



EU4Digital

EU4Digital: supporting digital economy
and society in the Eastern Partnership

eCommerce report

Recommendations proposed for eCommerce environment
harmonisation in the EaP countries: Republic of Armenia

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1 Executive summary

In the EU market, eCommerce 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 \$700 billion¹ and an annual growth rate of 15% on average domestically and exceeding 25% for cross-border eCommerce². The EU, being the second biggest in the world cross-border buyer of goods, established own eCommerce rules, processes, know-hows and ways for engagement of stakeholders. The EU member states expect that these rules are considered and followed by trading partners, including non-EU businesses. Otherwise, obstacles and barriers created by different rules in the EU and third countries complicate eCommerce transactions.

To eliminate existing obstacles and barriers for pan-European eCommerce for citizens and businesses requires the harmonisation of the digital environments among the Eastern partner countries and with the EU. This includes harmonisation of eCommerce ecosystem and approximation to relevant EU legislation and standards.

1.1 Objectives of the report

The overall objective of the report is to provide recommendations to harmonise eCommerce among the Eastern partner countries (in particular, the Republic of Armenia, hereafter, Armenia) and the EU in three areas: ecosystem, legal framework and standards. This includes:

- Eliminating the barriers for cross-border eCommerce;
 - Boosting cross-border eCommerce volume;
- Preparing countries for the upcoming EU and global changes in eCommerce introduced in 2021.

1.2 Scope of eCommerce study

eCommerce in this study is understood as a sale of goods through electronic transactions carried out on computer networks.

The study **focuses on the B2C** type of electronic exchange, but doesn't exclude C2C, B2B and B2G exchange. This focus is taken as the volume of B2C transactions is increasing in the EU, which is strengthened amid COVID-19. In 2019, the number of EU enterprises using B2C transactions was higher than the number of EU enterprises using B2B and B2G combined³. As B2C eCommerce is facing updates that will shape the area for the next few years, this study aims to provide benefit to harmonise B2C area between the EU and the Eastern partner countries. Also, it is important to note that the topics covered in this study, such as cross-border parcel supply chain, interaction between parcel operators, logistics and the supporting areas of eCommerce legislation, are valid both for B2C and B2B

The basis of the analysis is **the EU baseline** that consists mainly of the EU laws and standards regulating eCommerce as well as best practices in eCommerce ecosystem development. The EU baseline also includes international rules as the EU trades with the rest of the world and there are rules developed by **global cooperation** (e.g. the Universal Postal Union network that enables eCommerce cross-border delivery, the World Customs Organisation model for customs procedures).

In addition, the analysis is based mainly on the **existing legislation**, standards and ecosystem processes. However, as the EU is in the process of major changes that impact eCommerce, the report is also focused on the **upcoming legislation** (i.e. 2021 eCommerce package) that is defined and is to be implemented in 2021.

The report focuses on the eCommerce areas that are the most critical to be harmonised for **cross-border transactions**. Harmonisation of these areas facilitates cross-border eCommerce transactions and reduce obstacles for seamless cross-border trade.

1.3 Approach

The recommendations to harmonise eCommerce among the Eastern partner countries and the EU were developed by performing the following activities by the EU4Digital central eCommerce experts and local experts from the Eastern partner countries:

¹ More at: <https://www.digitalcommerce360.com/2019/05/09/the-delivery-preferences-of-european-online-shoppers/>

² More at: <https://op.europa.eu/en/publication-detail/-/publication/1c50224c-574e-11e9-a8ed-01aa75ed71a1/language-en>

³ Eurostat, *Community survey on ICT usage and e-commerce in enterprises, 2019*



- Developed the EU state of play or [the baseline](#) for the assessment, which is structured around the eCommerce value chain. The value chain describes the players, information and activities involved in the supply, distribution, and post-sales activities of goods for the market. More than 100 key aspects in legal, standards and eCommerce ecosystem areas are described across the value chain and the baseline.
- Performed the state of play analysis of eCommerce in the Eastern partner countries by conducting interviews, workshops and research. More than 50 stakeholders were involved across the Eastern partner countries to provide inputs for analysis of the state of play of eCommerce. Among them the ministries, customs and tax authorities, postal and logistics operators, marketplaces, business associations, local experts.
- Provided professional opinion by the EU4Digital Facility experts on the key gaps for cross-border eCommerce.
- Developed recommendations based on the EU practices aimed to boost eCommerce transactions volume and address the necessary supportive measures for eCommerce to work. Key recommendations for each Eastern partner country include specific actions to be considered on a national level.
- Organised consultations and alignments with the national stakeholders.

1.4 The state of play in the Eastern partner countries

The Eastern partner countries have a varying level of digital commerce enablement. Comparing to the eCommerce baseline, the analysis identified the key common gaps in the following areas provided in the table below. Note that the overview below provides a summary of the most common gaps, while specific gaps are explained in the chapter 4. *Gap analysis report for the Republic of Armenia* of this report.

Table 1: Summary of eCommerce common gaps for cross-border eCommerce in the Eastern partner countries comparing to the EU baseline

No	Area	Key aspects that have gaps and challenges in the Eastern partner countries
Gaps in eCommerce ecosystem		
1.	Marketing and sales	<ul style="list-style-type: none"> • Usage of global marketplaces that operate in the EU is limited (reasons: long/expensive delivery, cash-on-delivery preference, poor awareness). • Local marketplaces selling cross-border are not common, except certain national platforms (reasons: long/expensive delivery, cash-on-delivery preference, poor awareness).
2.	Payment	Payment methods usage is different than in the EU due to still preferred cash-on-delivery payment method and common usage of local solutions rather than global that are popular for the EU.
3.	Parcel delivery	<ul style="list-style-type: none"> • Global private operators face challenge to maintain high eCommerce volumes creating high rates for parcel delivery limiting involvement in eCommerce ecosystem. • Wide network of active postal offices is not aligned with the centralised approach that is common in the EU and within the UPU. • Delivery time is few days longer than in the EU, where delivery within 48 hours is common.
4.	The EU 2021 eCommerce package	Limited ⁴ awareness by stakeholders and only fragmented actions to prepare for changes in VAT (Import One Stop Shop, removal of exceptions), customs (Import Control System 2, mandatory electronic declarations), harmonised ID (item level information exchanged via harmonised IDs).
Gaps in eCommerce legal framework		
5.	Platforms	Limited regulation of terms and conditions explaining ranking of goods on platforms.
6.	Parcel delivery	<ul style="list-style-type: none"> • Limited regulation of postal security requirements for the provision of electronic advance data for consignments of distance sales.

⁴ Limited means not regulated or not (partially) compatible with the EU rules or not implemented regulation.



No	Area	Key aspects that have gaps and challenges in the Eastern partner countries
		<ul style="list-style-type: none"> Insufficient preparation for the EU VAT eCommerce package, including a special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries to the EU that will be applied from 1 July 2021.
7.	Consumer protection	<ul style="list-style-type: none"> Limited regulation of misleading commercial practices of paid advertisement, including provisions indicating the cases when paid advertisement is considered as a misleading commercial practice. Limited regulation of information requirements for distance contracts of digital content and digital service, including definitions of digital content, digital service supplied by the trader to the consumer and personalised pricing on the basis of automated decision-making. Limited regulation on misleading omissions about consumer reviews of products, where trader providing access to consumer reviews of products must inform the consumer about whether and how the trader ensures that the published reviews originate from consumers who have actually used or purchased the product.
Gaps in eCommerce standardisation aspects		
8.	Interoperability	<ul style="list-style-type: none"> Limited technical specifications for secure, trustworthy and user-friendly opening systems for parcel boxes for home use. Limited requirements for electronic advanced data submission in postal operations in domestic and international postal operations as a pre-requisite for digital customs or transport security related declaration.
9.	Digital postal services	Limited standardisation of electronic advanced data semantic mapping of attributes of commercial single items compliant to the UPU-WCO (the Universal Postal Union – the World Customs Organisation) model from 2021.
10.	The UN, the EU, the UPU: electronic exchange	Limited standardisation of specifications for post, courier, express, parcel operators and customs agents that transport eCommerce items from the country into the EU to prepare the necessary electronic data lodging of digital customs pre-declarations on item level that will become mandatory from 1 July 2021 for items below a value of 150 EUR.
11.	The UPU: technical standards	Limited standardisation of EDI messaging to be exchanged between customs authority/border agency to a postal operator, between destination postal operator and the origin postal operator on risk assessment.
12.	eCommerce websites trust mark	Lack of national eCommerce Trustmark certification scheme(s) which authenticates that an eCommerce company established on the national territory has made a commitment to work in compliance with the Code of Conduct, guaranteeing ethical standards in the digital marketplace.

1.5 The recommendations to harmonise eCommerce

To address the identified gaps and challenges, the EU4Digital Facility prepared the recommendations for harmonisation of eCommerce among the Eastern partner countries and with the EU. The overview is provided in the table below. Note that the overview provides a summary of the recommendations, while specific recommendations and action points are explained in the chapter 5. *Recommendations report for the Republic of Armenia* of this report.

Table 2: Summary of eCommerce recommendations to harmonise cross-border eCommerce among the Eastern partner countries and with the EU

No	Recommendation	Goal
Recommendations in eCommerce ecosystem		
1.	Establish a virtual warehouse as a re-usable database to list goods for sale in the EU.	Cross-border sales volume increase as businesses in the Eastern partner countries list and manage inventory of goods for cross-border sale; and the national postal operators are connected to the database to trigger cross-border delivery once sales happen to deliver within 72 hours.
2.	Establish national pavilion account(s) on the EU marketplace(s) to list goods for sale in the EU.	Cross-border sales volume increase as businesses in the Eastern partner countries list goods for cross-border sale



No	Recommendation	Goal
		through a single national account and get support with marketing.
3.	Establish consolidated central distribution networks with centralised warehouses, fulfilment and sorting facilities to enhance postal capacity for cross-border transportation.	National postal operators and parcel delivery operators use centralised networks for clearance, sorting and transportation of parcels to the cross-border hubs (office of exchange) to enable daily dispatch abroad. The aim is to reduce delivery time for domestic and cross-border delivery of commercial items.
4.	Establish co-sharing agreements and unified parcel identifiers between the post and private parcel operators.	The national postal operator and private sector parcel delivery operators sign cooperation agreements to co-share the last mile delivery and to dispatch cross-border consignments within 24 hours from order (after handing over to postal service provider). The aim is to establish co-sharing agreements for delivery to ensure optimal usage of infrastructure and postal rates.
5.	Further strengthen the integration of the Eastern partner countries eCommerce ecosystem actors into the EU networks.	Increased collaboration of the eCommerce ecosystem stakeholders of the Eastern partner countries with the EU ecosystem actors through transfer of the EU knowledge and practices.
6.	Increase awareness and readiness (legal, systems, processes) of relevant stakeholders for the 2021 changes in customs, taxes, security, parcel delivery areas.	Cross-border trade is possible as customs and taxes authorities, postal and logistics operators can seamlessly exchange electronic advanced data with the EU operators; can use simplified procedures to pay taxes; use harmonised ID to exchange information on an item level.
Recommendations in eCommerce legislation and standards frameworks		
7.	Improve the overall framework of eCommerce by introducing fundamental principles and critical requirements (electronic platforms, contracts and intermediation services, data protection).	The legal framework and main standards related to eCommerce correspond to the EU general framework and the consumers feel safe to shop on-line.
8.	Improve online marketing and electronic sales capacities of traders to increase visibility (on-line marketplaces, unfair commercial practices, price indication, trust mark, CE, products safety, intellectual property).	Products of the Eastern partner countries are presented on the marketplaces selling in the EU, clearly identifiable and promoted to the potential target segments.
9.	Improve compliance with electronic payment (liability for unauthorised payment, removal of surcharges, customer authentication).	Assure the maximum consumer protection when using electronic payment on eCommerce platforms.
10.	Improve safe placing of on-line orders (governance of contracts by residence).	Assure the maximum level of consumer and trader contractual protection in case of contracts concluded on-line.
11.	Improve the time of cross-border parcel delivery (postal security requirements and standards for electronic advanced data, measures for quality of delivery services, interfaces between the e-merchant and logistic operators).	Allow processing of all cross-border data on parcels between the Eastern partner countries and the EU countries in standardised electronic format in advance.
12.	Improve Online Alternative Dispute Resolution mechanism (out-of-court resolution for domestic and cross-border) and transparency in case of security incidents (communication of incidents, complaints handling principles).	Assure the maximum level of consumer support in case of disputes and security incidents.

1.6 The next steps and considerations

The beneficiaries in the Eastern partner countries should use this report to consider implementing the recommendations.



- Recommendations in legal and standards areas include specific points for specific government authorities to use as an input to make necessary changes.
- Recommendations in ecosystem area should be considered by the relevant government and non-government ecosystem stakeholders, who should include the recommendations in national economy development plans for practical actions.

In addition, this report is considered by the European Commission for possible activation of the recommendations on bi-lateral and regional level.

The next step of the EU4Digital Facility is to launch a pilot to facilitate cross-border eCommerce. Recommendation #1 of this report – Establish a virtual warehouse as a re-usable database to list goods for sale in the EU and other Eastern Partnership countries – is confirmed to be a pilot solution, which will support countries to list products on the foreign marketplaces and complete cross-border eCommerce transactions. The pilot activity is scheduled to start in January 2021 and to be completed by April 2021. Updates on the activities are published on eufordigital.eu.

2 Introduction

This analysis report of harmonisation of eCommerce among the Eastern partner countries and with the EU is developed under the European Union's regional facility "EU4Digital Facility: bringing the benefits of the harmonised digital market to the Eastern Partnership countries", thematic area of eTrade, eCommerce activity. The aim of this activity is to harmonise cross-border eCommerce laws, standards and ecosystem among the Eastern partner countries (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine) and the EU, as well as piloting technical solution to support cross-border eCommerce.

Team: the report is developed by the team of experts from 10 countries.

The central team includes: Artūras Piliponis (EU4Digital Team Lead), Rūta Šalvytė-Tamošiūnienė (EU4Digital Deputy Team Lead, eTrade Stream Lead), Walter Trezek (Chairman of the Universal Postal Union Consultative Committee, Co-chair of e-logistics Working Committee of Ecommerce Europe), Vladimir Abramytchev (Team Lead in European External Action Service and multiple eCommerce studies funded by the European Commission), Jan Hyttel (Board member of GS1 and Transport Innovation Association in Lithuania), Volodymyr Kovalenko (EU4Digital eCommerce expert).

The local country teams: Armenia - Vahagn Marukhyan; Azerbaijan - Anar Jafarzade; Belarus - Natallia Harbuz; Georgia - Nino Esakia; Moldova - Alexandru Florea, Ionela Titirez; Ukraine - Oleksiy Shmuratko.

Acknowledgements: more than 50 stakeholders were involved across the Eastern partner countries to provide inputs for analysis of the state of play of eCommerce. These inputs covered more than 100 aspects in legal, standards and ecosystem areas covering the entire value chain of eCommerce – platforms, payments, order placement, parcel delivery, customer protection. The involved stakeholders included the Ministries, customs and taxes authorities, postal and logistics operators, marketplaces, business associations, local experts. The stakeholders participated in consultation sessions to provide feedback and shape the final set of recommendations to harmonise eCommerce. Involvement of a broad community of stakeholders makes the recommendations actionable and relevant for the beneficiaries in the Eastern partner countries.

2.1 Context

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 \$700 billion⁵ and an annual growth rate of 15% on average domestically and exceeding 25% for cross-border eCommerce⁶. The EU, being the second biggest in the world cross-border buyer of goods, established own eCommerce rules, processes, know-hows and ways for engagement of stakeholders. The EU member states expect that these rules are considered and followed by trading partners, including non-EU businesses. Otherwise, obstacles and barriers created by different rules in the EU and third countries complicate eCommerce transactions.

To eliminate existing obstacles and barriers for pan-European eCommerce for citizens and businesses requires the harmonisation of the digital environments among the Eastern partner countries and with the EU. This includes harmonisation of eCommerce ecosystem and approximation to relevant EU legislation and standards.

⁵ More at: <https://www.digitalcommerce360.com/2019/05/09/the-delivery-preferences-of-european-online-shoppers/>

⁶ More at: <https://op.europa.eu/en/publication-detail/-/publication/1c50224c-574e-11e9-a8ed-01aa75ed71a1/language-en>



2.2 Objectives

To ensure harmonisation, the objective of this report is to provide recommendations to harmonise eCommerce practices among the Eastern partner countries and the EU in three areas: ecosystem, legal framework and standards.

Ecosystem recommendations have objectives to:

- Eliminate the barriers for cross-border eCommerce;
- Boost cross-border eCommerce volume;
- Prepare countries for the upcoming EU and global changes introduced in 2021.

