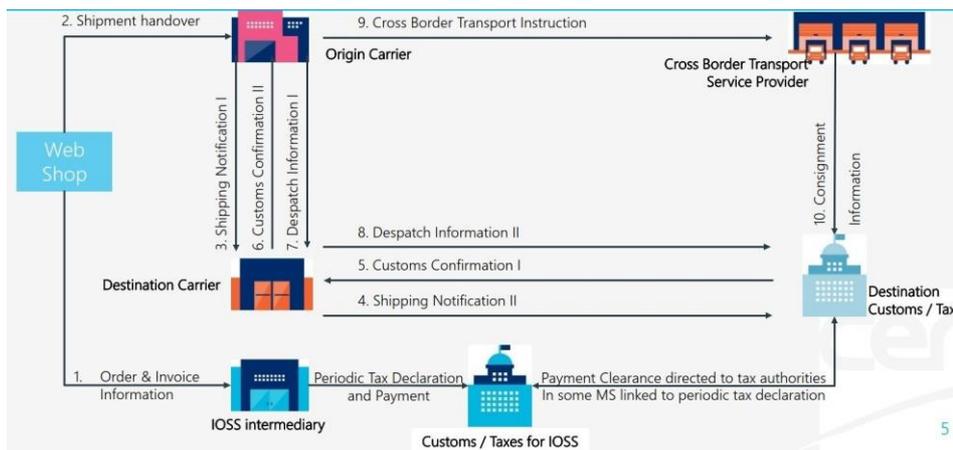


Figure 9. The process of cross-border parcel supply chain and involved economic operators and authorities (including the simplified "Import scheme" in the EU. Source: GS1 & CEN/TR 17535: Information Exchanges: UN / EDIFACT

This process will be fully implemented in the middle of 2021 and is aimed to enable fair cross-border eCommerce:

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- Is a standard process to **exchange information between stakeholders in advance**, i.e. before purchased goods are transported;
- Is based on an **Electronic Advanced Data** flow of information;
- Happens **on item level**;
- Is enabled by the **global ID** (which is explained in detail in the following section);
- Will be fully implemented starting from 2021. It will be mandatory to send this electronic advanced data for each commercial item, prior to any border crossing into the EU /EEA for customs, fiscal and transport security purposes.

In the EU, this process will be implemented from 2021 to enable the flow of information between all stakeholders involved in eCommerce. These stakeholders include suppliers and their marketplaces, platforms, portals or other means to supply goods to their customers, parcel delivery operators designated by their countries to fulfil worldwide treaties and obligations (Universal Postal Union Convention) for the delivery of postal consignments, commercial courier, express and parcel delivery operators and their related agents within the supply chain, customs authorities and financial administrations and the addressee of the goods purchased.

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This process will be enabled by a unique transport ID represented on a harmonised label, which is created by the shipper at origin and used by all eCommerce stakeholders end-to-end. The European Committee for Standardisation (CEN) developed this label for the stakeholders in line with the existing UPU specification for the global postal network (only accessible for the designated postal operators). Such unique transport identification on consignment (parcel) level will be used to identify each consignment. The following diagram



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below shows the model of eCommerce stakeholders who operate around the harmonised label (based on the commercial view).

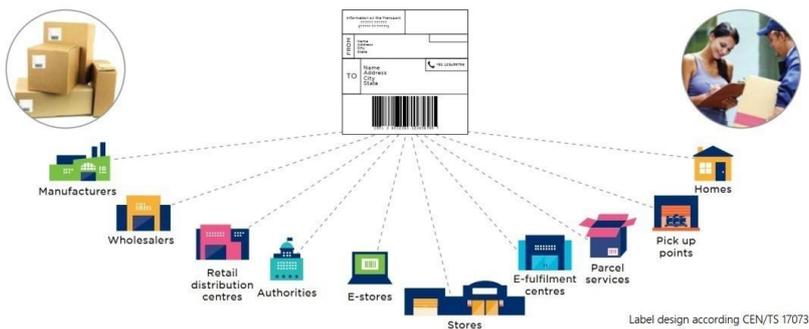


Figure 10. The key stakeholders involved in the process cross-border parcel supply chain in the EU. Source: GS1 & CEN/TR 17535: Information Exchanges: UN / EDIFACT

The harmonised label that connects the stakeholders of eCommerce supports **three key IDs**:

- transport unit ID, to identify uniquely the consignment throughout the end-to-end delivery chain. This ID exists is to identify how purchased goods are transported in packages;
- transaction ID number, to allow authorised parties to reference to the underlying commercial transaction (information on price, description, additional necessary information on the merchandise in the consignment). This ID exists is to identify what is inside the transported packages;
- Import-One-Stop-Shop (IOSS) VAT identification number; this is an additional Fiscal ID, indicating that Import VAT has been paid at the point already and, therefore, the consignment is exempt from Import VAT. (this requires a fiscal representative established in one EU / EEA country, and is only applicable to Low Value Consignments). This ID exists to manage cross-border taxes management.

The IDs are generated and maintained using specialised solutions, such as GS1¹⁴¹ formerly known as EAN or UPC. Another common solution is HS code developed by the World Customs Organisation. Starting from 2021, the IDs are exchanged and stored in Import control system 2 (for transport unit ID and transaction ID number) and the EU IOSS database (for IOSS VAT identification number).

Important note about IDs that are exchanged during the process: stakeholders may assign additional IDs for their transportation and data exchange purposes. However, all IDs that are assigned should be linked to the original IDs that are assigned by seller at the beginning of the process.

Cross-border parcel supply chain is described in detail below to show how the three IDs mentioned above enable stakeholders to run through the eCommerce end-to-end cycle. These three IDs are important to be harmonised between different countries, because they enable access to the full set of detailed information regarding shipment and its contents to all authorised and relevant stakeholders.

Below, the process of cross-border supply chain (Figure 11) is described based on the use of the IOSS (Import One Stop Shop) facility enabled by the EU VAT ecommerce regulations package. More information on taxes processes is presented in the chapter Legal framework analysis, the section Parcel delivery, of the EU

¹⁴¹ <https://www.gs1.org/>

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subchapter. Also, the process is described from the data exchange format perspective in the chapter Standards, the section Electronic Advanced Data exchanges on item level, of the European Committee for Standardisation (CEN) subchapter.

The sub-paragraph numbers below correspond with the numbers in the Figure 12.

3.2.1.1 Order & Invoice Information

The process starts when an online customer enters, logs into the **Webshop**¹⁴² and creates an order. The customer can be a returning or a new customer, which defines if any pre-submitted information is available for the Webshop.

After the **customer** creates a new order, the Webshop **generates an ID for this sales transaction** (compliant with the ISO standard ISO 15459-6). This ID is labelled as ID1 in the Figure 13 for clarity.

As the customer continues shopping in the Webshop, they can select multiple goods. These **goods, which are added to the order, receive a unique global ID** (i.e. HS number¹⁴³ or the Global Trade Item Number (GTIN), developed and maintained by GS1). For example, GS1 is one solution that provide this unique global ID. It is important to note that when multiple quantity of the same good is added to the order, they are stacked together and receive one unique global ID for the whole stack. This ID is labelled as ID2 in the Figure 13 for clarity.

The customer indicates a delivery location (which may appear automatically if this is a returning customer). Based on this information appropriate VAT and other taxes are calculated. It is important to note that VAT is applied not in all cases as there are exemptions. The details of VAT application are presented in the chapter Legal framework analysis, the section Parcel delivery, of the EU subchapter.

The Webshop shows the customer the sum of the selected goods. Also, the Webshop calculates the appropriate VAT and other taxes for the goods.

The Customer can confirm that they accept the total price (including VAT and other taxes).

Moving to checkout, the customer may select one of several different delivery options. These may be differently chargeable. Based on the selected option, the Webshop may display the total amount due.

The Webshop decides whether this sales transaction is subject to the EU VAT eCommerce regulations package.

At this point, the Webshop has all the required sales transaction information needed to provide to the **IOSS intermediary** in the EU (the Webshop may have established itself as the IOSS in the EU or may have contracted with a third party for this purpose). Information that is provided includes:

- the ID Key for the sales transaction (compliant with ISO 15459-6). This ID was generated by the Webshop above;
- the IOSS number assigned by the EU when registering for the IOSS facility. This ID is labelled as ID3 in the Figure 13 for clarity.

¹⁴² "Webshop" here is used as an acronym for the term "electronic interface". An electronic interface should be understood as a device or program which allows two independent systems or the system and the end user to communicate. An electronic interface is a broad concept and could encompass a website, portal, gateway, marketplace, application program interface (API), etc.

¹⁴³ HS stands for Harmonized System. It was developed by the WCO (World Customs Organization) as a multipurpose international product nomenclature that describes the type of good that is shipped. Today, customs officers must use HS code to clear every commodity that enters or crosses any international borders.



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NOTE: IOSS is one of the three ways to pay taxes in the EU that will be implemented in 2021. Delivery-Duty-Paid (DDP) and Delivered-At-Place (DAP) – the two other ways are described in the section Taxation of this chapter. However, the overall process described in this section is the same.

Commented [A18]: The dates will be updated as per the latest alignment with the European Commission.

At this stage the Webshop prepares for shipment to customer. The Webshop through order system releases instructions to **warehouse**¹⁴⁴ that the goods are to be shipped from. The instructions include the transaction and goods ID generated during the ordering process.

The warehouse picks the needed goods based on the transaction and goods ID. These IDs were generated by the Webshop above.

The goods are placed into transport units that receive their own IDs (compliant with CEN/TS17073 and ISO 15459-1). This is guided by the standards defined in ISO 15459-1. The Warehouse may generate these additional IDs to the transport units. This ID is labelled as ID4 in the Figure 13 for clarity. However, all newly assigned IDs are **linked to the original IDs** assigned by the shipper. For example, goods with IDs are placed in a box, which also gets own ID.

The warehouse shares this information with the Webshop. The Webshop then shares this information with a **declarant**¹⁴⁵ in the EU.

All IDs generated in the step 1 must be linked to the original IDs already assigned:

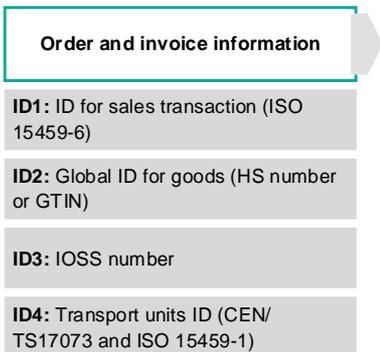


Figure 13. IDs generated when order and invoice information are prepared

3.2.1.2 Shipment is passed to origin carrier

The Webshop (or the warehouse depending on arrangements) sends transport instructions to origin carriers¹⁴⁶. These **instructions include all the linked IDs** (ID1 – ID4) that are presented on the Figure 13.

3.2.1.3 Shipping notification I

Based on this information the **origin carriers** collect the goods with all the associated IDs mentioned above.

¹⁴⁴ This party could be a warehouse or storage facility. Sometimes, webshops do not have dedicated storage facility and act as warehouses themselves.

¹⁴⁵ This is a party that periodically submits export declaration to origin country customs. This process is described in detail in the section Taxation of this chapter.

¹⁴⁶ These are delivery operators in the origin country, i.e. the country from which purchased goods are exported.



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The carriers may assign additional IDs based on how the goods will be transported (e.g. on a transport pallets). This is called transport grouping. This ID is labelled as ID5 in the Figure 14 for clarity.

As mentioned above, **the alternate identifiers that the carrier may decide to assign are entirely based on the IDs assigned by the Webshop and/or the shipper**. It may include:

- Transport unit ID, in addition to transport unit ID assigned in the Warehouse (ID4);
- ID for this transport grouping. This ID is labelled as ID6 in the Figure 14 for clarity;
- Label with carrier-specific info. This ID is labelled as ID7 in the Figure 14 for clarity.

The original IDs must be visible and machine-readable through the transportation from the original shipping warehouse all the way to the delivery to the customer. All these IDs are important, because they will be used by cross-border agencies.

Again, all IDs that are newly assigned must be linked to the original IDs already assigned:

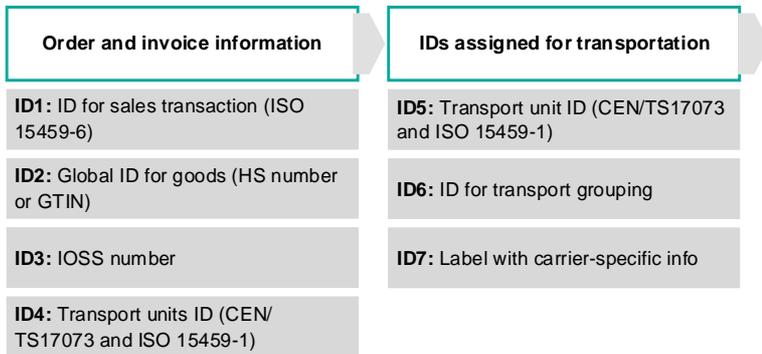


Figure 14. IDs generated when order and invoice information are prepared and goods are prepared for transportation

3.2.1.4 Shipping notification II

For international cross-border cargo flows, it is often mandatory to **provide EAD to the cross-border agencies** in the destination countries before the cargo may be loaded onto transport means in the origin country. This is Preloading advance cargo information (PLACI). This PLACI is important to assess security risks (e.g. the infamous “bomb in a box”) related to the international transportation. Starting from 2021, this information will be managed through Import control system 2.

PLACI information is provided to destination authorities¹⁴⁷ by the destination carrier¹⁴⁸ with the following information:

- Sales transaction IDs assigned by the Webshop (ID1);
- The IOSS number assigned by the EU to the Webshop/shipper when registering for the IOSS facility (ID3);
- Transport unit IDs assigned by the shipper/Webshop (ID4);

¹⁴⁷ Customs and other authorities responsible for cross-border regulations and processes in the origin country.

¹⁴⁸ These are delivery operators in the destination country, i.e. the country to which purchased goods are imported.

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- Identification number of the customer/receiver in the destination country. This ID is labelled as ID8 in the Figure 15 for clarity.

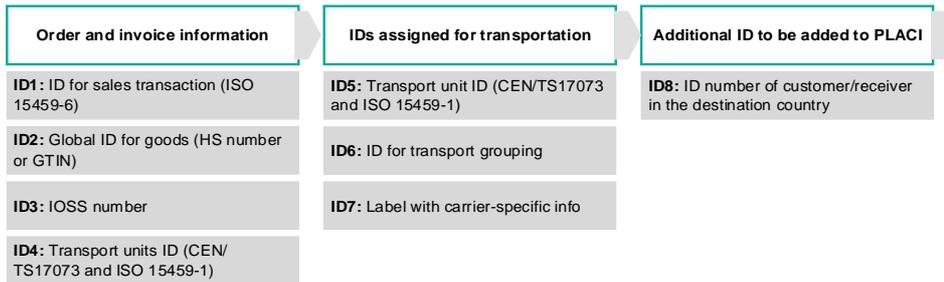


Figure 15. IDs generated when order and invoice information are prepared and goods are prepared for transportation; and identification number of receiver to be added to PLACI

3.2.1.5 Customs Confirmation I

The **destination country authority**¹⁴⁹ uses the received data to perform security risk assessment.

Based on the decision of the authorities, one of the following happens:

- The authority clears the shipment/sales transaction to be delivered to the destination country. The origin carrier may now load the shipment onto a transport means for transportation to the destination country;
- The authority requests additional information. In this case, the cargo cannot be loaded yet until the requested information is provided;
- The authority informs the international carrier in the destination country that a specific cargo (shipments or transport units) are not allowed to be loaded on transport means to be delivered.

3.2.1.6 Customs Confirmation II

The **destination carrier** notifies the origin carrier about the decision that the cross-border authorities made. As described above, if the shipment is cleared, it proceeds to the destination country.

3.2.1.7 Despatch Information I

The origin carrier may consolidate multiple transport groupings into bigger transport units (labelled as ID9 in the Figure 16) and groupings (labelled as ID10 in the Figure 16). It is done to make transportation convenient. In this case, consolidated consignment ID should be assigned.

Thus, the carrier also assigns own ID to transport units and grouping.

The carrier sends shipping notification to the destination carrier. It is called preliminary data transaction. This notification includes:

- Originally assigned:
 - ID for sales transaction (ID1), which is contained within this new transport grouping. These are assigned by the Webshop originally;

¹⁴⁹ Customs and other authorities responsible for cross-border regulations and processes in the destination country.



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- Transport unit ID (ID4 and 5), which is contained within this new transport grouping. These are assigned by the warehouse and origin carriers originally;
- Newly assigned IDs explained in this step – transport unit (compliant with ISO 15459-1 or UPU S9) and transport grouping (compliant with ISO 15459-6 or UPU S8). These IDs are labelled as ID9 and 10 on the Figure 16 as explained below.

There are existing IDs that are not submitted specifically to the destination carrier, but they are linked to the newly assigned IDs explained in this step. This linkage helps to assess any information about transported goods. These IDs that are not submitted, but collected during the previous steps include:

- Global ID for goods assigned by the Webshop originally (ID2);
- IOSS number (ID3);
- Label with carrier-specific info (ID7);
- Identification number of the customer/receiver in the destination country (ID8).

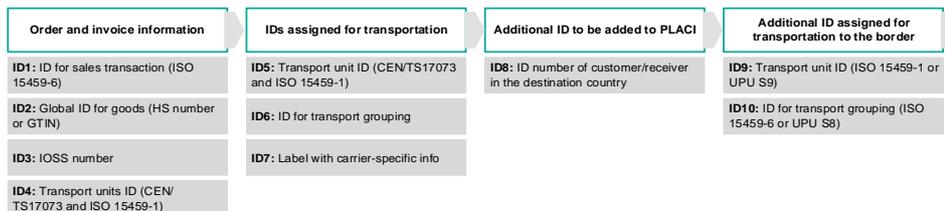


Figure 16. IDs generated when order and invoice information are prepared and goods are prepared for transportation; and identification number of receiver to be added to PLACI; and additional IDs assigned by the origin carrier

3.2.1.8 Despatch Information II

The destination carrier who receives the despatch information from the origin carrier **forwards that information to the destination country authorities**. The data submitted to the authorities includes:

- Originally assigned:
 - ID for sales transaction (ID1), which is contained within this new transport grouping. These are assigned by the Webshop originally;
 - Transport unit ID (ID4 and 5), which is contained within this new transport grouping. These are assigned by the origin carriers originally;
- ID for each consolidated transport unit (ID9) that was assigned by the origin carrier in the previous step;
- ID for the new transport grouping (ID10) that was assigned by the origin carrier in the previous step.

It is important to ensure that the destination country authorities can link the data submissions at any stage to the original ID assigned by the Webshop/Shipper.

3.2.1.9 Cross-Border Transport Instruction

In parallel to the despatch information process, the origin carrier arranges the transportation from the origin country to the destination country with the **help of an international transport service provider**¹⁵⁰ (TSP).

¹⁵⁰ This is the carrier that transports consignments cross-border. It is important to understand that not all original carriers are able to transport goods cross-border. In this case, TSP is providing these services.



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The origin carrier may assign additional IDs for further optimization of transportation. All newly assigned IDs should be linked to originally assigned IDs. These IDs are labelled as ID11 on the Figure 17.

Once the origin carrier completes the preparations for the international transportation, they send a final transport instruction to the international TSP.

The origin carrier hands over the physical transport units related to this international consignment to the TSP.

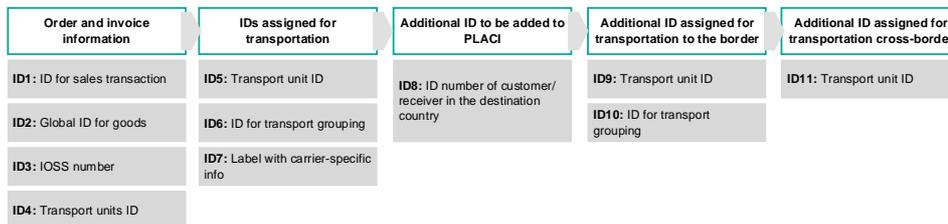


Figure 17. IDs assigned and exchanged during the process of cross-border parcel supply chain

3.2.1.10 Consignment Information

The TSP delivers the consignment to the destination country.

Often, the TSP carries many consignments from different shippers at the same time on the transport means (e.g. aircraft, vessel). The full record of all consignments moving on the transport means is called the manifest.

This manifest is submitted by the TSP to the destination country authorities. It includes IDs of consignments and transport units, which enables the authorities to link the despatch information received from the origin carrier with the actual transportation information provided by the TSP.

After the above step is complete, the cargo has in effect been transported to the destination country.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries: the process introduced above is vital for the success of eCommerce operations in the EU market. It defines **how goods are transported cross-border and how information is exchanged between stakeholders**. The EU businesses and consumers will expect the same, similar or harmonised processes from non-EU businesses. Also, it identifies key stakeholders that are required to enable these eCommerce operations explained in the process above. The key aspects of cross-border eCommerce are:

- The process of cross-border supply chain must be based on **item level**, meaning that all items and units participating in the process must be labelled;
- Stakeholders enable the process by **IDs** introduced above, which are always **linked to the originally assigned IDs**;
- Stakeholders must **exchange electronic data in advance**, i.e. before goods are transported.

Certain operations of the process, such as payments, paying taxes and logistics, may require additional stakeholders to join the ecosystem. So, eCommerce ecosystem may be influenced by these processes and related stakeholders. An overview of the key areas that influence eCommerce ecosystem is presented in the following section of the report.

3.2.2 Key areas influencing how eCommerce ecosystem is functioning



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The key eCommerce stakeholders interact between themselves as described in the process above. However, there are specific areas that influence how eCommerce ecosystem functions. These areas define more stakeholders that are involved in the ecosystem and influence how all eCommerce stakeholders exist in the EU eCommerce processes.

This section of the report introduces these key areas, which are:

- eCommerce platforms
- Payments
- Taxation
- Logistics and supply chain
- Security and trust
- Social media

NOTE: B2B and B2C stakeholders are important players enabling eCommerce ecosystem. Practices applicable for both, B2B and B2C stakeholders, are covered in the following sections of the report. Pure B2B stakeholders are not highlighted specifically (although may appear in the Stakeholders of eCommerce in the EU section if they are the key players). B2B stakeholders tend to be powerful players, which interact in the ecosystem based on large customers they work with (e.g. decisions on localisations, logistics solutions). Growing B2C parcel volumes influences B2B stakeholders to expand their services to support individual, or B2C needs.

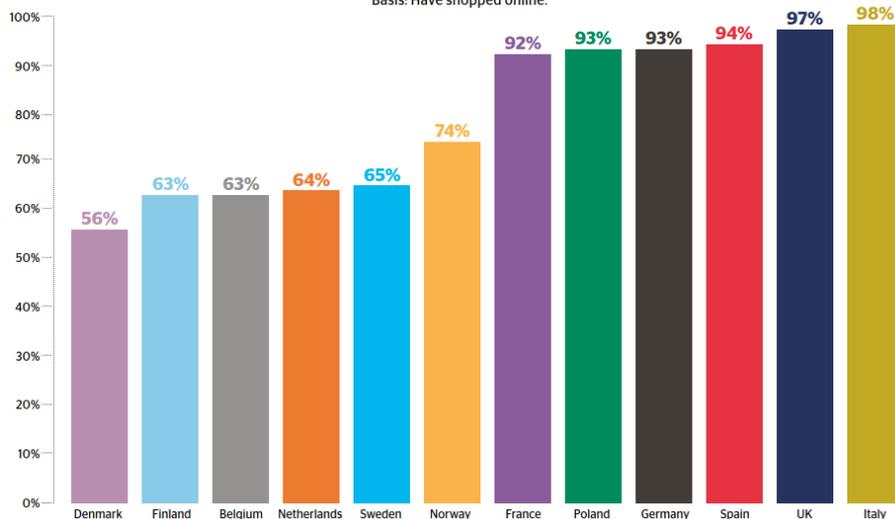
3.2.2.1 eCommerce platforms

For non-EU businesses selling in the EU market, it is important to understand the ecosystem of eCommerce platforms. This may influence decisions of non-EU businesses to use particular platforms to operate in the EU.