Legal framework and standards recommendations have an objective to address the key aspects that must be in place for cross-border eCommerce with the EU to work.

2.3 Scope

2.3.1 Framework of eCommerce

eCommerce is defined as sale of goods through electronic transactions carried out on computer networks. eCommerce comprises the preparation of orders for goods using electronic interfaces. An electronic interface should be understood as a device or programme, which allows two independent systems or the system and the end user to communicate. This is a broad concept and could encompass a website, portal, gateway, marketplace, or application program interface (API). Then, the orders are transmitted through computer networks. The methods of placing of the order such as by telephone calls, facsimile or manually typed e-mail are usually not considered as part of eCommerce. The payment and the ultimate delivery of the goods or services do not have to be conducted online.

eCommerce can operate through websites (which allow online ordering or booking, for example using a “shopping cart”), mobile applications operated on mobile telecommunications networks or through an exchange of electronic messages or EDI messages (electronic data interchange).

The study focuses on the Business to Consumer (B2C) type of electronic exchange, but does not exclude C2C, B2B and B2G exchanges. This focus is privileged as the volume of B2C transaction is increasing in the EU, which is strengthened amid COVID-19. In 2019, the number of EU enterprises using B2C transactions was higher than the number of EU enterprises using B2B and B2G combined⁷. As B2C eCommerce is facing updates that will shape the area for the next few years, this study aims to provide benefit to harmonise B2C area between the EU and the Eastern partner countries. Also, it is important to note that the topics covered in this study, such as cross-border parcel supply chain, interaction between parcel operators, logistics and the supporting areas of eCommerce legislation, are valid both for B2C and B2B.

The EU framework related to eCommerce and the best EU practices in the EU member states offer a comprehensive structure to conduct harmonisation of national legal framework among the Eastern partner countries and with the EU, both for goods and services. The EU baseline is historically more focused on online purchase of physical goods as it occupies a major part in eCommerce transactions. In this study, eCommerce is mainly considered as online purchase of goods and products in the form of merchandise. Many challenges in eCommerce are associated with cross-border delivery of commercial items, which explains the priority of the study on goods.

The study provides a holistic overview of the EU best practices and conducts a comprehensive assessment of the main aspects of eCommerce in the Eastern partner countries. However, it does not treat in detail some aspects, such as trust service, networks security, and cybercrime related to eCommerce, because they are considered within EU4Digital Trust & Security component as well as the other project under EU4Digital Initiative – “EU4Digital: Improving Cyber Resilience in the Eastern Partnership countries”.

2.3.2 Global perspective addressed

To harmonise eCommerce in the Eastern partner countries in line with the EU state of play, mainly the EU regulations, directives and processes 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

⁷ Eurostat, *Community survey on ICT usage and e-commerce in enterprises, 2019*

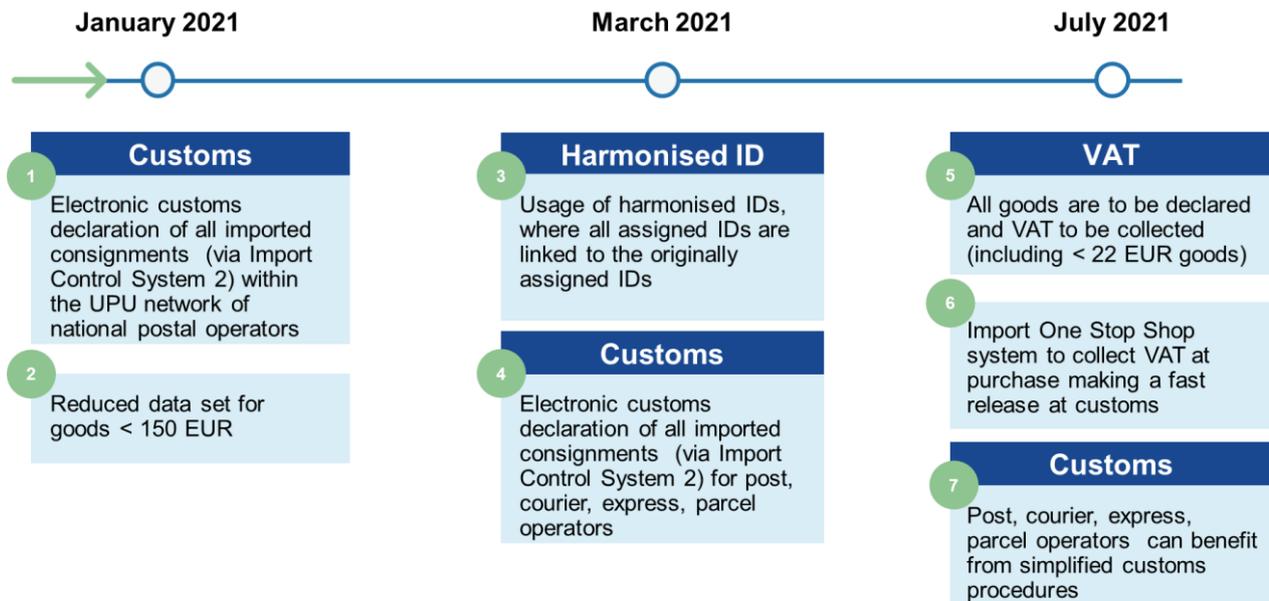


that enables cross-border delivery within eCommerce, the WCO global model for customs requirements). Such systems and procedures influence eCommerce legislation in the EU and the rest of the world.

2.3.3 The future state of play of eCommerce considered

The EU baseline being the basis for harmonisation mainly consists of the existing regulations, directives and processes. However, as the EU is in the process of major changes that impact eCommerce, the report is also focused on the upcoming legislation (i.e. 2021 eCommerce package) that is already defined and is to be implemented in 2021. The changes are presented in the figure below.

Figure 1. Overview of the 2021 changes in eCommerce area



It is crucial for the Eastern partner countries to align to these changes, which is reflected in the recommendations provided to the countries. Failing in doing so might lead to substantial challenges when trying to export goods into the EU, even block trade completely.

2.3.4 Cross-border aspects in focus

This report is focused on the aspects important for cross-border eCommerce harmonisation. This is critical as the EU is developing Digital Single Market⁸ and EU4Digital Facility is bringing the benefits of the harmonised digital market to the Eastern Partnership countries. Thus, the report focuses on the eCommerce areas that are the most critical to be harmonised for cross-border transactions. Harmonisation of these areas facilitates cross-border eCommerce transactions and reduce obstacles for seamless cross-border trade.

3 Methodology

3.1 EU practice of cross-border eCommerce

The Digital Single Market Strategy of the European Commission targets to break down online barriers by applying the four basic freedoms in the EC Treaty (goods, persons, services and capital) to allow people in the EU countries to benefit from full access to goods and services offered online. The Strategy treats the aspects of promoting cross-border access to products and online services, protecting online consumer rights and facilitating cross-border parcels delivery. Its main focus is on ending unjustified cross-border barriers to businesses in the EU.

The European Commission proposes several measures for ending unjustified cross-border barriers to eCommerce. They spread out from making it easier for European consumers to shop online, making safer to pay online, abolishing geo-blocking, facilitating parcel delivery. The measures have impact on online shopping

⁸ More at: <https://eufordigital.eu/discover-eu/eu-digital-single-market/>



activities of consumers that range from searching products and services on web sites, through buying online, paying, delivery, to providing customer support services.

The objective to eliminate existing obstacles and barriers for pan-European eCommerce for citizens and businesses require the harmonisation of the digital environments among the Eastern partner countries and with the EU. This includes the approximation to relevant EU legislation and standards, harmonisation of business processes and data formats, and alignment of eCommerce ecosystems to enable cross-border eCommerce.

3.2 Value chain of eCommerce

The study uses the concept of a value chain to describe eCommerce domain and the interaction between the eCommerce ecosystem of the EU member states and the Eastern partner countries. The proposed method supports that all required eCommerce aspects are included in the study.

3.2.1 Value chain approach

eCommerce value chain describes the players, information and activities involved in the supply, distribution, and post-sales activities of goods. The approach offers an insight about the flow of activities and processes involved in any type of eCommerce cross-border trade between businesses, consumers and public entities. It identifies the key commercial, logistical, regulatory and payment procedures applied in the eCommerce international supply chain.

The value chain defines areas and boundaries of the legal framework, standards and ecosystem related to eCommerce and provides a structure for describing the requirements for interoperable eCommerce exchange among the Eastern partner countries and with the EU.

The lifecycle of an online purchase can involve the consumer accessing a network, searching for an online trader, selecting the product he or she wants to purchase. The consumer enters information related to how he intends to purchase the product and then place the order. From here, the lifecycle continues from the viewpoint of the supplier who receives the order. The supplier locates the product, obtains the product from his inventory (a warehouse, distribution or fulfilment centre), processes payment, ships the order to the consumer and ultimately provides required customer support, such as handling of returns.

For the purpose of this study, the eCommerce value chain is broken down into six business processes: marketing, sales, payment, placing order, delivering parcel, and customer support. These business processes englobe the whole chain of required activities from marketing of a product online to providing customer services after the product is delivered to the customer.

These key business processes are both cross-functional and cross-area in nature. Three functional perspectives define the eCommerce value chain in this study: ecosystem, legislation and standards. The following Figure shows the business processes of eCommerce value chain.

Figure 2. Business processes of the eCommerce value chain



The eCommerce value chain comprises both physical flows of items and digital flows of data. Electronic exchange of information is necessary for operations such as tracking and tracing of items and payments.

- **Marketing.** eCommerce begins with marketing business processes that include different activities conducted by traders to promote and advertise products and services online.
- **Sales.** eCommerce websites and marketplaces sell non-digital, digital products and services. The consumer visits an online shop to search for an item. The eCommerce trader targets to organise the most effective customer journey through the storefront or marketplace in order to present in an optimal way products or services with the purpose to trigger a sale and placement of an online order by the consumer.
- **Payment.** After the consumer selects an item to purchase, the online shop sends a request to the customer to pay. Billing and payment comprise payment platforms used to process monetary transactions made by consumers on the online shop. Electronic payment services are provided by banks, payment processors, and online payment service providers.



- **Placing order.** After the customer pays, payment confirmation and checkout are triggered. Following checkout (submission of online order), payment placement is conducted, which in turn leads to an order. Once a customer has placed an order, the trader provides an order confirmation to the consumer. It contains contractual, order information and estimated shipping dates.
- **Parcel delivery.** The next stage in the eCommerce value chain is transporting the item to the consumer's final delivery destination. Successful delivery is confirmed when the consumer receives the parcel. It triggers the customer's confirmation of receipt.
- **Customer service.** Customer service consists of provision of support to customers before (orientation), during (selection of item, purchase) and after purchase (after sale and post-delivery customer support). It can be personal as well as automated. eCommerce trader offers the flexibility and scope to the consumers to return an item in case it's faulty or not of their choice. This makes the traders to support a reverse supply chain of getting it back from the consumer to their warehouse.

3.3 Approach of assessment in the Eastern partner countries

Three functional perspectives are used in this study to define the EU baseline and to assess eCommerce state of play in the Eastern partner countries: ecosystem, legislation and standards. The value chain guides the assessment through questionnaires of three perspectives of eCommerce in the Eastern partner countries. It facilitates the gathering of recommendations on harmonisation of certain areas to facilitate trade with the EU.

eCommerce ecosystem. The eCommerce value chain is operated by multiple players that interact through a complex network or interconnected system. All together they form an eCommerce ecosystem. It can be defined as a network of interconnected players and functions that comprise the full cycle of the buying and selling of goods and services electronically.

Legislation. The eCommerce ecosystem players interact through a series of activities, and their relationships may be either competition or cooperation. The overarching EU legal framework and the legislation of each EU member state defines the legal rules of interaction between the eCommerce ecosystem players in the European market.

Standards. A set of standards related to eCommerce provide guidelines and characteristics for activities or their results, for common and repeated use. Standards provide individuals, businesses and organisations involved in eCommerce value chain with a common basis for mutual understanding. The EU standards mainly relate to products, services or systems.

3.3.1 eCommerce ecosystem

eCommerce ecosystem is formed by multiple players that interact along the eCommerce value chain. It is a network of interconnected players and functions that cover the full cycle of the buying and selling of goods and services electronically. The following table presents the ecosystem perspective of eCommerce. It shows the main areas of the ecosystem that are associated to each business process of the eCommerce value chain. Several areas are applicable to all business processes (the second row in the table). Other areas are applicable to particular business processes. The table highlights the aspects of eCommerce ecosystem that are critical for the cross-border electronic commerce activities between the EU member states and the Eastern partner countries.

Table 3: Ecosystem perspective of the eCommerce value chain

Marketing	Sales	Payment	Placing order	Delivering parcel	Customer service
Process of cross-border parcel supply chain and stakeholders involved Security and trust through: <ul style="list-style-type: none"> • Globally recognised barcodes • Advanced payment security providers • Clear return processes for purchased goods • The EU eCommerce trust marks • Goods control and surveillance by public regulatory bodies • Alternative and online dispute resolution • Review platforms for businesses and goods • Insurance of transported goods 					



Marketing	Sales	Payment	Placing order	Delivering parcel	Customer service
Global, continental and local eCommerce platforms operating in the EU Rating of products	Common solutions to create platforms and integrate with other stakeholders of the ecosystem Social media as a marketplace for influencers	Electronic payments ecosystem: <ul style="list-style-type: none"> Common in the EU payment methods Payment gateways and service providers Payment of cross-border taxes and stakeholders involved at every stage		Role of the UPU in parcels delivery rules Common goods delivery methods and fulfilment operations Delivery to remote and rural areas Goods tracking and identification via global IDs Customs clearance process and changes in 2021 De-minimis in the EU and changes in 2021	Return process of damaged or wrong goods

The indicated areas summarise the EU eCommerce ecosystem [baseline](#). It examines the current state of the key areas of eCommerce ecosystem setup in the European Union / EEA market and take into account the systems and procedures developed by global cooperation with the international organisations such as the Universal Postal Union and the World Customs Organisation.

3.3.2 Legislation

The establishment of adequate legal framework can facilitate the take-up of cross-border eCommerce regionally and also between the EU member states and the Eastern partner countries by reducing uncertainties, enhancing trust and addressing potential harms.

The following table presents the legislative perspective of eCommerce. It indicates the main legal areas that are associated to each business process of the eCommerce value chain. The priority areas highlight the best practices of the EU legal framework in eCommerce. Several areas are applicable to all business processes (the second horizontal row in the table). Other legal areas are proper to particular business processes. The focus is on the legislative and regulatory aspects that are critical for the cross-border electronic commerce activities between the EU member states and the Eastern partner countries.

Table 4: Legislation perspective of the eCommerce value chain

Marketing	Sales	Payment	Placing order	Parcel delivery	Customer service
Net neutrality Consumer protection, consumer rights Redress and litigation, public enforcement Injunctions The Universal Postal Union regulations: items, data models Data protection Security of networks and information systems					
Unfair commercial practices Price indication Online marketplaces	Consumer sales and guarantees Product safety rules Rules for protection of intellectual	Electronic payments Limit of payment fees	Unfair contract terms Electronic contracts Prohibitions and restrictions of import of goods	Parcel delivery customs formalities: excise goods, fees for customs procedures Fiscal aspects of parcel delivery:	Consumer alternative dispute resolution Consumer online dispute resolution



Marketing	Sales	Payment	Placing order	Parcel delivery	Customer service
	property and enforcement Online pharmacies Trademarks and designs			duties, VAT, excise duties Transparency of tariffs for cross-border parcel delivery Postal security measures for cargo and mail Import electronic advance data	

The indicated areas are presented in the EU legal [baseline](#). It examines the current state of a number of key areas of law and regulation for eCommerce in the European Union and takes into account the recommendations of the international organisations such as the Universal Postal Union and the World Customs Organisation.

3.3.3 Standards

European Standards are a key component of the European Single Market. Although rather technical, they represent one of the most important issues for the interoperability between businesses and public organisations. They are crucial in facilitating cross-border trade and hence have high visibility among manufacturers and suppliers of goods inside and outside Europe. Standards provide consumers, businesses, public administrations and regulatory organisations with a common basis for mutual understanding and represent the state of the art of business conduct.

The following table indicate the standards important for cross-border eCommerce. It codifies the best EU practice based on the standards of the Universal Postal Union, the United Nations and the World Customs Organisation. Several standards are applicable across all business processes of eCommerce value chain (the second horizontal row). Other standards are applicable to particular business processes. The indicated standards highlight the aspects that are the most critical for the cross-border electronic commerce activities between the EU member states and the Eastern partner countries.