The EU has a variety of eCommerce related platforms, which emerged with the uptake of eCommerce. It includes marketplaces, webshops, online supermarkets and related platforms. The majority of purchases happen on marketplaces, which is demonstrated on the following figure.

Percentage who shopped online from marketplaces in the past year

The term "marketplaces" refers to Amazon, Wish, eBay, Zalando, Etzy, Alibaba, JD, or Allegro.
Basis: Have shopped online.





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Figure 18. Percentage of consumers who bought goods through marketplaces in a year. Source: eCommerce in Europe 2019

Continued growth of these platforms is expected as eCommerce is growing and the domestic market of the EU is considerable to diversify online businesses and the types of goods they offer. Also, the outbreak of COVID-19 facilitated the process of moving online even more.

As internet penetration is high averaging 85%¹⁵¹ varying by country, local businesses are moving online and customers are looking for a wide selection of goods, online shoppers are likely to buy cross-border. This applies to the non-EU platforms, where the EU consumers are likely to search for wide goods portfolios and compatible prices.

The EU is the second biggest in the world cross-border buyer of goods. The rate of cross-border purchases reaches 85% in Macedonia and followed by Luxembourg, Switzerland and Iceland¹⁵². Global marketplaces have significant market share in cross-border eCommerce. They continue to expand in the EU market through cooperation with other global eCommerce services (specific examples of such cooperation can be found in the following section, Stakeholders of eCommerce in the EU).

In the EU, eCommerce **marketplaces play an important role in cross-border sales as they allow SMEs to expand globally at reasonable costs**. Such platforms provide support in payments, logistics, localisation and other key areas of cross-border eCommerce. This way to expand provides these benefits comparing to setting up a localised shop.

eCommerce marketplaces in the EU can be classified as global, continental and local.

Global

Global marketplace refers to a platform that operates in different countries around the world uninhibited by geographic borders. It is common for these global marketplaces to set up dedicated eCommerce websites in countries with high purchasing power, such as United Kingdom, Germany, France, Italy, Spain and the Netherlands. More details on availability of eCommerce platforms in the specific Member States of the EU is provided in the following sections.

As eCommerce is developing globally, it is expected to have an increasing number of global platforms to emerge, which can reach to top 20 global platforms operating in the EU market.

Out of 100 biggest marketplaces in the world, **15 are headquartered in the EU and the number of retailers moving online is increasing**¹⁵³. When local platforms develop into global players, they facilitate growth even further and increase profitability. The EU citizens also benefit from global cross-border platforms as they may access a bigger product portfolio at a wide range of prices.

¹⁵¹ <https://www.ecommerce-europe.eu/#>

¹⁵² <https://ecommercenews.eu/ecommerce-in-europe-was-worth-e534-billion-in-2017/>

¹⁵³ <https://www.digitalcommerce360.com/article/infographic-top-online-marketplaces/>



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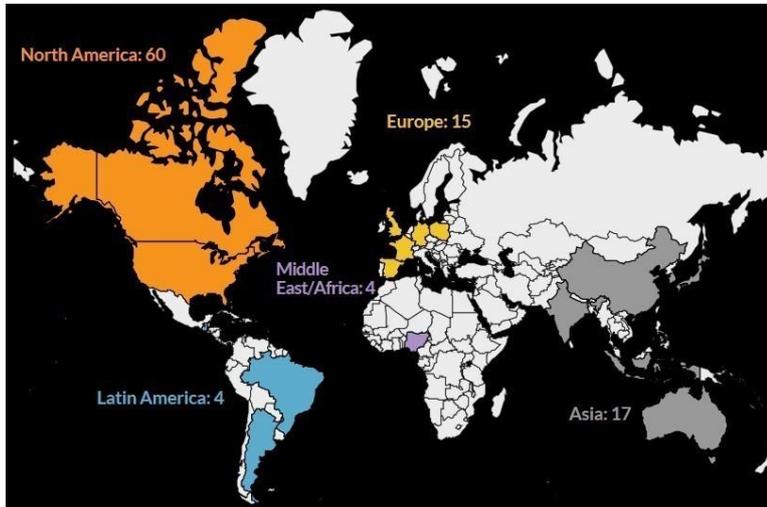


Figure 19. Where are the top marketplaces located. Source: [digitalcommerce360](https://digitalcommerce360.com)

Global eCommerce marketplaces generate around 80% of cross-border sales, which is led by the global platform, Amazon¹⁵⁴.

The EU market has **international eCommerce retailers that have significant shares of the market** (e.g. Amazon, Alibaba, eBay, WISH¹⁵⁵). SMEs in the EU that start leveraging eCommerce often select such online marketplaces as this is a way to present to consumers trusted, localised and transparent experience at relatively low risk. Also, such platforms often **help to manage logistics, including cross-border delivery**.

Aspects to be considered for enriching the eCommerce ecosystem by the Eastern partner countries: Increase awareness and communicate the benefits of activating cross-border eCommerce through the major global eCommerce platforms. Also, assess accessibility of the global eCommerce platforms in the market.

Continental

Like global marketplaces, continental marketplaces operate in different countries uninhibited by geographic borders. However, their presence and business model are focused on operations on a specific continent, such as Europe.

In the EU, continent eCommerce platforms focus on markets throughout the European Economic Area (EEA). Such platforms personalise operations to the EU market by providing services in **two or three European languages, accepting three or four currencies and localising communication** channels.

For example, Swedish company IKEA enables customers to shop in 28 languages, including Catalan and Basque. French retailer La Redoute supports ten EEA languages and five currencies used in the EU. Spanish Zara enables shoppers to pay in ten currencies and browse webshop in 20 languages.

Therefore, localising experience by providing European languages and currencies as described above is an important aspect in the EU eCommerce ecosystem.

¹⁵⁴ <https://thepaypers.com/e-commerce/23-percent-of-e-commerce-in-europe-is-cross-border-research-shows/777886-25>

¹⁵⁵ <https://ecommercenews.eu/e-commerce-in-europe-was-worth-e534-billion-in-2017/>



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Aspects to be considered for enriching the eCommerce ecosystem by the Eastern partner countries:

Increase the awareness of the importance for cross-border eCommerce to personalise and localise eCommerce platforms with languages and currencies familiar for audiences.

Local

Although global platforms continue to develop, these platforms may not be the major player in each market. There are **local platforms operating in domestic market**, which are selected by local buyers over the global marketplaces. For example, in Poland consumers are likely to use the local marketplace Allegro, but not Amazon. In France, PriceMinister, CDiscount and La Redoute are popular. For the Benelux countries, Bol is a major marketplace. Also, Spartoo and Fruugo are open for third-party retailers to sell goods online.

Typically, the EU countries have between one to three local platforms. It is common that such platforms are private-owned. They operate in the domestic market only providing access to a wide portfolio of goods.

Aspects to be considered for enriching the eCommerce ecosystem by Eastern partner countries:

Increase the awareness of the buyers' preference to use domestic eCommerce platforms. Depending on audience, it may be the most effective to engage with buyers on local platforms.

The state of play for global, continental and local eCommerce marketplaces

Availability to sellers and buyers

There are no set rules in the EU forbidding sellers and buyers to engage with an eCommerce platform. However, there are certain limits that exist due to customer preferences and business models of retailers. These limitations are explained below.

Limitation 1: market power. As mentioned above, it is common for global marketplaces, such as Amazon, to set up dedicated eCommerce websites in countries with high purchasing power, such as United Kingdom (amazon.co.uk), Germany (amazon.de), France (amazon.fr), Italy (amazon.it), Spain (amazon.es) and the Netherlands (amazon.nl). However, unless a country has sufficient market power, retailers don't open **fulfilment centres and other logistics infrastructure** to ensure efficient delivery in this country. It applies to global, continental and local retailers. This is one of the reasons why retailers, such as Amazon, do not have representation in the relatively small European countries, such as Lithuania, Latvia, Estonia.

However, it doesn't mean in the EU realities that sellers and buyers don't use Amazon and other global, continental and local platforms for trade.

In case a platform is not represented in a country with fulfilment centres and logistics, sellers can still use this platform to sell goods and buyers can still buy these goods. For example, a buyer in Estonia can still access the German Amazon website and complete a purchase; and a seller may list goods on Amazon without having representation of it in the country. However, as Amazon doesn't offer own delivery methods to Estonia, sellers and buyers use **alternative delivery methods** to complete the transaction. These services include mail forwarding and consolidator businesses like myGermany¹⁵⁶ and EshopWeDrop¹⁵⁷, or global logistics service providers like UPU, DPD, FedEx.

Such ecosystem of developing value networks is presented on the following figure.

¹⁵⁶ <https://mygermany.com/package-forwarding-company/>

¹⁵⁷ <https://eshopwedrop.it/en>



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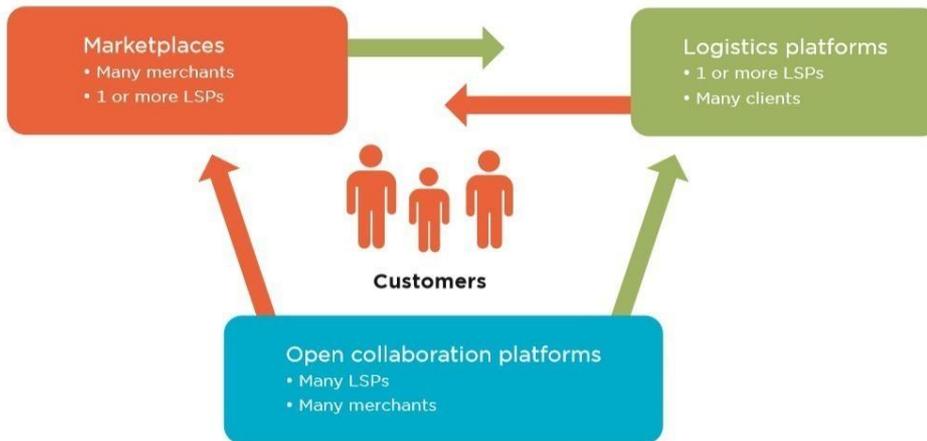


Figure 20. eCommerce ecosystem of developing value networks. Source: GS1

The figure illustrates that marketplaces cooperate with logistics platforms and collaboration platforms, where multiple logistics service providers (LSP) work together to optimise transportation and logistics processes by bundling flows¹⁵⁸.

Limitation 2: historic customer preferences. In the EU, the likelihood of buyers purchasing goods from a certain platform and country may also depend on historic customer preferences. The biggest countries in the EU, such as Germany, France, Italy and Spain, offer **extensive choice of local eCommerce platforms**, where buyers purchase goods with fast delivery¹⁵⁹. In addition, during the COVID-19 pandemic period, the awareness of domestic local shops increased. However, in the smaller countries, such as Belgium and Denmark, buyers prefer to get access to a wide variety of goods offered by international eCommerce platforms.

Aspects to be considered for enriching the eCommerce ecosystem by Eastern partner countries: Assess availability of the global, continental and local eCommerce platforms and ensure there are alternative delivery service providers in the country, such as parcel forwarding and consolidator services.

Main challenges

In the EU, eCommerce platforms face **three main challenges: logistics, payments, marketing**¹⁶⁰. Bigger continent or global platforms address these issues by **creating internal systems**. For example, in terms of logistics, they create own logistics and supply chain processes to deliver goods fast and when needed. This is how this area evolves by bigger platforms developing new customer-centric solutions. In terms of payments, bigger platforms offer own solutions for money management. In terms of online marketing, bigger platforms get high volumes of page views making their web pages with goods appear at the top of the search engines. Examples of these practices can be seen in Amazon and Alibaba. For the local platforms it is getting more expensive to advertise web pages through traditional online marketing activities. For example, local brands

¹⁵⁸ https://www.gs1.org/sites/default/files/04 - crc_collaborative_routing_centres.pdf

¹⁵⁹ <https://www.ecommerce-europe.eu>. European eCommerce report, 2019.

¹⁶⁰ https://ec.europa.eu/info/sites/info/files/retailers-2018-main-report_en.pdf. Retailers' attitudes towards cross-border trade and consumer protection 2018, section 4.1. Domestic and cross-border online sales.



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(e.g. Audimas¹⁶¹ a Lithuanian sport apparel) face challenges trying to sell cross-border. Non-local buyer is not familiar with the brand and its quality.

Aspects to be considered for enriching the eCommerce ecosystem by Eastern partner countries:

- Increase awareness of availability and benefits of leveraging own solutions developed by the global platforms (e.g. logistics, payments) versus cooperating with third party service providers;
- Assess availability of domestic and global stakeholders helping retailers to address the main challenges of eCommerce platforms: logistics, payments, marketing.

Formula of winning in the EU market

There are **five critical components that eCommerce platforms** in the EU focus on to operate the market effectively:

- Software solution: platform hosting (e.g. marketplace or webshop, developed using webshop builder services or from scratch). Selected solutions often depend on goods to be sold and the audience.
- Payment system: payment gateway to accommodate the most common payment methods at reasonable cost.
- Inventory system: seller's ability to manage shop area (e.g. edit content, manage number of goods on stock).
- Integration / API: ability to connect third party services (e.g. advanced analytics and marketing services).
- Logistics: fulfilment system to pick up purchased goods and deliver to consumer in the most efficient way.

These five components illustrate the complexity of the EU eCommerce ecosystem. For this reason, these components are described in this section of the report.

Aspects to be considered for enriching the eCommerce ecosystem by Eastern partner countries: Verify the availability of domestic and global stakeholders helping retailers to address the five key components (software, payments, inventory systems, integration services, logistics), which increase the efficiency of eCommerce ecosystem.

3.2.2.2 Payments

The EU consumers benefit from a variety of electronic payment enablers. As the EU has a defined regulatory environment for electronic payments (more details is presented in the chapter Legal framework analysis, the section Electronic payments, of the EU subchapter), the uptake of electronic payments is high.

Payment methods

In the EU, **credit cards** is the most common way in B2C eCommerce to pay for purchased goods¹⁶². Global bank cards service providers, such as **Visa and MasterCard**, continue to reduce costs (e.g. costs on transaction and bank cards costs) offering lower prices to the EU retailers, which ultimately benefits all consumers¹⁶³. This is enforced by the European Commission to cut the fees Visa and MasterCard charge on purchases made in the EU with foreign-issued bank cards. The current fees are between 0.2-0.3% of transaction.

The second-best payment method is **digital wallets** (e.g. PayPal, Alipay).

However, it is important to highlight **local preferences** as well. For example, Germans are likely to pay with invoices or bank transfers and French consumers use debit cards Carte-Blue, MasterCard, American Express. In the Benelux Union, iDeal and Bancontact are the common ways to pay. In the Eastern Europe

¹⁶¹ <https://www.audimas.lt/>

¹⁶² <https://ecommercenews.eu/e-commerce-in-europe/>

¹⁶³ <https://www.digitalcommerce360.com/2019/04/29/visa-and-mastercard-reduce-fees-in-the-eu/>



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countries (e.g. Slovakia) cash-on-delivery payment method is predominant, where buyers pay as soon as they get the purchased goods.

The following payment methods are common to be found on the EU eCommerce platforms:

- Bank cards
- Digital wallets
- Bank transfer
- Invoice
- Cash-on-delivery

This is demonstrated on the following image.

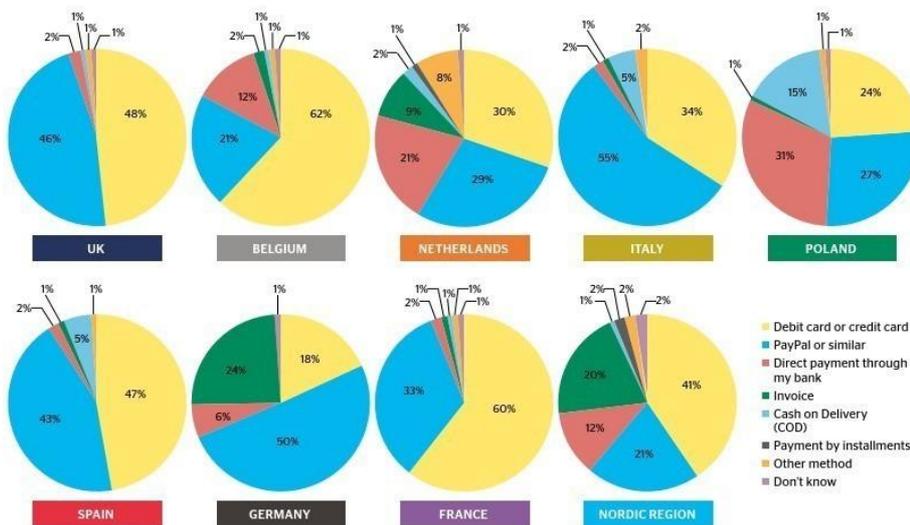


Figure 21. Most popular online payment methods. Source: eCommerce in Europe 2019

Aspects to be considered for enriching the eCommerce ecosystem in Eastern partner countries:

- Consider implementing the most common electronic payment methods that consumers expect to see on eCommerce platforms, such as bank cards, digital wallets, bank transfer, invoice, cash-on-delivery. The preference varies on country. In addition, there are preferred local payment methods, such as iDeal and Bancontact in the Benelux Union.
- Assess and adjust bank cards charges: when paying with bank cards issued outside the EU, Visa and MasterCard charge between 0.2-0.3% of transaction.

Gateways and electronic payments service providers

To process payments, it is common for the EU business to use global electronic payments service providers. These providers meet standards for data security and are trusted by both, businesses and consumers.

The EU eCommerce platforms provide the following payment gateways to process payments:



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- Amazon payments
- WePay
- PayPal payments standard
- Authorize.net
- 2Checkout
- Stripe
- eWay
- Payment Express
- SecurePay

Such global service providers offer trusted ways to get the money back in case purchased items are to be returned. More details about returns is provided in the [Logistics and supply chain section](#).

Once integrated on a marketplace or other platform, buyers in and outside of the EU use these gateway services to process payments. Integrations with one or more of these services are provided by the common marketplaces and solutions to host and build webshops, such as Shopify, Volusion, Bigcommerce, WooCommerce, Wordpress, Squarespace, Magento, Prestashop.

The biggest retailers selling in the EU market, such as Amazon and Alibaba, developed own solutions. They use Amazon payments and Alipay acting like banks themselves. As mentioned above, once integrated, buyers smaller eCommerce marketplaces are likely to use one of the payment gateways listed above. They use these payment gateway services by connecting through integrations.

Aspects to be considered for enriching the eCommerce ecosystem in Eastern partner countries:

- Consider implementing the most common and trusted payment gateways that are available on the EU eCommerce marketplaces. These solutions include Amazon payments, WePay, PayPal payments standard, Authorize.net, 2Checkout, Stripe, eWay, Payment Express, SecurePay.
- Track and consider implementing payment gateways solutions developed by the global leading platforms, such as Amazon payments and Alipay.

3.2.2.3 Taxation

One of the most important aspects for cross-border trade that influences the stakeholders are EU taxes and duties. [Process to pay cross-border taxes](#)

Looking back to 40 years ago, the EU consumers were able to buy goods in small local shops. Later, small local shops moved to shopping malls. During the last 5-10 years, the EU businesses are moving online.

As the result of this shift to online, the EU is concerned to keep taxes associated with purchased goods in the Member States of consumption. This means that the **taxes should be paid to the Member State, where purchased goods are consumed by end-users**. This is critical for the EU to have the same tax rules for all the Member States as they want to keep their income from taxes. For example, Netherlands, the United Kingdom and Luxembourg are the countries that have their own tax system causing other countries to get less income from tax during trade. The United Kingdom has online sales tax, higher VAT and 'green taxes' creating different rules for retailers. To set the same fair rules for all the Member States, the EU introduces three common ways to pay taxes in the EU:

1. Import-One-Stop-Shop (IOSS) that will be implemented in [2021](#). This area is about to change from 1 January [2021](#) making it not the baseline but an operational change that stakeholders must adjust to. Adjusting to these changes is critical to trade in the EU market;
2. Delivery-Duty-Paid (DDP);
3. Delivered-At-Place (DAP).

Stakeholders that are involved in the process of paying taxes are businesses (in the EU and trading with the EU), IOSS representatives (if selected as a way to manage taxes), customs authorities and parcel delivery

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services in the EU and in the destination countries. When using any of these methods to manage taxes, stakeholders trading cross-border should be **ready for the following**:

- VAT rate applicable differs for different products sold on the sales order;
- VAT rates differ by Member State of consumption (based on delivery location of the customer);
- Prices indicated on webpages must include VAT;
- Transportation and insurance charges, when separately indicated on the invoice, are not subject to VAT¹⁶⁴.

Details about the legal aspects on VAT are described in the chapter Legal framework analysis, the section Parcel delivery, of the subchapter EU .

Import-One-Stop-Shop (IOSS) (to be implemented in [2021](#))

If the remote seller selects to use the IOSS facility offered within the EU VAT eCommerce regulations, the webshop collects the VAT for each sales order that should be delivered to the EU Members State of consumption (MSC).

This method to pay taxes is only applicable when selling low value goods (consignments not exceeding an intrinsic value of €150). Details about the legal aspects on VAT are described in the chapter Legal framework analysis, the section Parcel delivery, of the subchapter EU .

For businesses it is important to understand the difference between selling through own websites or marketplace / platform. When **selling through own website, businesses themselves need to appoint an EU intermediary** to obtain an EU IOSS VAT number. However, when **selling through a marketplace / platform, the operator of this marketplace / platform becomes liable to pay the VAT to the EU tax authorities**.

The process to pay taxes using IOSS is the following:

1. The purchaser buys goods and pays taxes to the seller (e.g. webshop, marketplace);
2. The seller transfers VAT to the IOSS representative. For businesses selecting IOSS facility, it is important to note that the IOSS representative for the remote seller has to register in a single Member State within the EU only, the Member State of Identification (MSI). So, businesses must have an IOSS representative in the EU with a contract with the seller, acting as its fiscal representative. Also, the remote seller sends to the representative the basic data that have been used to calculate VAT when the sales order was recorded / confirmed.
3. The IOSS representative periodically submits the data and VAT to the tax / customs authorities, where the seller is registered (MSI). The submission interval to MSI VAT authorities are complementary to the VAT reporting according to national VAT law for VAT return statements. According to European VAT regulation, such global payment must be done by the 16th day of the following month to the competent tax / customs authorities.
4. The tax / customs authorities, where the seller is registered (MSI), periodically transfer VAT to the tax / customs authorities of the MSC, i.e. the country where the purchaser is located.