Table 5: Standards perspective of the eCommerce value chain

Marketing	Sales	Payment	Placing order	Delivering parcel	Customer service
Stakeholder and Information exchanges based on WCO/UPU messaging model					
Physical process and associated data					
Information exchanges based on UN/EDIFACT syntax					
Electronic advanced data exchange on item level					
UPU electronic exchange standards					
UPU technical standards					
Information available on postal services	Distance to access point of postal services		Interfaces for cross-border parcels	Quality of postal services	Complaints handling principles for postal services
International postal address component	Open global networks and systems for postal operators		Electronic Data Interchange between postal handling organisations	Interoperability in postal operations	Damage to postal items
Data definition and encoding – Identification of postal items	Packaging for boxable items		Electronic communication of item information	Measurement of the transit time of end-to-end services	Re-forwarding
Identification & codification of postal consignment	Product safety		Item level tracking information	Method for measurement of parcel transit time	Measurement of loss and substantial delay in priority and first-class single piece mail



Marketing	Sales	Payment	Placing order	Delivering parcel	Customer service
EU eCommerce websites trust marks CE marking			Item messages with Customs Consignment messages with carrier Messages between postal operators	for cross-border parcels Apertures of private letter boxes and letter plates Parcel boxes for end use Digital opening and closing systems for parcel receptacles Requirements for electronic advanced data in postal operations	

The indicated standards are described in the EU [baseline](#). Each of the standards represent a model specification or a technical solution against which the actors of eCommerce ecosystem trade across-borders. The baseline examines the status of standards related to eCommerce in the European Union and aligned to the recommendations of the international organisations such as the European Committee for Standardisation (CEN) and the UPU.

3.3.4 Data collection

Data collection in the Eastern partner countries was conducted by local research teams. A detailed methodology for assessment of each of three areas using structured questionnaires facilitated interviews and data collection. Each question corresponds to an evaluation criterion in [the EU legal baseline](#) for eCommerce. The questions are grouped into several thematic categories, as presented in the following table.

Table 6: Thematic categories of three questionnaires used in the data collection

Legal	Standards	Ecosystem
Consumer protection Parcel delivery Universal Postal Union Security of networks and information systems Geo-blocking Data protection Electronic contracts Electronic payments Platforms	Quality of services Interoperability Digital Postal Services Physical process and associated data Stakeholders and Information Exchanges based on UN/EDIFACT Stakeholder and Information Exchanges based on the EU customs model UPU electronic exchange standards UPU technical standards EU eCommerce websites trust marks eCommerce and product safety Terms and Definitions	eCommerce platforms Payments Taxation Logistics and supply chain The process of cross-border sale in the EU

3.3.5 Gaps analysis

Gaps analysis was focused on identifying differences in laws, standards and practices related to eCommerce between the Eastern partner countries and with the EU. EU4Digital Facility developed gap analysis of



eCommerce state of play in each country after comparing it to [the EU baseline](#). The gap analysis covers three areas – legislation, standards and eCommerce ecosystem.

Gap analysis report for the three areas follows the same approach. First, a particular aspect of the state of play in the EU is indicated. Next to it, the state of play of this aspect in an Eastern partner country is summarised. In conclusion, gaps comparing to the EU state of play and analysis of the challenges for cross-border eCommerce are presented. In addition to the identified gaps, the EU4Digital Facility experts provide justification for recommendations to harmonise cross-border eCommerce in each Eastern partner country with the EU.

eCommerce stakeholders of the Eastern partner countries, both from the public and private sectors, were involved to assess the state of play by providing input to the local research teams, to review the collected data and to give feedback on the identified gaps.

3.3.6 Recommendations

The identified gaps have different degree of impact on the cross-border eCommerce between the country and the EU. Some gaps are important to address in order to boost eCommerce flows between the regions. Other gaps serve to improve the conditions of eCommerce nationally and cross-border. Based on the identified gaps, the EU4Digital Facility developed recommendations.

eCommerce ecosystem recommendations have objectives to:

- Eliminate the barriers for cross-border eCommerce;
- Boost cross-border eCommerce volume;
- Prepare countries for the upcoming EU and global changes introduced in 2021.

Legal framework and standards recommendations have an objective to address the key aspects that must be in place for cross-border eCommerce with the EU to work.

The recommendations for each of the Eastern partner country include specific actions to be considered on a national level. The recommendations are designed to provide practical and actionable inputs for the relevant government and non-government stakeholders to make necessary changes and include in national economy development plans.

In this document, the recommendations are presented starting from the overall eCommerce ecosystem aimed to boost eCommerce transactions volume and following with recommendations in legal and standards areas, which are supportive measures to reach the goal.



4 Gap analysis report for the Republic of Armenia

eCommerce stakeholders of Armenia were involved to assess the state of play and provided input for the local research teams, including:

- Ministry of High-Tech Industry;
- State Revenue Committee;
- Haypost;
- Byblos Bank Armenia;
- Representatives of private parcel delivery operators.

Gaps are presented in three areas: eCommerce ecosystem, legislation framework and standards.

4.1 Gap analysis in eCommerce ecosystem area

The table below provides an overview of the identified gaps in ecosystem area in Armenia comparing to the state of play in the EU. The conclusions are provided next to gaps as:

- 'Similar practices as in the EU' if the ecosystem area functions in a way that is similar to the EU or
- 'Different practices than in the EU' if the ecosystem area functions in a way that is different from the EU.

The table follows the structure of eCommerce ecosystem as presented in the EU baseline and covers the following areas:

- eCommerce platforms
- Payments
- Taxation
- Logistics and supply chain

The table is summarised in the section 4.4. *Summary of gap analysis.*

Gaps
Challenges

Table 7: Armenia: ecosystem gaps comparing to the EU eCommerce baseline

No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
eCommerce platforms			
	There is a variety of the major global eCommerce platforms providing services in the	Availability of the global marketplaces:	Similar practices as in the EU. The global eCommerce ecosystem players, such as



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
	<p>EU market, which enables cross-border eCommerce in the EU. Using one of these platforms brings benefits to enter the market quickly and with relatively low costs.</p> <p>Key aspects to consider for the Eastern partner countries:</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Global marketplaces that are selling in the EU are available in Armenia for both customers and businesses. • Customers use parcel forwarding services to get parcels delivered from the global marketplaces. • Businesses use local and international parcel delivery operators to deliver parcels to customers. 	<p>marketplaces, are not directly available in Armenia given the market size. It is not likely that the global marketplaces will enter Armenia (similarly as in some of the EU countries).</p> <p>Global logistics players (such as DHL, FedEx, UPS, DPD) entered the market to enable availability of the global marketplaces, but it's challenging for them to maintain high volumes, which influences high rates for parcel delivery.</p> <p>As a result, businesses and customers leverage workarounds to make the global marketplaces available, such as parcel forwarding services.</p>
2.		<p>Usage of the global marketplaces:</p> <ul style="list-style-type: none"> • For businesses it is not common to use global marketplaces to sell cross-border. Challenges: higher costs of logistics and long delivery comparing to domestic delivery. • For customers it is common to use global marketplaces to benefit from low prices and variety. Parcel forwarding services are used to get parcels delivered from the global marketplaces. 	<p>Different practices than in the EU. Considering the limited availability/presence of the global marketplaces in Armenia, their usage is limited.</p> <p>Businesses face challenges to deliver items to the EU due to higher logistics costs and longer delivery comparing to domestic transactions.</p> <p>Customers in Armenia are buying through the global marketplaces operating in the EU, however, they use parcel forwarding services of which customers have to be aware and ready to pay extra and wait longer.</p>
3.	<p>In the EU, eCommerce marketplaces play an important role in cross-border sales as they allow SMEs to expand globally at reasonable cost. Such platforms provide support in payments, logistics,</p>	<p>Local marketplaces selling cross-border:</p> <p>No information provided.</p>	<p>No information provided.</p>



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
	<p>localisation and other key areas of cross-border eCommerce.</p> <p>Key aspects to consider for the Eastern partner countries: depending on audience, it may be the most effective to engage with buyers on local platforms.</p>		
4.	<p>Continental 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.</p> <p>Key aspect to consider for 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.</p>	<p>Localisation and personalisation of local marketplaces:</p> <p>For businesses it is common to offer services in three languages Armenian, English and Russian. However, the local currency is typically used to pay for goods.</p>	<p>Different practices than in the EU. For a seamless eCommerce transaction between the EU and Armenia, it is important to indicate prices at least in EUR currency. It is not common for marketplaces in Armenia to localise and personalise prices for the EU buyers by offering EUR currency.</p>
Payments			
5.	<p>Following payment methods are typically offered to the EU customers: Visa/Mastercard, Digital wallets, Domestic bank credit / debit card, Bank transfer, Invoice, Cash-on-delivery, iDeal.</p> <p>Key aspects to consider for the 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.</p>	<p>Payment methods usage:</p> <ul style="list-style-type: none"> Accepted payment methods (from the most to the least common): cash-on-delivery, Visa/Mastercard, domestic credit/debit card, bank transfers, digital wallets. Most of the Armenian e-commerce platforms accept payments by Visa/Mastercard. Some eCommerce platforms (such as sas.am) accept PayPal. 	<p>Different practices than in the EU. Although some of the most common payment methods in Armenia are aligned with the EU, consumer prefer cash-on-delivery payment method for eCommerce transactions. This is not supported by most of the global marketplaces.</p> <p>In Armenia, although some eCommerce platforms use global solutions, it is still not common for marketplaces to use global payment gateways to process payments. This makes the payments more challenging, as consumers cannot see the</p>



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
6.	<p>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. That is why, consumers expect to see payment gateways when shopping cross-border, such as⁹: Amazon payments, WePay, PayPal payments standard, Authorize.net, 2Checkout, Stripe, eWay, Payment Express.</p> <p>Key aspects to consider for the Eastern partner countries: Consider implementing the most common and trusted payment gateways that are available on the EU eCommerce marketplaces.</p>	<p>Payment gateways usage:</p> <ul style="list-style-type: none"> Marketplaces do not commonly use global payments gateways that are used in the EU to process payments. The Ministry of High-Tech Industry is discussing with some of the global payments gateway services to enter and operate in Armenia. After several months of negotiations and discussions in September 2020, Skrill online payment system has been launched in Armenia with full functionality. From now on, individuals and legal entities have the opportunity to receive and transfer money through Visa cards registered in Armenia, as well as cashing in banks or ATMs via Visa card just by registering on Skrill.com or the app. The operation of this system in Armenia will create new opportunities for the individuals and companies providing online services, as well as the contribution for the development of online trading enterprises. 	<p>common and trusted services in the EU during the checkout.</p>
Taxation			
7.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p> <p>For businesses selecting Import One Stop Shop¹⁰ (hereafter, IOSS) facility, especially for non-EU businesses, it is important to note that the IOSS representative for the remote seller has to register only in one Member State within the EU - the Member State of Identification (MSI). So, businesses must have an IOSS representative in</p>	<p>Awareness of eCommerce package – IOSS:</p> <p>No information provided.</p>	<p>No information provided.</p>

⁹ <https://www.i2store.org/i2store-payment-gateways2/germany.html>

¹⁰ https://ec.europa.eu/taxation_customs/business/vat/modernising-vat-cross-border-e-commerce_en. IOSS is the system to declare and pay VAT on business-to-consumer (B2C) distance sales of consignments of an intrinsic value of maximum EUR 150.



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
	<p>the EU / EEA with a contract with the seller, acting as its fiscal representative¹¹.</p> <p>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.</p> <p>Key aspects to consider for the Eastern partner countries:</p> <ul style="list-style-type: none"> • 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. 		
Logistics and supply chain			
8.	<p>The most common delivery method in the EU is the post. About 75% of all commercial postal items (EU definition: parcels) sent across borders are enabled through the UPU.</p>	<p>Post delivery:</p> <ul style="list-style-type: none"> • The most common method of parcel delivery is through the post. • The most common stakeholders are the national postal operator` Haypost, and the local private parcel delivery operators - Globbing, Onex. • For cross-border delivery, the national postal operator is using four hubs (offices of exchange). 	<p>Similar practices as in the EU. Armenia allows the key global logistics operators to the market. However, given the market size, these stakeholders don't have high maturity logistics networks as it's challenging to maintain high eCommerce volumes. The rates of the international parcel delivery operators are high comparing to the EU preventing them to use parcel delivery services for cross-</p>

¹¹ Explanatory notes on VAT eCommerce rules: https://ec.europa.eu/taxation_customs/sites/taxation/files/vatecommerceexplanatory_notes_30092020.pdf



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
9.	<p>eCommerce retailers manage their logistics by working with international logistics companies such as DHL, DPD, UPS and FedEx.</p> <p>Key aspects to consider for the Eastern partner countries: Increase awareness of possible fulfilment models that retailers must consider. Depending on volume of sales, consider one of the fulfilment models:</p> <ul style="list-style-type: none"> • Ship purchased goods from the third countries. • Cooperate with logistics business in the EU (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. 	<p>Availability of international logistics operators:</p> <ul style="list-style-type: none"> • Key international parcel delivery services available for businesses and consumers: DHL, FedEx, UPS, DPD. • However, local services such as Globbing and Onex are more affordable and preferable by businesses and consumers. 	<p>border eCommerce. For this reason, local parcel delivery operators and the designated operator are the most common.</p>
10.	<p>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 needs.</p> <p>Key aspects to consider for the Eastern partner countries: Same as in question No 9.</p>	<p>Parcel delivery network:</p> <p>Using from three to five carriers is common to deliver cross-border parcels.</p>	<p>Similar practices as in the EU. Although international service delivery operators are available in the market and are expected to participate in the eCommerce ecosystem, they are not fully participating in the parcel delivery network due to high rates comparing to local parcel delivery operators.</p>



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
11.	<p>The most popular delivery locations are the following: Home, Post office (outlet of the national universal service provider), Work, Parcel shop (local or international service providers such as DHL), Retailer store, Parcel locker station (as an example of unattended delivery).</p> <p>Key aspects to consider for the Eastern partner countries: Same as in question No 9.</p>	<p>Delivery locations:</p> <ul style="list-style-type: none"> The most common delivery locations are home, work, parcel shops, post office and parcel locker stations. No challenges identified. 	<p>Similar practices as in the EU.</p>
12.	<p>In most cases, the EU retailers may deliver purchased goods, when required (for a surcharge) during the same day within cities. In other cases, an additional day may be agreed with the customer.</p> <p>Key aspects to consider for the Eastern partner countries: Enable the same or next-day delivery to get purchased goods to buyers.</p>	<p>Delivery time:</p> <ul style="list-style-type: none"> Same day delivery is common ranging from several hours to one day. Delivery dates are communicated with the customers. 	<p>Similar practices as in the EU.</p>
13.	<p>High quality service with relatively short delivery time to large, mid-sized and small cities. The major retailers deployed their own warehousing and delivery processing facilities to fulfil growing eCommerce needs for high quality delivery to remote areas. Delivery to remote areas is dependent on the road availability.</p> <p>Key aspects to consider for the Eastern partner countries:</p> <ul style="list-style-type: none"> Ensure availability of infrastructure to a pick-up point selected by a consumer. Otherwise, delivery operators may drop shipments in the nearest drop locations. For optimised delivery, it is important to ensure a sufficient infrastructure. 	<p>Delivery to remote areas:</p> <p>Not enough information provided.</p>	<p>Not enough information provided.</p>



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
14.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p> <p>One of the aims of the 2021 modernisation is to eliminate traditional or physical documentation. All logistics businesses will need to adjust and use the IT system – Import control system 2 – to exchange pre-arrival information about goods.</p> <p>Key aspects to consider for the Eastern partner countries:</p> <ul style="list-style-type: none"> • 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 goods¹². 	<p>Awareness of eCommerce package - electronic declarations only:</p> <p>The key eCommerce stakeholders lack awareness about the upcoming EU changes regarding mandatory electronic declarations.</p>	<p>No awareness as of summer 2020. The key eCommerce stakeholders lack awareness about the upcoming EU changes regarding mandatory electronic declarations. As the result, they cannot start preparatory actions, which includes adjustments to the systems and business processes.</p> <p>Adjusting to these 2021 changes of the EU is important for Armenia to speed up cross-border delivery, which is identified as one of the challenges. Also, it may benefit private parcel delivery services in terms of the cross-border transportation.</p>
15.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p> <p>One of the aims of the 2021 modernisation is to transport goods using a simplified dataset to be shared with customs authorities, prior to crossing the border into The EU /EEA for low value consignments. It can be used by all stakeholders¹³.</p> <p>Key aspects to consider for the Eastern partner countries: increase awareness and communicate that parcel delivery services and tax / customs</p>	<p>Awareness of eCommerce package - simplified customs procedures:</p> <p>No information provided.</p>	<p>No information provided.</p>

¹² Explanatory notes on electronic advanced data: <https://standards.iteh.ai/catalog/standards/cen/0428799b-5273-45f8-8629-17da8e92f54f/fprcen-tr-17536>