The process is presented on the following diagram:

¹⁶⁴ In order to ensure the VAT collection for all goods imported from a third country into the EU in consignments of an **intrinsic value not exceeding €150**, the declarants must lodge a formal customs declaration for the release for free circulation. Article 1 point 48 of the UCC-DA provides that “intrinsic value means: (a) for commercial goods: the price of the goods themselves when sold for export to the customs territory of the Union, **excluding transport and insurance costs**, unless they are included in the price and not separately indicated on the invoice, and any other taxes and charges as ascertainable by the customs authorities from any relevant document(s); (b) for goods of a non-commercial nature: the price which would have been paid for the goods themselves if they were sold for export to the customs territory of the Union;”

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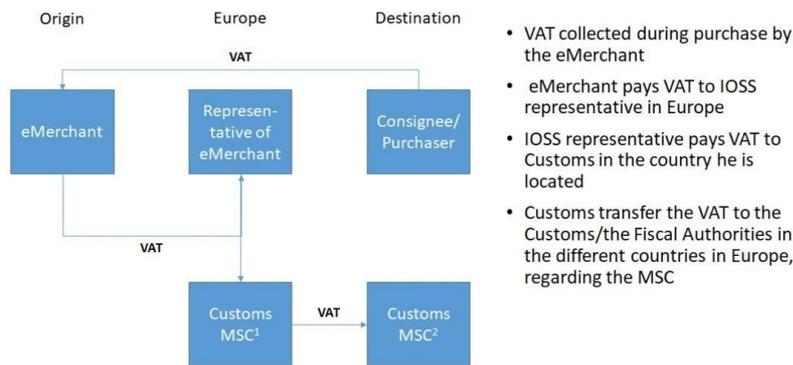


Figure 22. The process of paying taxes using IOSS facility

For security purposes to track the movement of goods, the Member State of consumption (MSC) receives submissions to its customs authorities from declarants linked to the movement of the goods sold / sales orders into their territory.

Another important note is that **IT systems receiving the import declaration of low value consignments must be connected to the EU IOSS database.**

So, this process of payment of taxes defines another stakeholder of the eCommerce ecosystem – IOSS representative of the seller, acting as its fiscal representative, liable for the payment of Import-VAT for Low Value Consignments.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

- Tax / customs authorities must be connected to the EU IOSS database;
- Businesses should consider appointing IOSS representatives in the EU;
- Increase awareness and communicate the changes in VAT processes associated with IOSS.

Delivery-Duty-Paid (DDP)

If the remote seller selects to use the DDP facility offered within the EU VAT eCommerce regulations, the seller takes responsibility for import clearance and payment of taxes and/or import duty. However, the seller can outsource this activity by **signing a contract with a representative.**

The process to pay taxes using DDP is the following:

1. The purchaser buys goods and pays taxes to the seller (e.g. webshop, marketplace);
2. The seller transfers VAT to the tax / customs authorities of the MSC, i.e. the country where the purchaser is located. It can be done directly by the seller or by appointing a representative.
As in the previously described method, the remote seller also sends the basic data that have been used to calculate VAT when the sales order was recorded / confirmed. This data is sent to the tax / customs authorities of the MSC or to the representative.

The process is presented on the following diagram:



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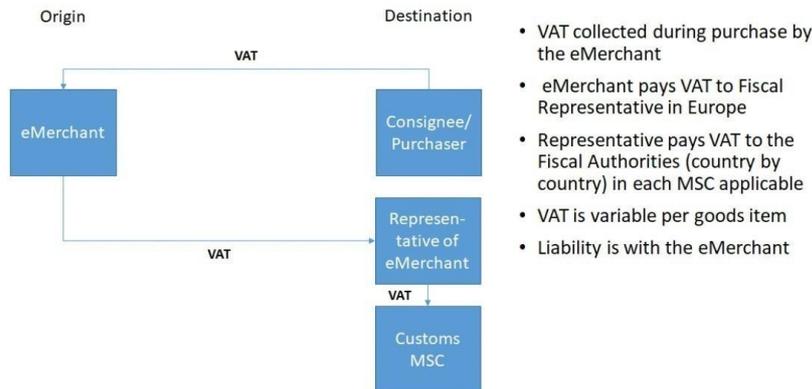


Figure 23. The process of paying taxes using DDP facility

So, this process of payment of taxes defines another stakeholder of the eCommerce ecosystem – representative of the seller who is transferring VAT to the customs authorities. This representative should also be located in the EU.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

- Increase awareness and communicate DDP as an alternative to pay taxes to businesses;
- Businesses should consider appointing DDP representatives in the EU.

Delivered-At-Place (DAP)

If the remote seller selects to use the DAP facility offered within the EU VAT eCommerce regulations, the seller arranges delivering the goods to a specified location and the **customer themselves responsible for import clearance and any applicable local taxes or import duties**.

In this case, the seller does not collect VAT for each sales order recorded on the webshop and to be delivered to the EU Members State of consumption (MSC).

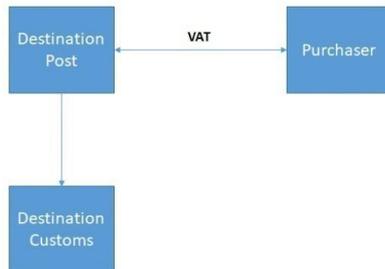
The process to pay taxes using DAP is the following:

1. After the purchaser buys goods, the purchaser transfers VAT to the post in the destination country, i.e. the country where the purchaser is located.
2. The post in the destination country, which is delivering the purchased goods, transfers VAT to the tax / customs authorities in the destination country.

The process is presented on the following diagram:



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- Destination Post collects VAT at the point in time of delivery from the Purchaser
- Destination Post pays the VAT in advance to the Destination Customs

Problem:

- Scenario will not be working for a high amount of shipments

Figure 24. The process of paying taxes using DAP facility

When the customer confirms the sales order on the webshop system, they accept that the **VAT will have to be collected during border crossing into the MSC by the delivery operator**. This delivery operator acts as an indirect representative of the buyer and VAT is collected based on data from the webshop. This data is collected by the webshop when the sales order was recorded / confirmed.

In this case, there is no additional stakeholder like a representative. The postal operator moving the consignment cross-border charges additional customs presentation fees on top of the applicable import duties.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries: Introduce awareness campaign to communicate DAP as an alternative to pay taxes to businesses.

3.2.2.4 Logistics and supply chain

Logistics and supply chain are between the most important aspects of eCommerce. Moreover, selling cross-border makes these processes complicated for eCommerce stakeholders. There are **different possibilities to deliver goods** in the EU market. Depending on the selected methods, different stakeholders are involved.

The transport system of the EU receives significant investments and is enhanced by the **global eCommerce and logistics businesses operating in the market**. In the EU, it is a developed network of services that supports physical movement of goods and provides fast and reliable delivery that the EU buyers expect, when they buy online. Out of five leading countries with the **highest Logistics Performance Index (LPI), four are within the EU**¹⁶⁵. They are Germany, Sweden, Belgium and Austria. It means that the cost to deliver goods may be low as the process of delivery is optimised, as well as competition provides choice for users of delivery operators.

Involvement of the Universal Postal Union

As eCommerce continues to expand globally, eCommerce is on the minds of international organizations. The Universal Postal Union (UPU) is the key stakeholder enabling eCommerce in the EU. This is not only because the global postal network provides the global universal postal service maintained by all designated postal operators of all UPU member countries (including in the EU), but even more so, as approximately 75% of all commercial items (e.g. commercial letter post items, parcels) are sent and delivered within the UPU network.

NOTE: All Eastern partner countries are the UPU member countries and appointed designated postal operators, to fulfil the obligations and receive the benefits of the UPU convention and treaties.

Based on its convention the UPU is maintaining and further enhancing a mutually beneficial system that distributes shipments (postal items) around the world in a fair and equitable way. It is achieved by **providing**

¹⁶⁵ <https://lpi.worldbank.org/>



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an infrastructure (POST*NET) based on ICT messaging and process orientated technical specifications, mandatory exclusively for all designated postal operators to adopt and use, when providing services and products in line with applicable postal legislation and regulations.

As the result of this initiatives of the organisation, approximately 75% of all parcels sent across borders are collected and delivered within the global postal network of the UPU.

Businesses, customs authorities and parcel services in the EU follow the rules developed by the UPU, including messaging model and other technical standards relevant to parcel delivery. These standards are introduced in the chapter Standards, the section Electronic Advanced Data exchanges on item level Stakeholder and Information Exchanges based on WCO/UPU flowchart and messaging model.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries: Verify that the UPU solutions, such as infrastructure (POST*NET) based on ICT messaging and process orientated technical specifications, are implemented in cross-border parcel delivery in the region.

Delivery

The most common delivery method in the EU is the post. As mentioned above, about 75% of all parcels sent across borders are enabled through the UPU.

In the EU, there are two ways to get goods ready when customers buy them. The first is to **outsource logistics and supply chain to third parties**. The second is to **build own logistics and supply chain** systems. In the EU market, only the biggest global platforms, Amazon and Alibaba use the second option.

The key players in eCommerce are getting in areas of logistics and supply chain. For example, Amazon is becoming the biggest logistics company in the world as the company sets up its own logistics processes and systems.

The rest of the business is cooperating with the third parties to deliver goods to buyers. In this case, **global logistics companies are agreeing** with the EU eCommerce businesses on delivery services. One of the leading logistics company in the EU is DB Schenker. The company is selected by bigger eCommerce businesses, because DB Schenker has one the most efficient logistics network of offices and warehouses combined with transport chain. Also, eCommerce retailers manage their logistics by working with international logistics companies such as DHL, UPS and FedEx. Such companies serve cross-border market but can be more costly than country postal operators or commercial carrier services.

About 66% of the EU retailers use between **two to ten carriers to enable delivery services**. Half of these retailers use about five carriers for domestic and international needs¹⁶⁶.

Consumers in the EU expect to have fast and flexible delivery. It has to be personalized to suit their lifestyle. The most **popular delivery locations** are the following:

- Home
- Post office (local or international service providers such as DHL)
- Work
- Parcel shop
- Retailer store
- Parcel locker station

In most cases, the EU retailers **deliver purchased goods during the same day** within cities. In other cases, an **additional day may be agreed** with the customer.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

¹⁶⁶ <https://www.digitalcommerce360.com/2019/05/09/the-delivery-preferences-of-european-online-shoppers/>



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- Increase awareness of possible fulfilment models that retailers must consider. Depending on volume of sales, consider one of the fulfilment models:
 - Ship purchased goods from the third countries.
 - Cooperate with logistics business in the EU (as described in the section above – outsourcing delivery).
 - Cooperate with multiple logistics business in the EU to ensure fast delivery. It is common for the EU businesses to cooperate with multiple service providers, because only a few international logistics companies have infrastructure on both sides of the border to cover the full cycle of delivery. Nevertheless, large companies, such as DPD, are capable to do so.
 - Own warehouse facilities in the EU to manage the delivery.
 - Enable cross-border eCommerce through the global marketplaces, Amazon or Alibaba, to leverage their own delivery networks.
- Enable the same- or next-day delivery to get purchased goods to buyers.

Delivery to remote and rural areas

Delivery to remote areas (e.g. villages) requires a developed logistics network. Otherwise, purchased goods could take weeks to be delivered to remote areas.

As the EU market includes a variety of local and international delivery services, they provide high quality service with relatively short **delivery time to large, mid-sized and small cities** across the EU area.

In addition, as mentioned above, the major retailers, Amazon and Alibaba, deployed their own warehousing and delivery processing facilities to fulfil growing eCommerce needs for high quality delivery to remote areas.

However, in the EU, the delivery to **remote areas is dependent on the road availability**. For Norway, Denmark and other island countries it is common that consumer must pick up purchased goods on the mainland, if there is no road to drop locations. So, consumers may have additional costs to pick up goods (e.g. ferry ticket expenses).

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

If there is no infrastructure availability to a pick up point selected by a consumer, delivery operators may drop shipments in the nearest drop locations. For optimised delivery, it is important to ensure a sufficient infrastructure.

Tracking

Tracking and tracing of goods is essential and required by legislation (i.e. customs and fiscal regulations by [2021](#)). Only when a seller can proof delivery, payment shall be enforceable. Therefore, eCommerce in the EU is built on fast and reliable delivery with effective tracking systems.