¹³ Explanatory notes on simplified customs procedures: <https://standards.iteh.ai/catalog/standards/cen/0428799b-5273-45f8-8629-17da8e92f54f/fprcen-tr-17536>



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
	authorities can benefit from simplified customs procedures, where reduced data set can be used to declare goods to customs in the EU.		
16.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p> <p>In July 2021, de-minimis will be cancelled and VAT will apply to all purchased goods. The eCommerce stakeholders may expect that imports may become more expensive as VAT will apply to all goods – without exceptions. It may increase burden on national customs authorities having to process additional number of goods¹⁴.</p> <p>Key aspects to consider for the Eastern partner countries: Introduce awareness campaign to communicate that as de-minimis are cancelled there is impact on cross-border parcel delivery, such as:</p> <ul style="list-style-type: none"> • Businesses should consider leveraging local EU fulfilment services to optimise delivery processes by importing larger transportation pallets, rather than individual parcels falling under de-minimis rules. • Burden on national customs authorities may increase having to process additional number of goods. 	<p>Awareness of eCommerce package - no exceptions to pay VAT:</p> <p>The key eCommerce stakeholders lack awareness about the upcoming EU changes regarding eliminated exceptions to pay VAT.</p>	<p>No awareness as of summer 2020. The key eCommerce stakeholders lack awareness about the upcoming EU changes regarding removed exceptions to pay VAT in 2021.</p> <p>Unawareness of the changes create a risk for stakeholders that they are not ready for more expensive transactions, additional burden to declare all items at customs. Adjustment to the changes is necessary not to block eCommerce with the EU completely.</p>
17.	<p>Requirements for returns include preservation of the original product (or control of usage) and compliance with deadlines. Consumers do not have to provide reasons for return. Not all logistics companies manage cross-border returns, thus, in addition to the biggest parcel delivery operators that can do it, specialised returns software</p>	<p>Return delivery:</p> <ul style="list-style-type: none"> • Buyer can return purchased goods in 14 days after the purchase. • No reasons have to be provided within 14 days. 	<p>Similar practices as in the EU. Return of goods is one of the key factors that build trust for consumers. To enable cross-border eCommerce it is important for Armenia to fully align the return procedures.</p>

¹⁴ Explanatory notes on VAT eCommerce rules: https://ec.europa.eu/taxation_customs/sites/taxation/files/vatecommerceexplanatory_notes_30092020.pdf



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
	<p>providers and companies exist. Pick-up drop-off (PUDO) points is a common way to send back purchased goods to retailers.</p> <p>Key aspects to consider for the Eastern partner countries: Introduce awareness campaign to communicate to consumers, businesses and parcel delivery services the key requirements of the return procedure:</p> <ul style="list-style-type: none"> • Original product has to be preserved. Businesses can verify if goods have been used and reject the return. • Customers have 14 days to decide to return purchased goods without providing any reason. • Parcel delivery operators should consider installing unattended delivery options to enable customers to drop goods. • Retailers must provide reimbursement as soon as evidences received. • The biggest logistics operators 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. 	<ul style="list-style-type: none"> • Return is possible if the original product is preserved. • Not enough information provided about the involved stakeholders in the return processes. 	<p>In the ecosystem of Armenia, no return specialised operators (e.g. specialised software, parcel operators specialised on returns) are observed.</p> <p>Also, involving other stakeholders (e.g. unattended delivery services) in the return process will improve it.</p>
18.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p>	<p>Awareness of eCommerce package - cross-border parcel supply chain:</p> <ul style="list-style-type: none"> • All eCommerce stakeholders assign IDs that allow to track purchased goods on item level. • The exchange of information in advance (including Preloading advance cargo information (PLACI), i.e. before 	<p>Different practices than in the EU. Currently, harmonised ID, advanced electronic data and item level information exchange on parcels are not commonly used by <u>all</u> the key and involved stakeholders in Armenia.</p>



No	State of play in the EU	State of play in Armenia	Gaps comparing to the EU baseline / Challenges
	<p>The newly introduced process in 2021 for cross-border parcel supply:</p> <ul style="list-style-type: none"> • 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; • Is performed on item level¹⁵; • Is enabled by the global ID (which is explained in detail in the following section); • Will be fully implemented in 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. 	<p>purchased goods are transported) between the eCommerce stakeholders is not used.</p> <ul style="list-style-type: none"> • Majority of eCommerce stakeholders use harmonised ID, where all assigned IDs are linked to the originally assigned IDs by seller. 	

4.2 Gap analysis in legal area

The table in this section provides an overview of the identified gaps in legislation area in Armenia comparing to the state of play in the EU. The table follows the structure of eCommerce legal framework as presented in the [EU baseline](#) and covers the following areas:

- Consumer protection
- Parcel delivery
- Security of networks and information systems
- Geo-blocking
- Data protection
- Electronic contracts
- Electronic payments
- Platforms

¹⁵ Explanatory notes on item-level tracking rules: <https://standards.iteh.ai/catalog/standards/cen/29395c55-0c81-4a45-8358-059647b5cca7/cen-tr-17535-2020>



The table is summarised in the section 4.4. *Summary of gap analysis*.

4.2.1 Country profile

National legislation agenda in relation to eCommerce

The Republic of Armenia (hereafter in the legislation area, RA) essentially lacks eCommerce-related regulations within its current legislation. As such, changes have been made and are still ongoing in the fields of paying taxes, trading across borders, starting a business, enforcing contracts, etc. Also, a legal package on specific eCommerce regulations and legislation (includes amendments and addenda to Civil Code, Law on Trade and Services, Law on Consumer Rights Protection) was developed according to the EU practices. It was approved and adopted on 17 June 2016 by the Parliament of RA.

The RA Government's Five-Year Action Program 2019-2023¹⁶ (Program) envisages adoption of the RA Law on Electronic commerce. As stated in Annex 2 of the Program, the lack of legislative regulations in the field of electronic commerce creates obstacles to its development in Armenia. The expected outcome of elaborating the law is the improvement in electronic commerce implementation mechanism and the provision of legal regulation.

On June 10, 2020 the RA State Revenue Committee announced that it intends to come up with a legislative initiative in order to introduce taxation regulations of online trade services in accordance with the best international practice. The purpose of such tax reform is to create a favourable environment for the world leaders of e-services to self-declare and pay the value added tax to the country's budget for the services provided to the Armenian consumers¹⁷.

Furthermore, Armenia's membership in the World Intellectual Property Organization (WIPO) since 1993 and the Eurasian Patent Office (EAPO) since 1995, has established additional steps to develop electronic commerce regulations on the national level.

Armenia is in the process of harmonizing competition legislation to international standards. The state body SCPEC is trying to protect and promote economic competition and prevent any anti-competitive practices.

Armenia is WTO member and has GSP+ regime with the EU.

As for transport communications, Armenia has a good road network, though, aviation is regulated with significant deficiencies.

Status of the approximation to the EU legal framework

The Comprehensive and Enhanced Partnership Agreement (CEPA) signed on November 24, 2017 and establishing the legal basis for the new format of the EU-Armenia relations is an important instrument of further harmonisation of Armenian legal system, irrespective of Armenia's membership in the Russian-led Eurasian Economic Union (EAEU) since September 2013.

In the framework of CEPA, Article 81 related to the consumer protection states that the parties "shall cooperate in order to ensure a high level of consumer protection and to achieve compatibility between their systems of consumer protection". Likewise, following the signing of CEPA, High Representative/Vice-President Federica Mogherini remarked that it is expected that this new Agreement "will strengthen [EU-Armenia] cooperation in many different fields such as energy, transport and environment, and lead to increased mobility" and will "lead to an improved business environment and to new opportunities in trade and investments". Furthermore, as far as customs cooperation is concerned, Article 123 of CEPA states that "The Parties shall strengthen cooperation in the area of customs in order to facilitate trade, ensure a transparent trade environment, enhance supply chain security, promote safety of consumers, prevent flows of goods infringing intellectual property rights and fight smuggling and fraud". Further, Chapter 10 of CEPA regulates matters relating to competition. As a general enunciation of the approximation route – Article 286 stipulates that "The Parties recognise the importance of free and undistorted competition in their trade

¹⁶ [The RA Prime Minister's Decree N 650-L, dated May 16, 2019](#), on Approving the RA Government's 2019-2023 Action Program.

¹⁷ <https://armtimes.com/hy/article/190115>; <https://www.panorama.am/en/news/2020/06/10/State-Revenue-Committee/2307421>.



and investment relations. The Parties acknowledge that anti-competitive business practices and State interventions have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalisation”.

Furthermore, as far as electronic communications and electronic data exchange between EU and Armenia are concerned, it is to be noted that in the framework of CEPA, Article 152 related to the cross-border supply of services. In particular, “with a view to progressively liberalising the cross-border supply of services between the Parties, the Partnership Committee, meeting in trade configuration, shall regularly review the list of commitments referred to in Articles 149 to 151 (market access commitments). That review shall take into account, inter alia, the process of gradual approximation, referred to in Articles 169, 180 and 192 of CEPA, and its impact on the elimination of remaining obstacles to the cross-border supply of services between the Parties”. The listed articles regulate the approximation to the EU acquis related to postal services, electronic communication networks and transport services respectively.

Identified challenges of the country in eCommerce legal field

Because of the expanded use of the Internet, credit cards and online banking, eCommerce is nowadays a developing domain in Armenia. However, there are several intricacies pertaining to this field both from legal and policy perspectives.

- The main factor hampering the development of eCommerce in Armenia is the **impossibility of direct acceptance of internet-payments from abroad** through internal solutions and the inadequate level of legal regulation of the sphere.
- **Despite the existence of laws** on the circulation of electronic documents, electronic signatures, electronic invoicing and electronic purchases, and despite the fact that the government is currently in the process of reviewing the Civil Code to regulate eCommerce more in detail, including in relation to consumer protection issues, eCommerce, nevertheless, **has not yet penetrated deep into the customer market** because of little disposable income and the unregulated (or shadow) economy. Many people continue to prefer cash payments, and, in many locations, postal services are not robust enough.
- Armenia, being a member of the World Intellectual Property Organization (WIPO) since 1993 and the Eurasian Patent Office (EAPO) since 1995, nevertheless, struggles in the area, since the **weak enforcement of intellectual property rights (IPR)** in the country can create impediments for the further development of the eCommerce .
- To exploit the opportunities and meet the challenges offered by eCommerce, Armenia **needs a competitive and innovative business environment**. At this, CEPA’s approximation mechanisms are rather promising and are significantly more elaborated, diverse and framed in the provisions of binding nature.
- As far as taxation is concerned, it should be noted that eCommerce poses a number of **challenges for tax policy and administration**. There is a need to update the tax regime, so it is relevant to a world of electronic as well as physical markets. In the case of indirect taxes, such as VAT, this means having internationally agreed rules about, for example, the place of taxation of products delivered electronically. In the case of direct taxes, it means having internationally agreed rules defining, for example, the tax jurisdiction of such services delivered online. Also, there is a need to design a tax regime for eCommerce that minimises losses of tax revenues whether because transactions are more difficult to trace, particularly where the goods or service are delivered as well as ordered electronically, or because it is difficult to determine the country in which income or profit has been earned and thus to assess which country should get the tax.
- EAEU regulations may also become an impediment to eCommerce development, **lowering the value of goods customers can import** from internet retailers on a duty-free basis.

Overall challenges that Armenia faces in the area of eCommerce may be summarised to three dimensions: payment system integration; respective gaps in the tax regulations; and, gaps in the customs regulations.



4.2.2 Analysis of legislation

Consumer protection

The legislation of Armenia does not envisage special regulations related to consumer protection in the field of eCommerce. However, general provisions regarding consumer protection are contained in the following legal acts:

- The RA Civil Code (dated May 5, 1998);
- The RA Law “On Protection of Rights of Consumers” (dated June 26, 2001);
- The RA law on “Food Safety” (dated June 21, 2014);
- The RA Law “On Trade and Services” (dated November 24, 2004);
- The RA Law “On Advertising” (dated April 30, 1996);
- The RA Law “On Licensing” (dated May 30, 2001);
- The RA Law “On Protection of Economic Competition” (dated November 6, 2000);
- The RA Law “On Standardization” (dated February 8, 2012);
- Regulatory legal acts adopted on the basis of some of the aforementioned laws and for the purpose of ensuring their implementation e.g. Prime Minister’s Decree No. 1923-N “On establishing the procedure for informing the consumers about the content of separate types of goods (works, services) and providing information on mandatory requirements” dated 7 November 2002.

Table 8: Armenia: legislation gaps comparing to the EU eCommerce baseline – consumer protection

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
Contractual obligations				
1.	Consumer contracts, Regulation (EC) No 593/2008, Article 6(1)	The RA Civil Code adopted on 5 May 1998, Article 1285, parts 1-3	In a purchase and sales contract, the contract shall be covered by the law of the state where the seller was founded, has its residence or main place of activities.	Not compatible. For the contract concluded between a consumer and a supplier (seller) located in different countries, the national legislation does not stipulate that the contract shall be governed by the law of the country where the consumer has his habitual residence.
Unfair commercial practices				
2.	Prohibition of unfair commercial practices, Directive 2005/29/EC Articles 5-9	The Treaty on the Eurasian Economic Union (signed on May 29, 2014), Articles 75 and 76 of Section XVIII The RA Law “On Protection of Economic Competition”	Any entrepreneurial activity or conduct conflicting this Law or business circulation traditions, breaking the principles of fairness, i.e. honesty, equity, verity and impartiality among competitors or between the latter and consumers shall be deemed as unfair competition.	Partially compatible. The national legislation defines the principles of business circulation traditions and fair competition, such as the principles of fairness, i.e. honesty, equity, verity and impartiality of an entrepreneurial activity towards consumers. The national legislation does not detail the types of unfair business to consumer commercial



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
		(adopted on 6 November 2000), Articles 11, 12, 14, 36	Any interested person, including consumer, who has incurred damage due to unfair competition shall be entitled to terminate unfair competition by applying to court. This right shall also be reserved for organizations empowered to defend the interested persons' economic interests.	practices, also applicable to the contracts concluded online, such as misleading, omissions, aggressive or other commercial practice. The protection of the consumer against these practices is explicitly provided.
3.	Recourse to the codes of conduct, Directive 2005/29/EC Articles 10	Not regulated. The legislation does not promote the control of unfair commercial practices by recourse to the national bodies providing codes of conduct when proceedings before such bodies are in addition to the court or administrative proceedings. This limits available means to deal with national and cross-border unfair eCommerce practices cases by out of court mechanisms.		
4.	Adequate and effective means to combat unfair commercial practices, Directive 2005/29/EC Articles 11	The RA Law "On Protection of Economic Competition" (adopted on 6 November 2000), article 11, part 3	Any interested person, including consumer, who has incurred damage due to unfair competition shall be entitled to terminate unfair competition by applying to court. This right shall also be reserved for organizations empowered to defend the interested persons' economic interests.	Partially compatible. The national legislation includes legal provisions under which persons or organisations having a legitimate interest in combating unfair commercial practices may take legal action and/or bring such unfair commercial practices before a competent administrative authority. However, the legislation does not specify the jurisdictional scope of these facilities. It does not indicate availability regardless of whether the consumer affected is in the country where the trader is located or in another.
Consumer rights				
5.	Requirements for distance contract, contract medium and language, Directive 2011/83/EU Articles 6-8	Not regulated. The RA national legislation does not specify the compulsory information that is required to include in distance contracts between the trader and the consumer. It does not indicate the required medium for the contract concluded online and does not explicitly describe the characteristics and the nature of the language that shall be used in the contracts concluded online.		
6.	Compulsory information to provide before placing an online order, Directive 2011/83/EU Article 8	The RA Law "On Protection of Rights of Consumers" adopted on 26 June 2001, article 10.1 point (b), (c), (d) The RA Law "On Trade and Services" adopted on 24 November 2004, article 15.1. point (b)	The website and (or) the electronic application (e-commerce platform) that allows the conclusion of an electronic contract must contain information on the acceptable form of payment before the consumer places his order. The information about restrictions on the supply of goods (work, service) to the place specified by the buyer before the buyer begins the process of purchasing the goods must be available to the buyer when trading and (or) providing service through means of electronic communications.	Partially compatible. For contract concluded online that requires a payment from the consumer, the national legislation does not require the consumer, when placing his order, to explicitly acknowledge that the order implies an obligation to pay. There is no requirement that the trader explicitly indicates which means of payment are accepted before the consumer places his order.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
7.	Formal requirements for confirmation of the distance contracts, Directive 2011/83/EU Article 8	Not regulated. The national legislation does not require that the trader provides the consumer with the confirmation of the contract concluded on a durable medium. It does not impose the time limit for the delivery of the confirmation after the conclusion of the distance contract. These weaknesses negatively affect the trust of foreign consumers to buy on local web shops and marketplaces.		
8.	Obligations of the trader and the consumer in the event of withdrawal, Directive 2011/83/EU Articles 13-14	The RA Civil Code adopted on 5 May 1998, Article 517, part 1 The RA Law "On Protection of Rights of Consumers" adopted on 26 June 2001, article 23, part 1	The purchaser has the right within 14 days upon the date of delivery of non-foods of proper quality thereto, unless the seller has stated a longer term, to return or replace the goods.	Partially compatible. The national legislation does not impose the maximum legal delay for the trader to conduct the reimbursement of all received payments in case of return.
9.	Delivery of purchased goods, Directive 2011/83/EU Article 18	Not regulated. The national legislation does not specify the maximum allowed time for the trader to deliver the goods by transferring the physical possession or control of the goods to the customer. These weaknesses negatively affect the trust of local and foreign consumers to buy on local web shops and marketplaces.		
Consumer Sales and Guarantees				
10.	Conformity of consumer goods with the contract, Directive 1999/44/EC Article 2	The RA Civil Code adopted on 5 May 1998, article 485, part 1 The RA Law "On Protection of Rights of Consumers" adopted on 26 June 2001, article 5, part 1	The seller (executor) is obliged to deliver to the consumer products (perform work, deliver service), the quality of which is in conformity with the contract.	Partially compatible. The legislation does not specify the requirements to consumer goods when they are presumed to be in conformity with the contract.
11.	Liability of the seller to the consumer for any lack of conformity of delivered goods, Directive 1999/44/EC Article 3	The RA Civil Code adopted on 5 May 1998, article 491, parts 1, 2 and article 518, part 1	The purchaser, where to goods of improper quality have been transferred, has the right, by own choice, to require from the seller: (1) to proportionately reduce the price of goods; (2) to gratuitously eliminate defects of goods within a reasonable term; (3) to compensate the expenses incurred thereby for eliminating the defects of goods.	Compatible
12.	Right of redress by the final seller liable to the consumer, Directive 1999/44/EC Article 4	The RA Civil Code adopted on 5 May 1998, article 1074, part 1 and article 1089, part 1	A person who has compensated for the damage caused by another person (the employee while performing service, official or other employment duties, driving means of transport, etc.) shall have the right of regress to this person in the amount of the compensation paid by him or her, unless the law defines a different amount.	Partially compatible. The RA legislation does not explicitly grant the final seller the right to pursue remedies against the person or persons liable in the contractual chain.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
Better enforcement and modernisation of consumer protection rules				
13.	Misleading commercial practices of paid advertisement, Directive 2005/29/EC Annex 1 (Directive (EU) 2019/2161, Art 3 (7)(a))		Not regulated. The national legislation of the Republic of Armenia does not contain provisions indicating the cases when paid advertisement is considered as a misleading commercial practice. Particularly, this is a case when search results in response to a consumer's online search query are provided without clearly disclosing any paid advertisement. Search results for which payments are specifically conducted for achieving higher ranking of products within the search results are not explicitly indicated.	
14.	Misleading omissions for products offered on online marketplaces, Directive 2005/29/EC Annex 1 (2019/2161, Art 7(f)) / Directive (EU) 2019/2161, Art 3 (4)(f)		According to article 416.2, part 1 of the RA Civil Code: "An operator of a website or an electronic application serving as a platform for third persons to conclude and implement contracts (electronic trading platform operator) shall not be liable for obligations arising from contracts concluded between third persons, unless otherwise provided for by law, by the contract concluded between the electronic trading platform operator and the third person".	Not regulated. The RA legislation does not provide the notion of online marketplace. In the case of an invitation to purchase for products offered on online marketplaces (platforms), the legislation does not require that the consumer must be informed whether the third party offering the products is a trader or not, on the basis of the declaration of that third party to the provider of the online marketplace.
15.	Information requirements for distance contracts of digital content and digital service, Directive (EU) 2019/2161 Art 4 (2)(b) / Directive 2011/83/EU Art 3		The only reference to digital content in the RA legislation is contained in the RA Law "On Protection of Rights of Consumers", article 23, part 2 "h", according to which: "Goods of proper quality cannot be returned in case of delivery of digital content not supplied on digital media, when its execution has begun with the unconditional prior consent of the consumer, according to which the consumer thus loses his right of return, unless otherwise provided by the contract concluded between the seller and the buyer".	Not regulated. The national legislation does not define digital content and digital service supplied by the trader to the consumer. The legislation only partially includes provisions of consumer rights protection where the trader supplies or undertakes to supply digital content which is not supplied on a tangible medium or a digital service to the consumer and the consumer provides or undertakes to provide personal data to the trader.
16.	Information requirements for distance contracts when price was personalised on the basis of automated decision-making, Directive (EU) 2019/2161, Art 4 (4)(a)ii / Directive 2011/83/EU Art 6		Not regulated. Before the consumer is bound by a distance or off-premises contract, or any corresponding offer, the trader shall inform the consumer, where applicable, that the price was personalised on the basis of automated decision-making. The national legislation of the Republic of Armenia does not apply this provision.	
17.	Fake price reductions, Directive (EU) 2019/2161, Art 2 (1) / Directive 2011/83/EU Art 6a		Not regulated. Any announcement of a price reduction shall indicate the prior price applied by the trader for a determined period of time prior to the application of the price reduction. The prior price of the product is the lowest price in the last 30 days before the price reduction. This assures a better consumer protection for eCommerce transactions against possible price manipulations. The national legislation of the Republic of Armenia does not include any similar provisions.	



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
18.	Misleading omissions about consumer reviews of products, Directive (EU) 2019/2161, Art 3 (4)(c) / Directive 2005/29/EC Art 7 (4)	Not regulated. The legislation of the Republic of Armenia does not require that the trader providing access to consumer reviews of products must inform the consumer about whether and how the trader ensures that the published reviews originate from consumers who have actually used or purchased the product. This aspect is critical for domestic and cross-border consumers in protecting against misleading omissions about consumer reviews of products.		
19.	Enforcement of proportionate and effective remedies, Directive (EU) 2019/2161, Art 3 (5) 1 / Directive 2005/29/EC Art 11a	The RA Law "On Protection of Economic Competition" (adopted on 6 November 2000), article 38 The RA Civil Code adopted on 5 May 1998, article 17, part 2	Damages that are caused to persons due to the activities (inaction) of economic entities constituting an infringement of the provisions of the Law "On Protection of Economic Competition" shall be compensated. Damages shall comprise expenses, incurred by the person whose right has been violated, which have been or must be covered by said person in order to restore the violated right, the loss of or harm to the property thereof (actual damage), unearned income that this person would have received under the usual conditions of civil practices had the right thereof not been violated (lost benefit), as well as intangible damages.	Partially compatible. The national legislation does not explicitly define the case of the consumer harmed by unfair commercial practices.
20.	Injunctions for the protection of consumers' interests, Directive 2009/22/EC Art 2 and 3	The RA Law "On Protection of Rights of Consumers" adopted on 26 June 2001, article 42	Legal actions on recognizing as illegal the actions of sellers (manufacturers, executors) or commission merchants may be brought to the court. The national legislation designates the Court of First Instance is the General Jurisdiction of the Republic of Armenia.	Compatible
Right to price indication				
21.	Consumer protection in the indication of the prices of products offered to consumers, Directive 98/6/EC Art 1, 3, 5	The RA Law "On Protection of Rights of Consumers" adopted on 26 June 2001 The RA Government Decree N 1928-N (dated November 3, 2005), point 10	When selling packaged goods, the seller, in addition to the unit price of the package, must indicate the value of the original price of the packaged product.	Partially compatible. The RA Law "On Protection of Rights of Consumers" does not stipulate the indication of the selling price and the price per unit of measurement of products offered by traders to consumers. Only indication of price for packaged goods is partially regulated.
Alternative dispute resolution for consumer disputes				
22.	Availability of procedures for the out-of-court resolution of domestic and	The RA national legislation does not establish alternative dispute resolution procedures	According to article 10.1 point (h) of the RA Law "On Protection of Rights of Consumers": "The website and (or) the electronic application (e-	Not regulated. The legislation does not stipulate that consumers can, on a voluntary basis, submit complaints against traders to entities offering



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	cross-border disputes concerning contractual obligations, Directive 2013/11/EU Art 1, 2, 5-11		commerce platform) that allows the conclusion of an electronic contract must contain: alternative dispute resolution procedure (mediation, arbitration, expert opinion, neutral evaluation, including the seller's rating system, etc.), which the seller (performer of works, service provider) must be guided by".	independent alternative dispute resolution (ADR) procedures. It does not establish harmonised quality requirements for ADR entities and ADR procedures.
Online dispute resolution for consumer disputes				
23.	Availability of an online dispute resolution platform for consumer disputes, Regulation (EU) No 524/2013 Art 1-5	Not regulated. The rules for the establishment of online dispute resolution platform(s) facilitate the independent, impartial, transparent, effective, fast and fair out-of-court resolution of disputes between consumers and traders online. The legislation of the Republic of Armenia does not provide this mean of the consumer protection.		

Parcel delivery

The national legislation related to parcel delivery:

- The treaty on the Eurasian Economic Union (signed on May 29, 2014);
- the RA law “On Postal Communications” (dated December 14, 2004);
- the RA Government Decree N 211-N “On Approval of Regulation of Postal Communication Operator’s Activity” (dated February 16, 2012);
- the RA law “On Rail Transport”;
- the RA law “On State Courier Communication” (dated May 19, 2009).

Table 9: Armenia: legislation gaps comparing to the EU eCommerce baseline – parcel delivery

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
Customs formalities				
24.	Customs declaration for all consignments of distance sales, Commission Delegated Regulation (EU) 2019/1143 Art 1, Commission Delegated Regulation (EU) 2015/2446	Not regulated. From 1 July 2021, the European Union will introduce the fully electronic customs declaration of all consignments covering distance sales of goods imported from third countries or territories to customers in the EU. The Republic of Armenia has not yet initiated any legislative work on the adaptation of the national legislation to the new EU rules in customs declaration. If not adapted, the flow of eCommerce towards the EU will be restricted.		
Fiscal aspects				



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
25.	Special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries, the Directives and Regulations the VAT eCommerce package	Not regulated. Special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries to the EU will be applied from 1 July 2021. The Republic of Armenia has not yet initiated any legislative work on this adaptation. If not adapted, the flow of eCommerce towards the EU will be restricted.		
Non-fiscal aspects				
26.	Compliance with product safety rules, Commission Notice 'Blue Guide', Section 7.3.	<p>RA Law "On Customs Regulation" adopted on 17 December 2014, Article 9, part 1, point 9 and Article 136, part 4</p> <p>RA Government Decision No.90-N of 2015 "On the confirmation of the list of certain products prohibited and restricted for transportation through the customs territory of the Republic of Armenia, the approval of licenses and forms of application for export and import of goods, on the determination of characteristics of granting licenses for the import and export of certain goods, and on the amendment of the RA Government Decision No.327 of 15 March 2007"</p> <p>Customs Services of the Customs Union Member States Board Decision No.11/6 of 11 June 2014</p>	<p>The customs authorities support the implementation of measures taken to ensure the protection of the interests of consumers of goods imported to the Republic of Armenia.</p> <p>The RA legislation does not contain specific regulations concerning products sold online. The Decision No.11/6 provides provisions on products not allowed for delivery through international postal delivery services in the framework of the Eurasian Customs Union.</p> <p>The goods inspected may be confiscated if it is found that their import into the customs territory of the Union or the territory of the Republic of Armenia is prohibited. The above RA Government Decision No. 90-N of 2015 provides the list of such goods.</p>	Compatible
27.	Protection of intellectual property regarding products sold online and imported from third	RA Law "On Customs Regulation" adopted on 17 December 2014, Article 239, part 2 and part 3	The customs authorities may take measures to protect intellectual property rights related to goods constituting intellectual property objects, which are included in the customs registers of intellectual property objects at the request of the right holder.	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	countries, Regulation (EU) No 608/2013		The rights holders may submit to the Committee an application requesting the registration of the intellectual property object or the suspension of the release of such goods by any customs procedure.	
28.	Authenticity logo for online sale of medicines, Commission Implementing Regulation (EU) No 699/2014, Directive 2011/62/EU	Not regulated. The national legislation of the Republic of Armenia does not introduce a common logo for legally operating online pharmacies and retailers as one of the measures to fight against falsified medicines. This measure improves the consumer protection for cross-border eCommerce of medicines.		
29.	Transparency of cross-border tariffs for parcels, Regulation (EU) 2018/644, Directive 97/67/EC Art 12	Not regulated. The legislation does not require that all cross-border parcel delivery service providers operating in the country shall provide the national regulatory authority with the public list of tariffs applicable each calendar year. The national regulatory authority is not required to objectively assess the cross-border tariffs in order to identify those cross-border tariffs that it considers to be unreasonably high. For distance contracts, the traders concluding sales contracts with consumers that include the sending of cross-border parcels are not required to make available, at the pre-contractual stage, information about the cross-border delivery options in relation to the specific sales contract and charges payable by consumers for the cross-border parcel delivery. These gaps negatively affect the quality of cross-border delivery services.		
Legal framework related to the Universal Postal Union				
30.	Provided services by the national designated postal operator, UPU Convention Manual, Art 1.14 and 17	The RA decree on ratification of the UPU Convention The RA law "On Postal Communication" adopted on 14 December 2004. Article 3	Postal communication universal services delivery of letter correspondence, parcels weighing up to 20 kg and publications to the rural areas. For items weighing more than 20 kg there is a need to fill in a declaration for special delivery.	Compatible
31.	Postal security requirements for the provision of electronic advance data, UPU Convention Manual, Article 8.1	Armenian legislation does not regulate this question.	Armenia though being a party to the UPU Convention has undertaken to comply with these provisions.	Not implemented. The national designated postal operator does not exchange advance data with the customs authorities of the country via electronic data interchange (EDI) messaging before the parcel-post item is sent. It would help streamline customs clearance by allowing an exchange of advance data and calculate required duties and taxes.
32.	Security measures for cargo or mail that fly from /	Not regulated. The national legislation does not require that air carriers that fly from the country must ensure 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 regulation. It neither requires that air carriers that fly from the EU countries must ensure that all cargo and mail carried to the country's national territory is		



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	to the country outside the EU into the EU		physically screened or comes from a secure supply chain which is validated according to the national regulation. This affects the security of eCommerce supply chain.	

Security of networks and information systems

The national legislation related to security of networks and information systems:

- RA Law “On State Support in the Field of Information Technologies” adopted on 17 December 2014.

Table 10: Armenia: legislation gaps comparing to the EU eCommerce baseline – security of networks and information systems

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
33.	Security requirements and incident notification, Directive (EU) 2016/1148 Art 16		Not regulated. The legislation does not require that the digital service providers established on the national territory and offering services of Online marketplace, Online search engine, Cloud computing services are responsible to identify and take appropriate and proportionate technical and organisational measures to manage the risks posed to the security of network and information systems which they use in the context of offering services. The legislation does not require that the digital service providers of the indicated services have to notify the competent authority without undue delay of any incident having a substantial impact on the provision of a service that they offer within the national territory and/or abroad.	
34.	Jurisdiction and territoriality of digital service providers, Directive (EU) 2016/1148 Art 18		Not regulated. The legislation of the Republic of Armenia does not require from a digital service provider that is not established in the country, but offering services of Online marketplace, Online search engine, or Cloud computing within the country, to designate a legal representative in the country. These measure with a view to achieving a high common level of security of network and information systems within the cross-border eCommerce so as to improve the functioning of the market.	

Geo-blocking

Table 11: Armenia: legislation gaps comparing to the EU eCommerce baseline – geo-blocking

No	Reference to the EU baseline	Gaps comparing to the EU baseline / Challenges
35.	Unjustified blocking or limiting a customer's access to the trader's online interface, Regulation (EU) 2018/302 Art 3	Not regulated. The legislation does not require that a trader shall not, through the use of technological measures or otherwise, block or limit a customer's access to the trader's online interface, or shall not apply different general conditions of access to goods or services for reasons related to the customer's nationality, place of residence or place of establishment.

Data protection

The national legislation (laws, decrees, regulations) related to data protection:

- Law of Armenia on protection of personal data (Data Protection Law) adopted in 2015;



- Several sectoral laws that impose an obligation on processors of certain categories of personal data to treat such data as confidential and guarantee a certain level of protection.

Table 12: Armenia: legislation gaps comparing to the EU eCommerce baseline – data protection

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
36.	Transfers of personal data to third countries or international organisations, Regulation (EU) 2016/679 Art 44, 46	RA Law “On Personal Data Protection” adopted on 18 May 2015, Article 27, parts 1 and 2	The Law allows the transfer of personal data to third countries where either: <ul style="list-style-type: none"> • The data subject has given his or her consent to the transfer. • The transfer stems from the purposes of the processing or is necessary for the implementation of these purposes. A data processor and authorized person shall enter into a data transfer agreement. Agreements for the transfer of data abroad shall ensure an adequate level of protection of personal data.	Partially compatible. The national law does not indicate mechanisms or any special tools for transfer of personal data to third countries.