Tracking and tracing of parcels by the involved stakeholders is enabled by **the UPU specification** (for the network of the designated postal operators – those providing the universal postal service provision according to the EU Postal Service Directive) or **alternatively by proprietary carrier specific specification** in most cases close to or **aligned to GS1 standards**.

Harmonisation efforts have been mandated under the current Postal Service Directive (Directive 97/67EC). The result is a harmonised label specification (see more details in the chapter Standards), providing for unique transport unit identification.

When businesses use GS1 or other ways of identification, they should **ensure interoperability across all parties and systems that need to use the Serial Shipping Container Code (SSCC)**:

- 1) Individual logistic units have a unique SSCC that remains during the entire lifetime;
- 2) The SSCC is assigned by a stakeholder who creates a logistic unit;
- 3) The barcode holding the SSCC, the GS1 -128 barcode, can automatically be distinguished from other barcodes;

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4) The barcode holding the SSCC should be compliant to CEN/TS17073

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

Verify that the tracking and tracing of parcels in the Eastern partner countries is enabled by the following:

- Aligned to the UPU specification;
- Aligned to GS1 standards;
- Interoperable across parties and systems by using Serial Shipping Container Code (SSCC).

Customs clearance

Currently, customs clearance procedures within the UPU global network, conducted for cross-border commercial items by the national designated postal operators in each EU member state are based on the existing UPU practices and use **CN 22** and **CN 23** forms. This is the setup, because the "postal customs channel" enjoys a customs privilege, allowing the UPU designated postal operators in the EU to use the UPU forms (CN 22 for postal consignments up to a value of SDR¹⁶⁷ 300, and the CN 23 for a value higher than SDR 300). An example of it is shown on the following image.



950 999 999 911 0A

CUSTOMS DECLARATION | May be opened officially | **CN 22**

Designated operator | **Important!** See instructions on the back

<input type="checkbox"/> Gift	<input type="checkbox"/> Commercial sample			
<input type="checkbox"/> Documents	<input type="checkbox"/> Returned goods			
<input type="checkbox"/> Sale of goods	Other (please specify):			

Quantity and detailed description of contents (1)	Net weight (2)	Value and currency (3)	H S tariff number* (4)	Country of origin* (5)

Total weight (in kg) (6) | Total value (7)

I, the undersigned, whose name and address are given on the item, certify that the particulars given in this declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations
Date and sender's signature (8)

Optional. Must meet S10 standard, including barcode height

CN 22 (Back)

Instructions

To accelerate customs clearance, you must complete all applicable fields, and fill in this form in English, French or in a language accepted by the destination country. If the value of the contents is more than 300 SDR, you must use a CN 23 form. You must give the sender's full name and address on the front of the item.

For commercial items, it is recommended that you complete the fields marked with an asterisk (*), and attach an invoice to the outside, as it will assist Customs in processing the items.

Select a reason for export. ("Gift" is not an acceptable reason for export for commercial items.)

(1) Give a detailed description (generic descriptions such as "clothes" are not acceptable), quantity and unit of measure for each article, e.g. two men's cotton shirts.

(2), (3) Give the weight and value with currency for each article, e.g. CHF for Swiss francs.

(4*) The HS tariff number (6 digits) is based on the Harmonized Commodity Description and Coding System developed by the World Customs Organization.

(5*) Country of origin means the country where the goods originated, e.g. were produced, manufactured or assembled.

(6), (7) Give the total value and weight of the item.

(8) Your signature and the date confirm your liability for the item.

Note. – It is recommended that designated operators indicate the equivalent of 300 SDR in their national currency

Figure 25. An example of CN 22 used in the EU for customs clearance

However, eCommerce stakeholders are to be influenced as the EU customs authorities are expecting the upcoming modernisation and digitalisation in 2021. More details on this change are provided in the chapter Legal framework analysis, the section Parcel delivery, of the subchapter EU . One of the aims of the 2021

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¹⁶⁷ SDR: means "special drawing rights"
<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR>



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modernisation is to **eliminate traditional or physical documentation**. This initiative is improving efficiency and certainty in the customs clearance process.

Also, this initiative influences most of the stakeholders of eCommerce. All logistics businesses will need to adjust and use the IT system – **Import control system 2** – to exchange pre-arrival information about goods¹⁶⁸.

One more big change for the stakeholders is that from **2021** all businesses are able to benefit from **simplified customs procedures**. It makes it possible to transport goods using simplified dataset to be shared with customs authorities. Until 2021, this possibility can only be **used by limited stakeholders**, while most of the logistics businesses use standard customs procedures with full dataset. From 2021 businesses may expect all logistics service providers to leverage simplified customs procedures. More details on this change are provided in the chapter Legal framework analysis, the section Parcel delivery, of the subchapter EU .

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

- Increase awareness and communicate that retailers, parcel delivery services and tax / customs authorities will have to use electronic advanced data instead of physical documentation;
- Retailers, parcel delivery services and tax / customs authorities should consider integrating with the IT system – Import control system 2 – to exchange pre-arrival information about goods;
- Increase awareness and communicate that parcel delivery services and tax / customs authorities can benefit from simplified customs procedures, where reduced data set can be used to declare goods to customs in the EU.

De-minimis in countries Identification

Barcoding on transport unit identification level (e.g. through GS1 compliant solutions, or the UPU designated postal operators products and services) is used in the EU **as a control system to track and trace the parcels goods**. Such identification systems are used by authorities (both customs and regulators), traders and consumers in the EU to address security issues. For the content in the parcels, authorities as well all interested parties (including consumers) can use identification systems to identify the content of parcels to verify compliance to, or conformity to the EU safety, health and environmental protection requirements. Customers and traders can use widely implemented GTIN barcodes¹⁶⁹ on the products to verify the origins of goods and related information. Conformity has to be declared for each product traded in the EU / EEA market by its manufacturer, represented by the "CE" mark on the product.

This is a major challenge for cross-border trade in the EU as around 66% of products from non-EU marketplaces fail to pass safety tests¹⁷⁰.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

- Increase awareness and communicate that identification of goods and transport units is important to move goods cross-border. One of the enablers is GTIN barcodes, which businesses should consider leveraging;
- Manufacturers and parties importing goods in the EU market should consider getting "CE" certification.

¹⁶⁸ https://ec.europa.eu/taxation_customs/general-information-customs/customs-security/ics2_en

¹⁶⁹ Global Trade Item Number (GTIN): GS1 Application Identifiers (AIs) are prefixes used in barcodes and EPC/RFID-tags to define the meaning and format of data attributes. This tool was developed in response to the growing use of AIs in the various industry sectors to include product data beyond the GTIN, such as the batch/lot number, serial number, best before date and expiration date. It also allows users, solution providers and GS1 Member Organisations to easily view, search and share details about individual Application Identifiers through web-browsers or on a mobile device. <https://www.gs1.org/de/standards/barcodes/anwendungs-ids/01>

¹⁷⁰ <https://ecommercenews.eu/66-of-products-from-non-eu-shops-fail-safety-tests/>

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Payments security

Online payments, regardless of involved businesses and customers, involves a certain set of risks related to online payments.

Retailers in the EU have access to trusted and secure providers of electronic payments. They are mentioned in the section Payments of this report.

In addition, retailers can use **advanced security services**, such as 3D Secure, Signifyd or ACI Worldwide, to minimise the risks of frauds and errors.

Another way to secure payments is escrow services. However, this method is popular in B2B transactions or large volume transactions in industries such as real estate. Escrow service providers are trusted third parties who hold paid money and pay out only after buyers and sellers are satisfied with the transaction. Some of the key marketplaces, such as Alibaba, provide escrow services, where paid amounts are locked until goods are delivered to buyers. Some of the key payment gateways, such as Stripe, do that as well. Alternatively, there are specialised providers of such services, including Escrow.com, Mangopay, Braintree.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

Introduce awareness campaign to highlight to retailers and buyers the importance of advanced payment security services. Retailers should consider implementing these services on their eCommerce platforms. In addition to possible domestic services, these services are provided in the EU by some of the stakeholders indicated in the section 3 of this report, Stakeholders of eCommerce in the EU.

Returns

Consumers in the EU are confident of ways to return goods if needed after delivery. This is enabled by **logistics companies that manage return procedures and dedicated software solutions**. Key stakeholders in these areas are mentioned in the section Returns of this report.

Aspects to be considered for enriching the eCommerce ecosystem the Eastern partner countries:

The biggest logistics operators, such as DPD, provide the cross-border return services. Businesses may consider cooperating with such or domestic stakeholders to manage the cross-border return. Also, they may consider cooperating with the EU or domestic return software.

Trustmarks

One of the key stakeholders in the EU is **The Ecommerce Europe Trustmark**¹⁷¹. This organisation constantly checks online platforms to verify safe and secure environment. eCommerce business that get the trust mark should implement and follow the **code of conduct, which expects businesses to follow rules**:

- Name: provide clear information on business and how to contact representatives.
- Availability of information: products and services are adequately described.
- Transparent pricing: provide clear and transparent on price to be paid by consumers.
- Transparent order processes: provide ability for consumers to check and edit order at any time.
- Transparent contract terms: provide clear contracts in plain language.
- Safe payment methods: provide transparent, convenient, widely accepted and safe payment methods.
- Safe delivery: provide transparent, convenient, widely accepted and safe delivery systems.
- Clear communication of rights: provide transparent information about legal rights and obligations of consumer.
- Accessible ways to contact business: accessible customer service and complaints handling system.
- Respected privacy and protected data: being transparent and inform customers about the collecting and processing of their data.

¹⁷¹ <https://www.ecommercetrustmark.eu/#>



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When the EU customers see the Ecommerce Europe Trustmark on eCommerce platforms, they understand that business works in compliance with the Ecommerce Europe Code of Conduct.

To receive this trustmark, businesses must be members of the National Associations¹⁷². The national Associations can be joined by associations from EU Member States, EFTA countries and official EU candidate countries.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

- Increase awareness and highlight to retailers and buyers the importance of national trustmarks supported by the code of conduct aligned with The Ecommerce Europe Trustmark;
- Explore possibilities to integrate or cooperate with the EU Ecommerce Europe Trustmark.

Control by public bodies

Another key stakeholder is **The Consumer Conditions Scoreboard**. It **monitors the eCommerce environment from consumers' perspective**. This public organisation tracks the market through three key dimensions: knowledge and trust; compliance and enforcement; complaints and dispute resolution¹⁷³. It ensures that consumers know their rights, can rely that traders comply with consumer laws and can use dispute resolution mechanisms.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

- Support national research bodies to assess the eCommerce area from consumers' perspective aligned with the EU methodology, including three dimensions: knowledge and trust; compliance and enforcement; complaints and dispute resolution;
- Explore possibilities to integrate or cooperate with the EU Consumer Conditions Scoreboard.

Online dispute resolution (ODR)

To resolve disputes related to online purchases, the EU developed the Online dispute resolution system¹⁷⁴. This system is used by **consumers and traders to discuss issues or agree on dispute resolution body** to handle cases. These bodies are third parties helping to resolve cases, which are normally less expensive than court.

Online dispute resolution system is not available to parties outside the EU.

In the EU, buyer may select one of the multiple carriers (which is common) to complain to. The selected carrier remains the main point of contact for the buyers and may forward the complaint to another responsible carrier.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

- Ensure possibility to resolve eCommerce related disputes remotely by using an online system;
- Explore possibilities to integrate or cooperate with the EU Online dispute resolution system.

Reviews platforms

eCommerce platforms for reviews are used in the EU. International platforms, such as Trustpilot and Tripadvisor, exist allowing consumers to share experience of engaging with businesses. This influences consumer willingness to purchase on certain platforms.

Product ratings and reviews are also common on retailers' platforms as well. Between 30 to 50% of businesses operating in the EU include product ratings and reviews on webshops and platforms.

¹⁷² <https://www.ecommerce-europe.eu/members-of-ecommerce-europe/national-ecommerce-associations/#>

¹⁷³ https://ec.europa.eu/info/sites/info/files/consumer-conditions-scoreboard-2019-factsheet_en.pdf

¹⁷⁴ <https://ec.europa.eu/consumers/odr/main/index.cfm?event=main.home2.show&lng=EN>



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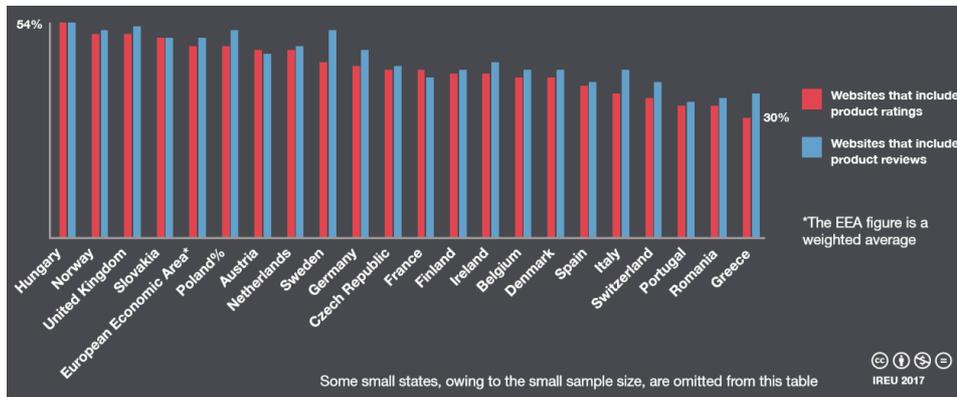


Figure 26. Share of the EU businesses that include product ratings and reviews on their platforms. Source: internetretailig.net

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:

- Increase awareness and highlight to retailers and buyers the importance to leverage review platforms to share experience of engaging with businesses;
- Consider promoting international review platforms, such as Trustpilot and Tripadvisor, to share experience of engaging with businesses.

Insurance

Any transported goods in the EU face certain risks to be damaged, stolen, lost or delayed resulting in losses.

When transportation is outsourced to third parties operating in the EU, these service providers are not fully liable for damage. The carrier is only liable for damage or loss that occurs through demonstrable mistakes. Liability is normally indicated in incoterms, which should be studied by cooperating parties carefully.

Different transport modes have different **liability limits** (or maximum liability meaning what carriers pay in case of damage or loss):

- Sea freights: €830 per parcel / or €2.5 per kg
- Air freights: €21 per kg
- Road freights: €10 per kg

These rules are normally defined by international organisations related to different transportation modes, such as IATA, ICAO, IMO, ISC, IRU, UIC.

To ensure that full amount of loss is compensated in case of damage or loss, retailers buy insurance. Insurance covers amounts that are not covered with what carriers are liable for. Insurance compensates based on invoices, or market value if no invoices exist. Prices for insurance depend on value of goods, destinations, transport modes.

However, insurance is not necessary in the EU for transporting goods. Carriers have their own insurance, but this is not something that is important for businesses outsourcing transporting services.

It is not uncommon to expect a gesture of goodwill from carriers in case of loss, where carriers can compensate losses to retain business.

Aspects to be considered for enriching the eCommerce ecosystem in the Eastern partner countries:



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Align the liability limits of parties providing transportation services with the limits existing in the EU and introduced by the international organisations related to different transportation modes.

3.2.2.5 Social media

It is common for the EU consumers to use social media. Social media is used in the EU for eCommerce, because this is a platform that is used by a wide range of generations.

Social media is often used by the EU consumers **to research products and make purchase decisions**. It is also used to leave reviews and leverage **word-of-mouth advertising, which is an influential factor** in the EU.

One of the major social media platforms that has influence on eCommerce is **Facebook** (and Instagram as part of it). These platforms have 3.4 billion users and 200 million users visit a business page daily on Instagram¹⁷⁵. With new developments, such as chatbots helping to manage support and tap to click functionality, social media is becoming a major stakeholder in the EU eCommerce.

Selling through influencers is becoming popular in the EU. Platforms like mentioned above allow influencers, who have thousands or following users, can tag their products in a piece of media content. This allows users to identify products and navigate to checkout. This is called **one-click-shop-solutions**. An example of such practice in the EU can be Cristiano Ronaldo who has 216 million of following users. Due to this reach of audience, businesses are willing to offer contracts around €1 million for a paid post that this influencer shares on his Instagram page¹⁷⁶.

Aspects to be considered for enriching the eCommerce ecosystem the Eastern partner countries:

Increase awareness and highlight to retailers the importance to track what consumers are sharing on social media about their brand and try to have a positive influence on it. Highlight the possibility to leverage Facebook social media platform to buy and sell goods.

3.2.3 Stakeholders of eCommerce in the EU

To adjust to the EU eCommerce processes, non-EU businesses should understand the key stakeholders operating in the market.

Based on the sections of the report above – the process of cross-border sale and the specific areas influencing eCommerce – the following key stakeholders can be identified:

Commented [A26]: This section will be moved to the Annex.

Platforms¹⁷⁷: global marketplaces¹⁷⁸ operating in the EU



Amazon is one of the biggest eCommerce marketplaces in the EU. It is one of the key eCommerce players that sets trends in the industry (e.g. if Amazon develops a solution for faster delivery, many other stakeholders do the same). This marketplace has 1.1 million active sellers in the EU¹⁷⁹. It is a leading cross-border platform in the EU. Amazon often develops own solutions in eCommerce (e.g. payment and logistics areas).

¹⁷⁵ <https://business.instagram.com/getting-started/#why-instagram>

¹⁷⁶ <https://www.statista.com/chart/19728/cristiano-ronaldo-makes-more-from-instagram-than-soccer/>

¹⁷⁷ Platforms is an intermediate party that allows systems, businesses and end users to engage in the process of sale of goods.

¹⁷⁸ Marketplace is an intermediate party where commercial transaction of sale of goods between customers and businesses take place.

¹⁷⁹ <https://ecommercenews.eu/amazon-has-1-1-million-active-sellers-in-europe/>



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	<p>Zalando is a German marketplace that expanded to other countries. The brand is highly recognised in Germany. It has around 22 million customers (20 million active). Sells over 250,000 products through 2,000 merchants¹⁸⁰. The current growth rate is between 10 to 20 percent¹⁸¹. Expands by building fulfilment centres across the EU.</p>
	<p>Alibaba is a marketplace from China that facilitates small businesses selling globally. It is one of the biggest marketplaces in the EU. It started as a B2B platform and moved to B2C (which is a trend for platforms). Similar to Amazon, Alibaba often develops own solutions in eCommerce. Expands by opening offices and logistics centres in the EU and cooperating with local European brands.</p>
	<p>eBay is an American multinational marketplace. It facilitates C2C and B2B sales. Started to expand to the EU in 1998. Currently, has local websites in ten European countries. Similar to Amazon, eBay often develops own solutions in eCommerce (fulfilment, shipping, authentication service. Expands by cooperating with local European and international brands (Shutl, Facebook, Shopify). The marketplace has Mobile.de – one of the leading German marketplace – as a subsidiary.</p>
	<p>Etsy focuses on handmade and vintage items. Localised to six European countries. In 2015 reached 1.1 million active sellers globally. The marketplace provides a unique opportunity to contact sellers directly. The value of goods sold in 2020 globally increased by 100%¹⁸². Expands by acquisition of local brands (Reverb, A Little Market).</p>
	<p>Wish is a leading shopping platform featuring goods of about 100,000 merchants. Expanded to the EU in 2017 by establishing local offices and warehouses and cooperating with local delivery stakeholders (e.g. PostNord). One of the leading platform for cross-border eCommerce.</p>
	<p>JD is a Chinese marketplace operating in the EU owned by Walmart. To facilitate trade with the EU, launched a train from Germany to China, which acts like a warehouse – when goods are loaded on the train, they are listed for sale on the marketplace¹⁸³. Expands to the EU by partnering with logistics stakeholders (e.g. DHL, UPS) and opening local representations (France, Germany, Italy).</p>
<p>Platforms: shops¹⁸⁴</p>	

¹⁸⁰ <https://ecommercegermany.com/blog/12-leading-marketplaces-europe>

¹⁸¹ <https://ecommercenews.eu/zalando-double-digit-growth-in-2020/>

¹⁸² <https://www.digitalcommerce360.com/2020/05/07/etsys-sales-grow-100-in-april/>

¹⁸³ <https://ecommercenews.eu/jd-coms-freight-train-brings-china-closer-to-european-retailers/>

¹⁸⁴ Shops or webshops are a business owned eCommerce platform where commercial transaction of sale of goods between customers and businesses take place.



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	H&M is a leading Swedish clothing retailer in the EU. Expands by opening eCommerce and offline stores in the EU Member States. Amid the COVID-19, plans to have 130 eCommerce store openings in growing markets ¹⁸⁵ .
	Nike is an American footwear, apparel, equipment, accessories retailer and manufacturer. As part of digital transformation, Nike facilitates selling directly to consumers without involving marketplaces. In 2019, the EU fined Nike €12.5 million for restricting cross-border and online sales of branded merchandise ¹⁸⁶ .
	Zara is a Spanish apparel retailer. The shop aims to operate in any market in the world. It ships purchased goods to the closest shop to the buyer.
	Deichmann is a leading German apparel and footwear retailer.
	Audimas
Platforms: local and continental retailers and marketplaces	
	Otto is one of the biggest German online retailer for fashion and lifestyle products. About 90% of its goods are sold online. It reaches about 45% of German households and has around 9 million active customers ¹⁸⁷ . Present in over 30 countries in Europe.
	Metro Group is the eighth biggest German online store in the EU ¹⁸⁸ . The wholesaler leverages digital catalogues in 14 countries as a way to discover deals redirecting buyers to eCommerce platform to complete purchase.
	Allegro is one of the top Polish marketplace and the fifth most popular in the EU. It specialises in electronics, home and garden, fashion goods. The marketplace operates only in Polish language.
	Asos is one of the largest fashion retailers. It targets young sellers. The marketplace has about 140 fulfilment centres globally. Its mobile app allows buyers to upload an image of a wanted good and makes suggestions.
	Cdiscount is a French marketplace with about 8.6 million active buyers. It moved to cross-border sales in 2018, which accounts for about 15% growth of the marketplace last year.
	Emag is one of the largest online store in Romania with 0.5 million active customers, 3,500 sellers and about 1.4 million products available for sale in 1,600 categories.

¹⁸⁵ <https://www.digitalcommerce360.com/2019/06/27/hm-aims-to-boost-profit-this-year/>

¹⁸⁶ <https://www.retailconsumerproductslaw.com/2019/05/e-commerce-in-europe-a-look-into-nikes-recent-antitrust-fines/>

¹⁸⁷ <https://ecommercegermany.com/blog/12-leading-marketplaces-europe>

¹⁸⁸ <https://ecommercenews.eu/top-10-online-stores-in-europe/>



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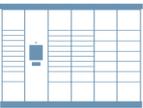
	Flubit is one of the largest UK marketplace positioning itself as a direct competitor to Amazon. It has over 70 million products across different categories. Provides a unique opportunity to pay in cryptocurrencies.
	Fruugo is the UK marketplace selling in 32 countries. It has over 25 million active users and is localised to 22 currencies and 17 languages. It offers sellers support in translation, customer service, marketing and foreign exchange.
	Mobile.de is a German marketplace selling vehicles, B2B and B2C. It's one of the biggest automotive marketplace in the EU. Operates as a subsidiary of eBay.
	PriceMinister is one of the leading French marketplaces with about 22 million users. Bought by Rakuten – another leading global marketplace. It hosts about 30,000 transactions per day making it the second marketplace after Amazon ¹⁸⁹ .
	Real.de is the German leading marketplace with around 5,000 products categories and 6.5 million customers. Offers shipping to over 30 countries.
	Bol.com is one of the biggest online retailers in the Netherlands. It's Amazon-like marketplace, where third party vendors sell goods. The marketplace offers paid subscription giving subscribers special offers like free delivery.
La Redoute	La Redoute is a French retailer of apparel and home decor items launched in 1837. Operates in 26 countries with around 450 sellers paying fixed fee and commissions on every sale.
	Spartoo is a French shoe retailer, which is one of the leaders in selling footwear in the EU. The store recruits third party vendors to sell through Spartoo web store.
Parcel and logistics services¹⁹⁰	
	DHL is one of the leading German courier company in the EU. Owned by Deutsche Post. DHL grows the network of fulfilment centres in the EU resulting in delivery services such as same day delivery and delivery at the preferred time.
	FedEx is an American company that specialised in cross-border delivery. It has distribution centres in the EU helping online merchants to expand cross-border. Became a key stakeholder in logistics after acquiring TNT Express.
	UPS is one of the largest international parcel delivery companies in the world. Offers import and export shipping services making it a key stakeholder of cross-border eCommerce.
	DB Schenker is a German logistics company. Offer logistics services in over 130 countries globally with one of the most developed networks of warehouses and fulfilment centres. Offer tools to track delivery, including cross-border.