Electronic contracts

Table 13: Armenia: legislation gaps comparing to the EU eCommerce baseline – electronic contracts

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
37.	Free movement of information society services, Directive 2000/31/EC Art 3	Not regulated. The national legislation does not establish the general principle of the freedom to provide information society services by a service provider established on the territory of a third country.		
38.	Liability of intermediary service providers, Directive 2000/31/EC Art 9-11	Not regulated. The legislation does not establish the general conditions under which information society service providers cannot be held liable (liability limitations) for a third-party illegal content.		

Electronic payments

The national legislation related to electronic payments:

- Law of Republic of Armenia on Payment systems and Payment and Settlement Organizations adopted on 24 November 2014;
- Law of Republic of Armenia on transfers based on payment orders adopted on 4 December 1996;
- Law of republic of Armenia on struggle against money laundering and terrorism financing adopted on 26 May 2008;
- The RA Civil Code adopted on 5 May 1998.



Table 14: Armenia: legislation gaps comparing to the EU eCommerce baseline – electronic payments

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
39.	Integrated market for electronic payments, Directive (EU) 2015/2366 Title I and II			Not regulated. The legislation does not define the general rules for an integrated national market for safe electronic payments. The provisions may include the guarantee of equivalent operating conditions to existing and new players on the market, enabling new means of payment to reach the market, and ensuring a high level of consumer protection in the use of those payment services.
40.	Strict security requirements for electronic payments, Directive (EU) 2015/2366 Art 94-96	Law of Republic of Armenia on Payment systems and Payment and Settlement Organizations adopted on 24 November 2014, Article 6	The RA legislation sets certain requirements pertaining to payment and settlement system. The law states that for permission, payment and settlement systems should: a) retain a PSS operator, with an executive management to meet qualification criteria set by the Central Bank of Armenia (CBA) normative regulations; b) have operations contract duly signed between PSS participants; and c) meet technical, security, software, participation requirements and those of presentable to system operations rules. Payments in the RA can be executed only by banks and licensed payment and settlement organisations. Those licensed organisations must comply with the informational security requirements set by the CBA normative regulation. Those requirements provide the secure execution of payments.	Partially compliant. The national legislation does not explicitly define the security requirements for electronic payments and the protection of consumers' financial data, guaranteeing safe authentication and reducing the risk of fraud.
41.	Transparency and information requirement, Directive (EU) 2015/2366 Title III	Transparency requirements are defined by the following regulations of the Central Bank of Armenia. 1. Procedure of issuing, acquiring and distribution of payment cards, as well as performing operations with payment cards within the territory of the Republic of Armenia (Decision No300-N of the CBA board, 04.11.2014) 2. Regulation 16/2 on Procedure and Conditions of Issuance and Servicing (circulation) of Electronic Money, Requirements for Conducting Transactions in Electronic Money (Decision No2-N of the CBA board, 13.01.2015) 3. Minimum requisites for the payment documents and the rules of their filling (Decision No168-N of the CBA board, 14.10.2016) 4. Other transparency and information requirements concerning payments are set by Regulation 8/03 on Information Publication by Banks, Credit Organizations, Insurance Companies, Insurance Brokers, Investment Companies, Central Depository and Payment and Settlement Organizations Implementing Money Remittances		Partially compatible. The national legislation does not contain explicit requirements for transparency of conditions and information requirements for payment services applied to single (electronic) payment transactions, framework contracts and payment transactions covered by them.
42.	Rights and obligations for providers of payment	Regulation 8/05 Rules of Business Conduct of Financial Institutions	In the RA regulation requirements concerning the rights and obligations for providers of payment services are set only for banks.	Partially compatible. The legislation does not establish the rights and obligations in relation to the provision and



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	services, Directive (EU) 2015/2366 Title IV	Complaints/claims of customers of financial institutions are regulated by the CBA normative regulation: Regulation 8/04 on Minimum Conditions and Principles for Internal Rules, Regulating the Procedure of Examination of Complaints/Claims of Customers	The mentioned laws and regulations were elaborated in accordance with respective EU Directives.	use of payment services by other service providers other than banks.
43.	Reduced liability for unauthorised payment transactions, Directive (EU) 2015/2366 Art 74	Reduced liability requirements for payment cards are defined by the "Procedure of issuing, acquiring and distribution of payment cards, as well as performing operations with payment cards within the territory of the Republic of Armenia" (Decision No300-N of the CBA board, 04.11.2014).		Compatible
44.	Unconditional refund right, Directive (EU) 2015/2366 Art 73	Refund rights for payment cards are defined by the "Procedure of issuing, acquiring and distribution of payment cards, as well as performing operations with payment cards within the territory of the Republic of Armenia" (Decision No300-N of the CBA board, 04.11.2014).		Compatible
45.	Removal of surcharges for the use of credit cards and debit cards, Regulation (EU) 2015/751	Not regulated. The legislation does not require that payment service providers shall not offer or request a per transaction interchange fee of more than a certain fixed percentage (0,2% and 0,3 % in the EU) of the value of the transaction for any debit /credit card transaction. The consumer is not protected against abusive service charges that may be applied by payment service providers.		
46.	Development of regulatory technical standards on strong customer authentication and secure communication channels, Directive (EU) 2015/2366 Art 5, 15, 28, 29, 95	Decision No173-N of the CBA board	Currently Decision No173-N of the CBA board is under revision. The revised version will include technical standards on customer authentication and secure communication.	Compatible

Platforms

The national legislation related to online platforms:

- The RA Civil Code (dated May 5, 1998);
- the RA Tax Code (dated October 4, 2016);
- the RA Law "On Protection of Rights of Consumers" (dated June 26, 2001);



- the RA Law “On Trade and Services” (dated November 24, 2004).

Table 15: Armenia: legislation gaps comparing to the EU eCommerce baseline – platforms

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
47.	Terms and conditions of providers of online intermediation services, Regulation (EU) 2019/1150 Art 3		Not regulated. The national legislation does not establish the requirements to the terms and conditions of providers of online intermediation services. This measure ensures that business users of online intermediation services and corporate website users in relation to online search engines are granted appropriate transparency, fairness and effective redress possibilities.	
48.	Restriction, suspension and termination of online intermediation services, Regulation (EU) 2019/1150 Art 4		Not regulated. The legislation does not stipulate that where a provider of online intermediation services decides to restrict or suspend the provision of its online intermediation services to a given business user, it 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. This measure better protects fairness among national and international traders.	
49.	Ranking in online intermediation services, Regulation (EU) 2019/1150 Art 5		Not regulated. It is not required 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 on the online search engines of those providers.	
50.	Differentiated treatment in relation to goods or services offered to consumers through online intermediation services, Regulation (EU) 2019/1150 Art 7		Not regulated. The national legislation does not require that providers of online intermediation services shall include in their terms and conditions a description of any differentiated treatment which they give, or might give, in relation to goods or services offered to consumers through those online intermediation services. This measure better protects fairness among national and international traders on marketplaces.	
51.	Specific contractual terms, Regulation (EU) 2019/1150 Art 8		Not regulated. The legislation does not require that providers of online intermediation services shall include specific contractual terms in order to ensure that contractual relations between providers of online intermediation services and business users are conducted in good faith and based on fair dealing.	
52.	Access to data, Regulation (EU) 2019/1150 Art 9		Not regulated. The legislation does not require that the providers of online intermediation services shall include in their terms and conditions 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.	
53.	Internal complaint handling system, Regulation (EU) 2019/1150 Art 11		Not regulated. It is not required that the providers of online intermediation services shall provide an internal system for handling the complaints of business users. This measure would significantly improve disputes resolution mechanisms for national and cross-border traders.	



4.3 Gap analysis in standards area

The table below provides an overview of the identified gaps in standards area in Armenia comparing to the state of play in the EU. The table follows the structure of eCommerce standards section as presented in the [EU baseline](#) and covers the following areas:

- Quality of standards
- Interoperability
- Digital Postal Services
- Physical process and associated data
- Stakeholders and Information Exchanges based on UN/EDIFACT
- Stakeholder and Information Exchanges based on the EU customs model
- UPU electronic exchange standards
- UPU technical standards
- EU eCommerce websites trust marks
- eCommerce and product safety
- Terms and Definitions

The table is summarised in the section *4.4. Summary of gap analysis*.

4.3.1 Country profile

The National Institute of Standards maintains national fund of standards of the Republic of Armenia which contains International (ISO), Interstate (GOST), Regional (EN), Armenian (AST) and other state standards. Electronic database system of adopted standards enables organizations and persons to obtain normative documents needed for their business.

4.3.2 Analysis of standards

Table 16: Armenia: standards gaps comparing to the EU eCommerce baseline – quality of standards

No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
Quality of services				
1.	Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail, CEN/EN13850	Not regulated.	In practice, it's one day maximum in Armenia for processing of a standard letter. The governmental authority responsible for postal matters of the country does not apply a standard method for measuring of the transit time of end-to-end services for single piece priority mail and first-class mail collected, processed and delivered by postal service operators.	



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
2.	Complaints handling principles, CEN/TS14012	Not regulated. The regulatory authority for the postal sector does not enforce the application of a national standard for complaints handling related to domestic and cross-border postal services.		
3.	Damage to postal items, CEN/TR 16915:2015	Not regulated. There is no national standard with regard to complaints handling principles include guidelines / description of best practices for handling of damaged postal items related to domestic and cross-border postal services.		
4.	Method for measurement of parcel transit time for cross-border parcels, CEN/TS 15472:2016	Not regulated. The national standards framework does not provide technical specifications or quality of service measurement for transit time of cross-border parcels, based on tracking and tracing events applicable to all postal operators.		
5.	Re-forwarding, CEN/TR 16894	Not regulated. In practice, only in case of change of address in Armenia.		
6.	Distance to postal services access points, CEN/TR 15735:2008	Not regulated		
7.	Information available on postal services, CEN/TS15511:2008	Not regulated		
8.	Measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test letters, CEN/TS 14773:2004	Not regulated		
Interoperability				
9.	Requirements for private letter boxes, CEN/EN 13724:2013	Not regulated. The national standards do not specify the requirements (and the test methods) for private letter boxes, so that postal items of a certain size fit into letter boxes required for postal delivery to each household.		
10.	Technical features of parcel boxes for end use, CEN/TS16819: 2015	Not regulated. The national standards do not provide specifications for the technical features of parcel boxes for end use, so that unattended delivery of eCommerce parcels is harmonised throughout the country.		
11.	International postal address harmonisation, EN ISO 19160-4:2017	A national standard compatible to ISO 19160-4:2017	Name, place, address follow the standard.	Compatible



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
12.	Framework for secure, trustworthy and user-friendly opening systems for parcel boxes for home use, CEN/TS 17457	Not regulated.	The national standards framework does not provide technical specifications for unattended delivery solutions (parcel locker systems/parcel boxes) for home use with free access for the delivery and collection operators. This limits options for final delivery of national and cross-border parcels.	
13.	Requirements for electronic advanced data (EAD) in postal operations, CEN/TR 17535	Not regulated.	The national standards framework does not define requirements for electronic advance data submission in domestic or international postal operations (for all commercial items sent to consumers) as a pre-requisite for digital customs or transport security related declaration (data formats must comply with the EU VAT eCommerce package requirements). The governmental authority responsible for postal matters should prepare requirements for electronic advanced data in postal operations regarding commercial items which will be a pre-requisite for any digital customs or transport security related declaration sent to EU authorities prior to any border crossing into the EU (Measure will be applied by the EU in 2021). This can obstruct cross-border eCommerce flow with the EU from July 2021.	
14.	Properties for packaging of boxable items, WI331118	Not regulated		
Digital Postal Services				
15.	Requirements for electronic advanced data (EAD) in postal operations, in particular compliant to security and customs requirements, CEN/TR 17536	Not regulated.	The national standards framework does not define semantic mapping description of information on the characteristics or attributes of commercial single items compliant to the UPU-WCO customs model. The country should start preparing requirements for electronic advanced data in postal operations (for all commercial items sent to consumers up to 31,5 KG) which will be a pre-requisite for any digital customs or transport security related declaration sent to EU authorities prior to any border crossing into the EU (Measure will be applied by the EU in 2021). This can obstruct cross-border eCommerce flow with the EU from July 2021.	
Physical process and associated data				
16.	Interfaces for cross border parcels, CEN/TS17073:2017	Not regulated.	The national standards framework does not provide technical specifications (of physical label and electronic exchanges, as well data formats used within delivery chain) for an interface between the e-merchant (any commercial supplier sending parcels) and logistic operators.	
Stakeholders and Information Exchanges based on UN/EDIFACT				
17.	UN / EDIFACT Exchange Specification, CEN/TR 17536, Regulation (EU) No 952/2013	Not implemented.	The national courier, express, parcel operators and customs agents that transport eCommerce items from the country into the EU should prepare the necessary electronic data lodging of digital customs pre-declarations on item level that will become mandatory from 1 July 2021 for items below a value of 150 EUR (i.e. Low Value Consignments) sent from third countries into the EU. This can obstruct cross-border eCommerce flow with the EU from July 2021.	



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
Stakeholder and Information Exchanges based on the EU customs model				
18.	Information Exchanges based on the EU customs model, Regulation (EU) No 952/2013, CEN/TR 17536	Not implemented.	The national Designated postal Operator needs to prepare the necessary specifications, procedures, IT systems for electronic data lodging of digital customs pre-declarations on item level according to the EU EAD customs model. EAD compliant pre-declaration on item level will become mandatory from 1 July 2021 for all items sent from third countries into the EU.	
UPU electronic exchange standards				
19.	Electronic Data Interchange between postal handling organisations, UPU M30	UPU Messaging Standards	Haypost complies with UPU M30, Electronic exchange standards – Electronic Data Interchange between postal handling organisations, with all the postal operators, which are exchanging EDI messages.	Compliant
20.	ITMATT V1 – Electronic communication of item information, UPU M33	UPU Messaging Standards	Haypost receives UPU M33 Electronic exchange standards – ITMATT V1 – Electronic communication of item information only from some countries such as Singapore, China.	Compliant
21.	CARDIT/RESDIT – Data flow version 2, M39	UPU Messaging Standards	Haypost complies with UPU M39, Electronic exchange standards – CARDIT/RESDIT – Data flow version 2: Introduction and examples with the majority of UPU member countries. Haypost has a possibility to proceed with all the countries.	Compliant
22.	EMSEVT V3. Item level tracking information – Tracking events and associated data elements, M17	UPU Messaging Standards	Haypost provides item level tracking information in accordance with UPU M40 Standard with the majority of UPU member countries. Haypost has a possibility to proceed with all the countries.	Compliant
23.	EDI Messaging Standards – PREDES, M41	UPU Messaging Standards	Haypost provides item level tracking information in accordance with UPU M41 Standard with the majority of UPU member countries. Haypost has a possibility to proceed with all the countries.	Implemented
24.	CUSITM V1 Customs Item pre-advice message to Customs, UPU M43	UPU Messaging Standards	Haypost submits information to Customs Authorities for Postal Items Customs System (PICS) but not in compliance with UPU M43 Standard.	Implemented
25.	CUSRSP Customs Response, M44	Not Implemented.	The customs authority information systems do not apply CUSRSP EDI messaging standard through which a customs authority/border agency can send information to a postal operator regarding mail items. CUSRSP (CUsToms ReSPonse) is a message for a customs organisation to transmit mail item information to the local designated postal operator, usually in response to a	



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
		CUSITM message. Both parties must agree on the exact usage of the message. The intended business benefit for both parties is to automate and therefore speed up the customs process. This obstructs timely processing of data of cross-border eCommerce flow with the EU.		
26.	ITMREF V1 – Item referral, UPU M53	Not Implemented. Haypost is considering using UPU M53, Electronic exchange standard – ITMREF Standard in the future. The postal operators' information systems do not use ITMREF EDI messaging standard 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. This obstructs timely processing of data to assure a required level of security for cross-border eCommerce flow with the EU.		
27.	REFRSP V1 – Referral response message specification, UPU M54	Not Implemented. Haypost is considering using UPU M54 Electronic exchange standard – REFRSP Standard in the future. The postal operators' information systems do not use REFRSP EDI messaging standard 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. This obstructs timely processing of data of cross-border eCommerce flow with the EU.		
UPU technical standards				
28.	Identification of postal items – 13-character identifier, UPU S10, ISO/IEC 15459-1:2014	UPU technical standards	Haypost uses S10 for domestic and international items.	Implemented
29.	Postal Consignments, UPU S32	UPU technical standards	Haypost uses Identification/Codification Standards – Postal Consignments for all inbound and outbound consignments.	Implemented
EU eCommerce websites trust marks				
30.	Trustmark ethical standards in the digital marketplace, The European Regulation No 524/2013	Not regulated. There is no national eCommerce Trustmark certification scheme(s) which authenticates that an eCommerce company established on the national territory has made a commitment to work in compliance with the national (or regional, Ecommerce Europe or other) Code of Conduct, guaranteeing ethical standards in the digital marketplace. An eCommerce Trustmark shows that the online shop is certified by the national eCommerce association or has made a commitment to work in compliance with the international Code of Conduct. This obstructs building trust of domestic and the EU consumers to buy on Armenian eCommerce websites and marketplaces.		
eCommerce and product safety				
31.	CE marking, Blue Guide - Comprehensive guidance on the implementation of EU product rules	Not implemented		



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
Terms and Definitions				
32.	Terms and Definitions, Regulation 2018/644	No information provided		

4.4 Summary of gap analysis

The table below provides an overview of the identified gaps in Armenia comparing to the state of play in the EU. The gaps are mapped to the eCommerce value chain to have an overview of the areas that have to be addressed the most in order to provide recommendations to harmonise eCommerce state of play between the EU and Armenia.