¹⁸⁹ <https://ecommercegermany.com/blog/12-leading-marketplaces-europe>

¹⁹⁰ Parcel and logistics services are intermediaries that fulfil a supplementary service to deliver purchased goods.



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	DSV is a Danish transport and logistics company.
	DPD is a German parcel service provider owned by French La Poste. It has one of the leading in the EU cross-border transportation services.
	Hermes Germany
	GS1 is one of the leading solutions for parcel identification and tracking. Being compliant with the international standards and requirements for goods and parcel identification and tracking, GS1 is one of the key stakeholder in the cross-border transportation area.
	The Universal Postal Union (UPU) is an international organisation, where all the EU Member States and their national postal operators are represented. About 75% of all parcels sent across borders are enabled through the UPU.
Parcel and logistics services: service specialising in returns	
	B2C Europe is a leading provider of cross-border distribution and returns solutions in Europe. It establishes the EU market by cooperating with other logistics solutions (MetaPack, NIBC).
	ZigZag is a software that provides an integration to manage returns globally. It has a network of over 200 carrier services and warehouses to provide visibility on goods that are in the process of return.
	Rebound is a solution to manage returns of purchased goods. It targets businesses to maintain visibility and provide easy process for consumers to return purchased goods, including cross-border.
Parcel and logistics services: parcel forwarding services	
	myGermany
	EshopWeDrop
Parcel and logistics services: pick up points	
	The biggest logistics and parcel services also provide locker services so that consumers in the EU can collect purchased goods at convenience. In the EU, parcel locker can be located at petrol stations, pharma stores and any shops. Also, many postal services, such as Omniva (Estonia) expand parcel locker services in neighbouring countries (e.g. Latvia and Lithuania).
Payment services ¹⁹¹ : methods	

¹⁹¹ Payment services are intermediaries that fulfil a supplementary service supporting transactions.



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	<p>PayPal is one of the leading service in the EU to pay and transfer money online. PayPal has around 277 million accounts globally and is widely accepted by retailers. It is the most popular payment method in Germany¹⁹². Expands in the EU market by acquiring local solutions (iZettle, Hyperwallet).</p>
	<p>Alipay is a payment provider founded by Alibaba. It is the largest third-party online payment solution in China that entered the EU market in 2015. Expanded by signing deals with banks and digital wallets in more than 20 countries of the EU. Joined with the EU payment services to offer to consumers to pay later¹⁹³.</p>
	<p>Visa is the leading payment solution. Visa continues to reduce costs (e.g. costs on transaction and bank cards costs) offering lower prices to the EU retailers, which ultimately benefits all consumers.</p>
	<p>MasterCard is the leading payment solution. MasterCard continues to reduce costs (e.g. costs on transaction and bank cards costs) offering lower prices to the EU retailers, which ultimately benefits all consumers.</p>
	<p>iDeal is a payment method popular in the Netherlands. This method was used by around 59% of purchases in the Netherlands in 2019¹⁹⁴.</p>
	<p>Bancontact is a payment method popular in Belgium. This is the most popular payment method in Belgium.</p>
<p>Domestic banks and bank cards is a popular way to pay for goods in the EU. Local banks are the key stakeholders to process payments for goods.</p>	
<p>Payment services: gateways</p>	
	<p>Amazon payments is one of the most popular payment gateways in the EU. Developed by Amazon. This payment gateway is available in France, Italy and Spain.</p>
	<p>WePay is the US based payment gateway.</p>
	<p>PayPal payments standard</p>
	<p>Authorize.net</p>
	<p>2Checkout</p>
	<p>Stripe</p>
	<p>eWay</p>
	<p>Payment Express</p>

¹⁹² <https://ecommercenews.eu/paypal-is-most-popular-payment-method-among-germans/>

¹⁹³ <https://ecommercenews.eu/aliexpress-customers-in-europe-can-pay-later/>

¹⁹⁴ <https://ecommercenews.eu/ideal-used-for-59-of-dutch-online-purchases/>



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	SecurePay
Payment services: advanced security	
	3D Secure
	Signifyd
	ACI Worldwide
	Escrow.com offers safe and secure solutions to hold paid money in an escrow until buyers and sellers are satisfied with their eCommerce transactions. It offers a variety of payment options, including wire transfers, checks and money orders, credit cards and PayPal. Also, it offers API service, where online businesses can connect Escrow.com to their payment processing solutions.
	Mangopay is another escrow solution provider popular in the EU. It provides unlimited escrowing time, multiple payment solutions and API integration.
	Braintree is another escrow solutions owned by PayPal. It offers a mix of payment methods, including cards, bank payments, PayPal, and leading wallets. It supports sellers in more than 40 countries with over 130 currencies making it a popular escrow solution in the EU, but not in the Eastern partner countries.
Taxes	
	IOSS representatives in the EU (to be activated in 2021). As mentioned above, this stakeholder will play a critical role in paying cross-border taxes starting from 2021. The Eastern partner countries should consider agreeing with IOSS representatives in the Member States.
	Representatives to pay taxes using DDP facility. As mentioned above, currently, this stakeholder plays a critical role in paying cross-border taxes. The Eastern partner countries should consider agreeing with DDP representatives.
Authorities	
	National customs authorities are the key stakeholders involved in the process of cross-border parcel delivery. The customs in the EU and in the Eastern partner countries should be ready to exchange information, including pre-arrival information about shipments. This exchange is critical to decide if shipments can proceed across the borders.
Manufacturers (most of the production by eCommerce businesses is sub contracted. Some of the key manufacturers are indicated below.)	
	Novo Nordisk

Commented [A27]: The dates will be updated as per the latest alignment with the European Commission.



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	Zara, H&M
	Mark & Spencer
	Lidl
	Ikea
Wholesalers ¹⁹⁵ (see the section Platforms above for the key marketplaces involved in distributive sales.)	
Webshop software services	
	Shopify
	Volusion
	Bigcommerce
	WooCommerce
	Wordpress
	Squarespace
	Magento
	Prestashop
International organisations	
	The UPU. See the section Parcel and logistics services.
	The Ecommerce Europe Trustmark boosts cross-border eCommerce by providing information about consumer rights and commitments of online retailers. When the trustmark is placed on a website, buyers may click on it to read rules to which the retailer commits. Similar trustmarks are launched by the national organisations, including Germany, France, Greece.
	The Consumer Conditions Scoreboard
	IATA
	ICAO
	IMO
	ISC

¹⁹⁵ <https://op.europa.eu/en/web/eu-vocabularies/th-concept/-/resource/eurovoc/6?target=Browse>



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	IRU
	UIC
Product review services	
	Trustpilot
	Tripadvisor
Social media	
	Facebook is the most popular social media platform in the EU that enables eCommerce. Expanded in the EU market by launching own marketplace in 2017 in 17 countries of the EU ¹⁹⁶ . In 2020 launched Facebook Shops aiming to help SMEs to set up a single online store for customers to access on both Facebook and Instagram. It supports the common payment processing services, such as PayPal and Stripe. However, this feature doesn't support cross-border delivery.

The stakeholders mentioned above are directly involved in the process of cross-border sale of goods and delivery. In addition to these stakeholders there are other stakeholders who exist in the overall ecosystem of eCommerce. Their influence on eCommerce ecosystem varies.

The overall EU trade policy, including eCommerce, is influenced by DG Trade. This department works closely with international organisations, such as the WTO and OECD. The figure below (Figure 27) shows the overall groups of stakeholders that exist in commerce and change over time.

¹⁹⁶ <https://ecommercenews.eu/facebook-launches-marketplace-europe/>



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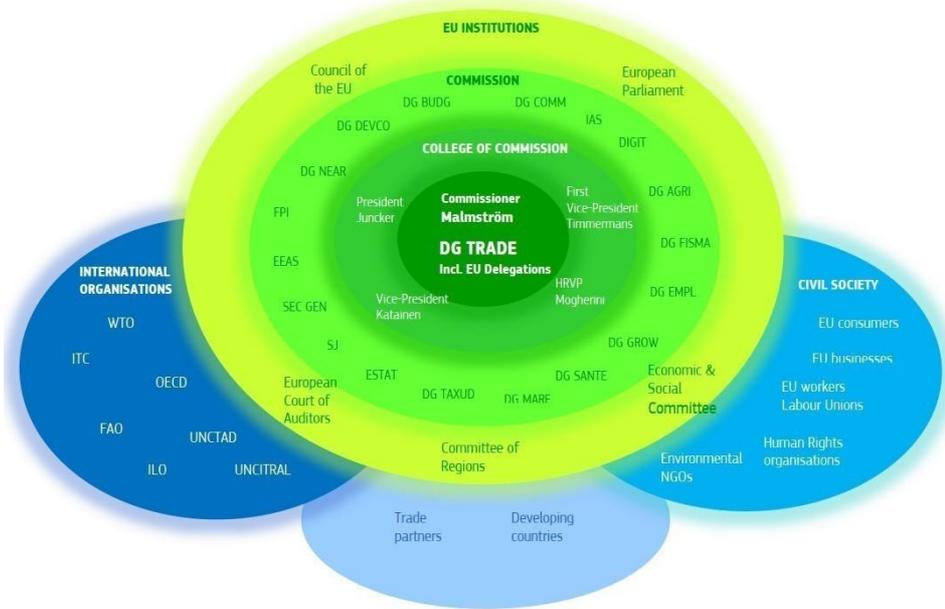


Figure 27. The overall groups of stakeholders of commerce that changes over time. Source: [Strategic Plan 2016-2020. DG TRADE](#).

In addition to international organisations, the EU cooperates with trade partners, developing partners, and civil society, including consumers, businesses, labour unions, environmental NGOs and human rights organisations. As mentioned above, the influence of these stakeholders on eCommerce and their involvement varies and changes over time.

3.3 eCommerce ecosystem in Eastern partner countries

3.3.1 Armenia

Country profile

<intro + additional data + unique processes, etc.>

Analysis of ecosystem

Table 3. <>

Key area of eCommerce ecosystem (e.g. cross boarder delivery)			
Topic inside the area (e.g. most used methods of delivery, tracking systems)			
No	State of play	Key aspect	Gaps comparing to the EU baseline



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Key area of eCommerce ecosystem (e.g. cross boarder delivery)			
Topic inside the area (e.g. most used methods of delivery, tracking systems)			
No	State of play	Key aspect	Gaps comparing to the EU baseline
2.			
3.			
4.			

<Go by each benchmark / indicator and summarise by explaining the gaps + providing statement of compatibility >

Challenges

Recommendations

<Provide recommendation in each key area identified in the table above>

- 3.3.2 AZ
- 3.3.3 BY
- 3.3.4 GE
- 3.3.5 MD
- 3.3.6 UA