The summary of the gaps is mostly focused to identify gaps between Armenia and the EU. Addressing these gaps will help to eliminate the barriers for cross-border eCommerce between EU and Armenia. In addition, once the state of play in the Eastern partner countries (including Armenia) is harmonised with the EU, it will facilitate eCommerce transactions among the Eastern partner countries as well.

- Several gaps identified
- Multiple gaps identified
- No gaps identified

The identified gaps have different degree of impact on the cross-border eCommerce between the country and the EU. Several aspects are critical for eCommerce flow. These gaps are important to reduce in order to boost eCommerce. Other gaps serve to improve the local conditions of eCommerce market. They indicate the areas of suitable harmonisation of practices between the country and the EU. In the following section, the identified gaps are classified in two categories according to their priority:

- Aspects critical for boosting cross-border eCommerce between the country and the EU
- Aspects harmonising the difference between the EU and the country's practices in eCommerce



Table 17: Armenia: overview of three gap areas mapped to the eCommerce value chain

Value chain	Ecosystem	Legal	Standards
<p>Marketing Sales</p>	<p>Q1. Availability of the global marketplaces is similar as in the EU. <i>Challenge:</i> global private logistics services enable delivery from the global marketplaces operating in the EU, but they face challenge to maintain high eCommerce volumes creating high rates for parcel delivery.</p> <p>Q2. Usage of the global marketplaces is limited. <i>Challenge:</i> businesses face challenges with higher logistics costs and longer delivery comparing to domestic transactions; consumers use parcel forwarding services of which they have to be aware and ready to pay extra and wait longer.</p> <p>Q3. Local marketplaces selling cross-border – no information provided.</p> <p>Q4. Localisation and personalisation of local marketplaces are not common as EUR currency is not common on marketplaces.</p>	<p>Q2. Prohibition of unfair commercial practices is partially compatible as types of unfair practices are not specified.</p> <p>Q3. Recourse to the codes of conduct (Unfair commercial practices) is not regulated.</p> <p>Q5. Requirements for distance contract, contract medium and language are not regulated</p> <p>Q6. Compulsory information to provide before placing an online order is partially compatible as it is not required to acknowledge that the order implies an obligation to pay and for trader to indicate acceptable methods to pay.</p> <p>Q7. Formal requirements for confirmation of the distance contracts (Consumer rights) is not regulated.</p> <p>Q8. Obligations of the trader and the consumer in the event of withdrawal is partially compatible as it doesn't specify maximum delay for reimbursement.</p> <p>Q13. Misleading commercial practices of paid advertisement (Consumer protection) is not regulated.</p> <p>Q14. Misleading omissions for products offered on online marketplaces (Consumer protection) is not regulated.</p> <p>Q15. Information requirements for distance contracts of digital content and digital service (Consumer protection) is not regulated.</p> <p>Q16. Information requirements for distance contracts when price was personalised on the basis of automated decision-making (Consumer protection) is not regulated.</p> <p>Q17. Fake price reductions (Consumer protection) is not regulated.</p> <p>Q18. Misleading omissions about consumer reviews of products (Consumer protection) is not regulated.</p>	<p>Q30. Trustmark ethical standards in the digital marketplace are not regulated.</p> <p>Q31. Certification mechanisms for CE marking of products is not implemented.</p>



Value chain	Ecosystem	Legal	Standards
		<p>Q21. Consumer protection in the indication of the prices of products offered to consumers is partially compatible as only indication of price for packaged goods is partially regulated.</p> <p>Q28. Authenticity logo for online sale of medicines (Non-fiscal aspects) online interface is not regulated.</p> <p>Q35. Unjustified blocking or limiting a customer's access to the trader's online interface is not regulated.</p> <p>Q48. Restriction, suspension and termination of online intermediation services is not regulated.</p> <p>Q49. Ranking in online intermediation services is not regulated.</p> <p>Q50. Differentiated treatment in relation to goods or services offered to consumers through online intermediation services is not regulated.</p> <p>Q51. Specific contractual terms for online intermediation services are not legally required.</p> <p>Q53. Internal complaint handling system is not regulated.</p>	
Payment	<p>Q5. Payment methods usage is different than in the EU due to preference of cash-on-delivery payment method.</p> <p>Q6. Payments gateways usage is limited as global secure, trusted and transparent payment gateways are not common.</p>	<p>Q39 Integrated market for electronic payments is not regulated.</p> <p>Q41. Transparency and information requirement for payment services is partially compatible.</p> <p>Q42 Rights and obligations for providers of payment services are partially compatible because only applicable to banks.</p> <p>Q45 Removal of surcharges for the use of credit cards and debit cards is not regulated.</p>	
Placing order		<p>Q1 Consumer contracts are not compatible as legislation does not stipulate that the contract shall be governed by the law of the country where the consumer has his habitual residence.</p>	
Parcel Delivery	<p>Q8. Post delivery is similar as in the EU. <i>Challenge</i>: global private logistics services face challenges to maintain high eCommerce volumes creating high rates for parcel delivery; for this reason, local delivery</p>	<p>Q9. Maximum allowed time for delivery of purchased goods is not regulated.</p>	<p>Q1. Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail is not regulated.</p>



Value chain	Ecosystem	Legal	Standards
	<p>operators are preferred, considered to be more affordable.</p> <p>Q9. Availability of international logistics operators is similar as in the EU. <i>Challenge:</i> global private logistics services face challenge to maintain high eCommerce volumes creating high rates for parcel delivery limiting involvement in eCommerce ecosystem.</p> <p>Q10. Parcel delivery network is similar as in the EU. <i>Challenge:</i> global private logistics services face challenge to maintain high eCommerce volumes creating high rates for parcel delivery limiting involvement in eCommerce ecosystem.</p> <p>Q13. Delivery to remote areas – not enough information provided.</p>	<p>Q29. Transparency of cross-border tariffs for parcels is not regulated</p> <p>Q31. Postal security requirements for the provision of electronic advance data by the designated postal operator to customs is not regulated.</p> <p>Q32. Security measures for cargo or mail that fly from / to the country into the EU is not regulated.</p>	<p>Q4. Method for measurement of parcel transit time for cross-border parcels is not regulated.</p> <p>Q9. Requirements for private letter boxes is not regulated.</p> <p>Q10. Technical features of parcel boxes for end use is not regulated.</p> <p>Q12. Framework for secure, trustworthy and user-friendly opening systems for parcel boxes for home use (Interoperability) is not compatible</p> <p>Q13. Requirements for electronic advanced data (EAD) in postal operations (Interoperability) – no information provided.</p> <p>Q14. Properties for packaging of boxable items – no information provided.</p> <p>Q15. Requirements for electronic advanced data (EAD) in postal operations, in particular compliant to security and customs requirements are not compatible.</p> <p>Q16. Interfaces between the e-merchant and logistic operators for cross border parcels are not regulated.</p> <p>Q17. UN / EDIFACT Exchange Specification – no information provided.</p> <p>Q18. Information Exchanges based on the EU customs model – no information provided.</p> <p>Q25. CUSRSP Customs Response is not implemented.</p> <p>Q26. ITMREF V1 – Item referral is not implemented.</p> <p>Q27. REFRSP V1 – Referral response message specification is not implemented.</p>



Value chain	Ecosystem	Legal	Standards
Customer service	Q17. Return delivery is similar as in the EU. <i>Challenge:</i> presence of specialised return operators, as well as unattended delivery services, has to be improved.	Q22. Availability of procedures for the out-of-court resolution of domestic and cross-border disputes concerning contractual obligations (ADR) is not regulated. Q23. Availability of an online dispute resolution platform for consumer disputes (ADR) is not regulated. Q33. Security requirements and incident notification (security) is not regulated.	Q2. Complaints handling principles is not regulated. Q3. Damage to postal items is not regulated.
The EU 2021 eCommerce package	Q7. The EU 2021 eCommerce package – IOSS: no information provided. Q14. The EU 2021 changes – electronic declarations only: is not familiar to all stakeholders and only fragmented preparations are done. Q15. The EU 2021 changes – simplified customs procedures: no information provided. Q16. The EU 2021 eCommerce package – no exceptions to pay VAT: is not familiar to all stakeholders and no preparations are done. Q18. Harmonised ID, advanced electronic data and item level information exchange on parcels: are not commonly used by all the key stakeholders.	Q24. Customs declaration for all consignments of distance sales is not regulated. Q25. Special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries is not regulated.	
Overall subjects		Q34. Jurisdiction and territoriality of digital service providers is not regulated. Q36. Transfers of personal data to third countries or international organisations is partially compatible as no method for data transfer is indicated. Q37. Free movement of information society services is not regulated. Q38. Liability of intermediary service providers (contracts) is not regulated. Q47. Terms and conditions of providers of online intermediation services are not regulated. Q52. Access to personal data of consumers by business users of online intermediation services is not regulated.	Q32. Terms and Definitions – no information provided.



5 Recommendations report for the Republic of Armenia

EU4Digital Facility developed gap analysis of eCommerce state of play in Armenia after comparing it to [the EU baseline](#). Based on the identified gaps, the EU4Digital Facility developed 14 recommendations to eliminate the barriers for cross-border eCommerce between EU and the Republic of Armenia. These recommendations are presented starting from the overall eCommerce ecosystem aimed to boost eCommerce transactions volume and following with recommendations in legal and standards areas, which are supportive measures to reach the goal.

5.1 Ecosystem recommendations to eliminate the barriers for cross-border eCommerce

Eight key recommendations for Armenia are presented below including specific actions to be considered on a national level. The recommendations and action points will support Armenia to eliminate the barriers for cross-border eCommerce (including preparation for the upcoming EU and global changes introduced in 2021) and boost cross-border eCommerce volume. The recommendations are based on the best EU and global practices.

Table 18: Armenia: Ecosystem recommendations to eliminate the barriers for cross-border eCommerce

Recommendation / Action	Specification
<p>1. Establish a virtual warehouse as a re-usable database for marketplaces in the EU to place Armenian goods for sale in the EU market.</p> <p>Final goal: cross-border sales volume increase as businesses in Armenia list and manage inventory of goods for cross-border sale; and the Haypost is connected to the database to trigger cross-border delivery once sales happen to deliver within 72 hours.</p> <p>Gaps addressed:</p> <p>E1. Availability of the global marketplaces is similar as in the EU. <i>Challenge:</i> global private logistics services enable delivery from the global marketplaces operating in the EU, but they face challenges to maintain high eCommerce volumes creating high rates for parcel delivery.</p> <p>E2. Usage of the global marketplaces is limited. <i>Challenge:</i> businesses face challenges with higher logistics costs and longer delivery comparing to domestic transactions; consumers use parcel forwarding services of which they have to be aware and ready to pay extra and wait longer.</p> <p>E3. Local marketplaces selling cross-border – no information provided.</p> <p>E4. Localisation and personalisation of local marketplaces are not common as EUR currency is not common on marketplaces.</p> <p>E8. Post delivery is similar as in the EU. <i>Challenge:</i> global private logistics services face challenges to maintain high eCommerce volumes creating high rates for parcel delivery; for this reason, local delivery operators are preferred, considered to be more affordable.</p> <p>E17. Return delivery is similar as in the EU. <i>Challenge:</i> presence of specialised return operators, as well as unattended delivery services, has to be improved.</p>	
<p>1.1. Define a concept of a virtual warehouse for business in Armenia to list goods for cross-border sales and</p>	<p>A national virtual warehouse can become a point for eCommerce ecosystem players in Armenia to complete cross-border transactions. Sellers list and manage the inventory of goods in the virtual warehouse (database). Cross-border transactions are enabled by connecting the EU marketplaces and the national postal operator to this virtual warehouse. The UPU already introduces software to connect eCommerce ecosystem players for cross-border transactions, which is accessible for UPU designated postal operators.</p>



Recommendation / Action	Specification
<p>manage the inventory in real time</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Develop concept and business case. 2. Validate the concept with the key involved stakeholders – businesses, the Haypost (including UPU's Postal Technology Centre¹⁸), Customs Service, several EU marketplaces and national postal operators – and agree on cooperation. 3. Prepare technical specifications for the virtual warehouse, including API connection, availability in English and displaying prices in EUR (currency converter based on the daily fixed rate provided by the European central bank for free and can be used).
<p>1.2. Initiate pilot programme enabled by the virtual warehouse to connect businesses in Armenia, postal operators and the EU marketplaces</p>	<p>Businesses in Armenia, postal operators and the EU marketplaces should be able to integrate through API to list real time inventory of goods via their interfaces. Once a sale is complete, they should notify through API the virtual warehouse. Then, the Haypost trigger cross-border delivery to ensure cross-border delivery within 72 hours, including picking up the goods, pre-filling customs declaration forms and creating labels and IDs (barcodes) that are in line with the UPU standards (UPU S10 / CEN/TS17073) for the track- and traceable barcodes on the parcels; as well as the unique digital description of the goods in the parcel (e.g. HS codes for establishing the necessary electronic pre-declaration in advance) to be shared with the national postal operators/or private postal service providers (i.e. CEP operators) in the EU for the last mile delivery. It is recommended to make available the UPU standards (S10) and CEN/TS 17073 related systems of parcel identification for private parcel delivery operators and logistics services as well as Haypost (to enable both in parallel). Private parcel delivery operators, logistics services and the national postal operator should be able to use in parallel the UPU standards and CEN/TS 17073 related systems of parcel identification.</p> <p>Such cooperation schemes already used in projects in the EU and within the UPU network. Connection through API makes the concept a re-usable database for marketplaces in the EU to place goods of Armenia for sale in the EU market.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Knowledge transfer from similar projects in the EU and within the UPU network. 2. Define and complete preparatory actions to launch the pilot (e.g. planning, organisational set up, allocate budget). 3. Identify and sign cooperation agreements with interested businesses, postal operators to ensure support, cooperation and usage of the virtual warehouse. Support signing agreements with the EU marketplaces, including agreeing on the payment terms and conditions. 4. Ensure that the Haypost is technically capable to assign barcodes in line with the UPU standards (UPU S10 / CEN/TS17073 standard; HS-codes / GTIN) and share electronic advanced data within the UPU postal network. 5. Ensure that businesses are technically capable to assign Global Trade Item Number (GTIN) to listed goods to enable cross-border tracking in related customs documents, including the necessary HS Codes.

¹⁸ UPU's Postal Technology Centre (PTC) is the global technology provider for designated postal operators, just like Haypost. The PTC may provide the necessary IT support and systems to Haypost to a very large extend already today.



Recommendation / Action	Specification
	<ol style="list-style-type: none"> 6. Introduce training programme for businesses (including the marketplaces in the EU) to use the virtual warehouse. Share information and benefits among stakeholders regarding the virtual warehouse and its concept through the Chamber of Commerce and Industry, Ecommerce Europe, European Business Associations, European Commission and other relevant parties. 7. Support marketplaces in the EU technically to connect to the virtual warehouse through the developed API. Ensure that the EU marketplaces support cross-border return operations. Consider involving and signing agreement with specialised return operators to enable cross-border returns. 8. Launch and monitor the pilot implementation, including setting up regular observation workshops involving the stakeholders. 9. Complete the pilot programme and define the required improvements (if needed). 10. Consider scaling up and implementing the tested solution with a broader scope.
<p>2. Establish national pavilion account(s) ("Best of Armenia") on the EU marketplace(s) allowing businesses in Armenia to list goods for cross-border sales, while reducing cost to enter the market and consolidating marketing efforts.</p> <p>Final goal: <i>cross-border sales volume increase as businesses in Armenia inquire to list goods for cross-border sale through a single national account and get support with marketing.</i></p> <p>Gaps addressed:</p> <p>E1. Availability of the global marketplaces is similar as in the EU. <i>Challenge:</i> global private logistics services enable delivery from the global marketplaces operating in the EU, but they face challenge to maintain high eCommerce volumes creating high rates for parcel delivery.</p> <p>E2. Usage of the global marketplaces is limited. <i>Challenge:</i> businesses face challenges with higher logistics costs and longer delivery comparing to domestic transactions; consumers use parcel forwarding services of which they have to be aware and ready to pay extra and wait longer.</p> <p>E3. Local marketplaces selling cross-border – no information provided.</p> <p>E4. Localisation and personalisation of local marketplaces are not common as EUR currency is not common on marketplaces.</p>	
<p>2.1. Identify cooperating parties in Armenia and the EU</p>	<p>Best practices: public bodies register a national account on cross-border marketplaces and invite local businesses to list goods under one account. This concept is called national pavilion of local brands. This practice exists in different countries and can complement bi-lateral governmental agreements subsidised by states. Examples: Lithuania, New Zealand, Austria, Hungary. Businesses benefit as they experience lower cost to enter cross-border markets and save on marketing efforts as one national account is being promoted instead of different national brands. Such national accounts also add trust and credibility.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Define the budget and confirm funding sources (possibly based on trade related subsidies and beneficial treatment) for registration, operation and marketing at the cross-border marketplaces operating in the EU.



Recommendation / Action	Specification
	<ol style="list-style-type: none"> 2. Identify responsible representatives in Armenia, such as the Chamber of Commerce and Industry, to own a national account at the cross-border marketplaces operating in the EU. 3. Identify businesses in Armenia who are willing to sell cross-border through the concept of the national pavilion. 4. Identify the cross-border marketplaces operating in the EU who are willing to cooperate by allowing Armenia to be an intermediary by creating a national account and registering goods of local businesses for sale. 5. Identify payment provider that can act as an intermediary for processing payments from the owner of the account to businesses selling goods. 6. Facilitate signing agreements between the parties. It is recommended that services to the businesses in Armenia are funded by the authorities and provided free of charge for the businesses.
<p>2.2. Open a pilot national pavilion account on selected marketplace(s)</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Register a pilot national pavilion account on selected marketplace(s). 2. Consult with the marketplaces selling in the EU and identify commercial items that have the best fit for the market creating good opportunities for sales. 3. Consult with the businesses in Armenia on inventory to be listed for sales. Agree on the fulfilment processes – e.g. businesses handle delivery themselves after sales notification, delivery is implemented by marketplaces if businesses decide to use their fulfilment infrastructure. 4. List goods to launch sales. Owner of the account should assign responsible contact person to operate the account on a daily basis. 5. Launch marketing campaign (e.g. "Best of Armenia ") for the national pavilion account on the EU marketplace(s) 6. Launch and monitor the pilot implementation, including setting up regular observation workshops involving the stakeholders. 7. Complete the pilot programme and define the required improvements (if needed). 8. Consider scaling up and implementing the tested solution with a broader scope.
	<p>3. Enhance capacity of the Haypost and private parcel service providers to deliver commercial items within 24 hours inside Armenia for cross-border transportation by establishing consolidated central distribution networks with centralised warehouses, fulfilment and sorting facilities.</p> <p>Final goal: <i>Haypost and parcel delivery operators use centralised networks for clearance, sorting and transportation of parcels to the cross-border hubs (office of exchange) to enable daily dispatch abroad. The aim is to reduce delivery time for domestic and cross-border delivery of commercial items.</i></p> <p>Gaps addressed:</p> <p>E8. Post delivery is similar as in the EU. <i>Challenge:</i> global private logistics services face challenge to maintain high eCommerce volumes creating high rates for parcel delivery; for this reason, local delivery operators are preferred that are more affordable.</p>



Recommendation / Action	Specification
<p>3.1. Assess understanding of the benefits/best practices of centralised postal networks for clearance and delivery of commercial items to the cross-border hubs (office of exchange)</p>	<p>Although the Haypost uses four centralised warehouses for cross-border transportation¹⁹, it is recommended to further support clearing process of postal points where items are received, sorted and transported to the centralised hubs. Decentralised network with active postal offices in all regions of the country is an old state of art, which is recommended to be updated according to the global UPU best practices. The network of post offices should be used for the clearance (i.e. collection) of postal items in general (in most cases on a per item basis). Commercial collection should happen until a given time to achieve timely transportation to the Office of exchange for sorting and handling for dispatch to a third country. This "closing time" shall be in line with time required to achieve up to 24 hours for dispatch to a third country postal territory. It is recommended to use the existing network of cross-border centralised warehouses as a basis to enable cross-border transportation.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Consult stakeholders involving the Haypost, private parcel operators and logistics businesses by organising workshops for awareness and practice transfer of centralised postal infrastructure for domestic clearance according to the UPU requirements and practices of the EU countries. 2. Consult Haypost to explore actions and possibilities to centralise postal infrastructure to achieve a speedy clearing (including postal offices) in urban and rural areas, transporting consignments to parcel operations in central hubs (i.e. offices of exchange or OE).
<p>3.2. Consider clearance of certain postal offices that deliver items to the central hubs (offices of exchange) to establish efficient networks capable to dispatch abroad within 24 hours</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Prepare the state-of-play and impact assessment and design of the future infrastructure and organisational (including processes) scheme with centralised postal infrastructure (warehouses, fulfilment and sorting facilities) for the clearance and sorting of commercial items (parcels); 2. Implement an action plan to collect parcels (including the usage of certain regional postal offices) to establish a highly efficient, centralised postal infrastructure as per the UPU and commercial requirements, in line with best practices in the EU.
<p>4. Facilitate cooperation between the Haypost, private parcel delivery and logistics operators by establishing co-sharing agreements and the usage of unified parcel identifiers (such as outlined in standards CENTS17073) to track last mile delivery to urban and rural areas of Armenia.</p> <p>Final goal: <i>the national postal operator and private sector parcel delivery operators signed cooperation agreements to co-share the last mile delivery in Armenia and to dispatch cross-border consignments within 24 hours from order (after handing over to postal service provider). The aim is to establish co-sharing agreements for delivery to ensure optimal usage of infrastructure and postal rates.</i></p> <p>Gaps addressed:</p>	

¹⁹ International Mail Processing Centres: YEREVAN; YEREVAN PI-2; YEREVAN PI-3; YEREVAN EMS.



Recommendation / Action	Specification
<p>E9. Availability of international logistics operators is similar as in the EU. <i>Challenge:</i> global private logistics services face challenge to maintain high eCommerce volumes creating high rates for parcel delivery limiting involvement in eCommerce ecosystem.</p> <p>E10. Parcel delivery network is similar as in the EU. <i>Challenge:</i> global private logistics services face challenge to maintain high eCommerce volumes creating high rates for parcel delivery limiting involvement in eCommerce ecosystem.</p>	
<p>4.1. Initiate stakeholder consultations to promote the benefits and best practices of co-sharing on the last mile delivery. Identify potential parties willing to co-share delivery and set conditions according to the EU benchmarks</p>	<p>Best practices: in the EU countries, it is common for the national postal operator to use barcodes and identifiers, which can be read by private parcel operators. This makes cooperation and co-sharing practices in the last mile possible for the public and private operators.</p> <p>Due to service parameters (Quality of Service), volumes sent to Armenia could be delivered by the operator best suited on the last mile. "Downstream access" may allow private postal service operators to use the existing postal infrastructure for the last mile delivery of pre-sorted parcels. "Up-stream access" may allow private postal operators to collect consignments from senders to transfer them for sorting at the cross-border hub, or even to dispatch to a third country – allowing related rebates (equivalent to the cost savings of the Haypost).</p> <p>The national operator remains the owner of the transaction, but the private parcel operator receives a share of revenue for the delivery. Tracking is enabled by usage of the common barcodes and identifiers. Such cooperation is based on bilateral agreements.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Organise a workshop to promote the benefits and best practices (including terms and conditions and suggested sharing schemes) of cooperation to co-share the last mile delivery between the Haypost and private parcel operators. Involve Haypost and the key private postal operators. 2. Identify the key parcel delivery operators in Armenia who are willing to enter bilateral agreements for last mile delivery cooperation. Additional assessment of their capability to deliver according to quality standards is required (e.g. ability to deliver within 24 hours).
<p>4.2. Set and technically support requirements for cooperating parcel operators to use common barcode to identify parcel at any point of the cross-border supply chain</p>	<p>To enable cooperation between the parcel delivery operators, it is recommended to use common barcodes. This makes it possible for parcel delivery operators to identify content of parcels and for parties to track items at any point of the supply chain. The European Committee for Standardisation (CEN) has developed the appropriate specification. Such a harmonised labelling specification shall be supported by the usage of the Global Trade Item Number (GTIN) and HS codes to achieve an automated description of the content of the consignment according to the UPU-WCO customs data model and mandatory use of Electronic Advanced Data (EAD).</p> <p>Possible step:</p> <ol style="list-style-type: none"> 1. Consult the Haypost, Customs Service and, possibly, the Ministry of High-Tech Industry and State Revenue Committee, about the need to make available the UPU standards (M33-12) and CEN/TS 17073 related systems of parcel identification for private parcel delivery operators and logistics services as well the Haypost (to enable both in parallel). Private parcel delivery operators, logistics services and the national postal operator should be able to use in parallel the UPU standards and CEN/TS 17073 related systems of parcel identification.



Recommendation / Action	Specification
	2. Investigate the usage and possible upgrading of the two existing Extra-territorial offices of exchange ²⁰ (ETOE) of Haypost in the EU, for direct induction into the EU of eCommerce postal consignments (in cooperation with EU national postal operators and CEP operators).
4.3. Initiate pilot programme to test cooperation between the Haypost and 2-3 private parcel delivery operators/logistics operators using the common barcodes to identify parcels when co-sharing the last mile delivery	Possible steps: <ol style="list-style-type: none"> 1. Develop concept and business case. 2. Validate the concept with the key involved stakeholders. 3. Define and complete preparatory actions to launch the pilot (e.g. planning, organisational set up, allocate budget). 4. Set terms and condition of ownership of transactions – i.e. which parcel delivery operator receives is generally responsible for a transaction and co-shares revenues for a delivery. Agree on the revenue split model according to the EU benchmarks. Agree on the expected standards of the quality of service provided by operators. 5. Sign bilateral agreements. 6. Launch and monitor the pilot implementation, including setting up regular observation workshops involving the stakeholders. 7. Complete the pilot programme and define the required improvements (if needed). 8. Consider scaling up and implementing the tested solution with a broader scope.
5. Further strengthen the integration of Armenian eCommerce ecosystem actors into EU networks. Final goal: <i>increased collaboration of the eCommerce ecosystem stakeholders of Armenia with the EU ecosystem actors through transfer of the EU knowledge and practices.</i> Gaps addressed: E7. The EU 2021 eCommerce package – IOSS: no information provided. E14. The EU 2021 changes – electronic declarations only: is not familiar to all stakeholders and only fragmented preparations are done. E15. The EU 2021 changes – simplified customs procedures: no information provided. E16. The EU 2021 eCommerce package – no exceptions to pay VAT: is not familiar to all stakeholders and no preparations are done.	
5.1. Establish the national eCommerce association and consider joining Ecommerce Europe's	To ensure exchange of critical information about the changes that are introduced consistently, it is advised to for Armenia to participate on a national level in regular events between the stakeholders. Possible steps:

²⁰ ETOOs of Haypost: PAVLOV-PRAGUE Y ETOE AMA; PAVLOV-PRAGUE Z ETOE AMA.



Recommendation / Action	Specification
national member associations	<ol style="list-style-type: none"> 1. Establish the national eCommerce association/department in the Chamber of Commerce and Industry to represent Armenia as an institutional partner informing eCommerce stakeholders of Armenia about the global and the EU eCommerce changes/updates. 2. Explore possibilities to join eCommerce Europe as a member. Also, consider involving the private sector parties as business members of Ecommerce Europe. 3. Ensure that Armenia is informed on a national level about the EU and global eCommerce agenda. 4. Ensure sufficient funding sources to cover participation of Armenia on a national level in regular meetings including travel, accommodation, facilitation, venue costs. 5. If needed, facilitate agreements to involve Armenia in meetings with the aim to exchange information on upcoming global changes in eCommerce area (e.g. the EU VAT Ecommerce package, EU Single Customs Window, Digital Services Act).
<p>6. Adjust legislation, standards, IT systems and business processes of Customs Service, postal and logistics operators to prepare for electronic advanced data and simplified customs procedures.</p> <p>Final goal: <i>cross-border trade is possible as customs authorities, postal and logistics operators can seamlessly exchange electronic advanced data with the EU operators. Courier, express or parcel operators are able to perform customs clearance using simplified procedures.</i></p> <p>Gaps addressed:</p> <p>L24. Customs declaration for all consignments of distance sales are not regulated.</p> <p>S17. N / EDIFACT Exchange Specification – no information provided.</p> <p>S18. Information Exchanges based on the EU customs model – no information provided.</p> <p>E14. The EU 2021 changes – electronic declarations only: is not familiar to all stakeholders and only fragmented preparations are done.</p> <p>E15. The EU 2021 changes – simplified customs procedures: no information provided.</p>	
6.1. Implement applicable clauses from the EU Regulation on customs declarations (applicability of electronic declaration for all consignments of distance sales)	Implement the regulation of customs declaration for all consignments of distance sales according to Commission Delegated Regulation (EU) 2019/1143 of 14 March 2019 amending Commission Delegated Regulation (EU) 2015/2446 , including provisions: <ol style="list-style-type: none"> 1. Goods the intrinsic value of which does not exceed €22 shall be deemed to be declared for release for free circulation by their presentation to customs until July 2021. All imports into the EU will have to be declared at the border using an electronic customs declaration, as well import duties will apply without threshold by July 2021. 2. Possibility to declare goods destined to an EU Member states (including Norway) up to €150 (i.e. Low value consignment or LVC) using a customs declaration that requires 3 times less data (super reduced dataset) than a standard declaration. 3. Requirements to designated postal operators as well as to courier, express or parcel operators to present the documents according to the value of consignments – i.e. reduced or full procedures and documentation – in advance.



Recommendation / Action	Specification
	<p>4. Duty relief for LVC (intrinsic value of the goods not exceeding €150) when using the Import-One-Stop-Shop; or when the IOSS is not used special arrangements according the EU Customs Code.</p> <p>Possible owner: Customs Service.</p>
<p>6.2. Implement standards required for exchange of electronic advanced data in postal operations (for both, designated operator, as well as the private operators)</p>	<p>Implement standards for necessary electronic data lodging of digital customs pre-declarations on item level in line with:</p> <ol style="list-style-type: none"> 1. Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code, Annex B, "super-reduced dataset". 2. CEN/TR 17536 - Postal services – Requirements for electronic advanced data (EAD) in postal operations compliant to security and customs requirements. 3. UN / EDIFACT messages. <p>Possible owner: Customs Service.</p>
<p>6.3. Adapt processes and IT systems of Customs Service, postal and logistics operators to the requirements of the pre-arrival information exchange by connecting to Import Control System 2</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Assess the current state of awareness and preparatory actions for the mandatory electronic customs declarations and simplified customs procedures from 1 January 2021. 2. Assess the current IT systems and prepare for any updates needed to connect to the new system – Import Control System 2. This includes exit and entry summary declarations, as well unique transport ID on consignment level (including connectivity to e-AWBs). 3. Assess and adapt processes and IT systems to the data requirements for the pre-arrival information exchange²¹. Identify potential software developers who could help to adjust. 4. Assess changes needed in businesses process as simplified procedures²² become available to parcel delivery services. 5. Introduce training programme for stakeholders to use electronic customs declarations and simplified customs procedures. <p>Possible owner: Customs Service, the Haypost, private postal and logistics operators.</p>
<p>7. Adjust legislation, IT systems and business process to prepare Customs Service, State Revenue Committee, private parcel delivery and logistics operators, and online retailers for introduction of Import One Stop Shop (IOSS) and removed VAT exceptions.</p> <p>Final goal: cross-border trade is not delayed and is faster as Customs Service, State Revenue Committee, private parcel delivery and logistics operators, and online retailers aware of procedures to collect VAT at the point of sale and ready to declare VAT for all commercial items. VAT is paid to a country of destination.</p>	

²¹ Explanatory notes on electronic advanced data: <https://standards.iteh.ai/catalog/standards/cen/0428799b-5273-45f8-8629-17da8e92f54f/fprcen-tr-17536>

²² Explanatory notes on simplified customs procedures: <https://standards.iteh.ai/catalog/standards/cen/0428799b-5273-45f8-8629-17da8e92f54f/fprcen-tr-17536>



Recommendation / Action	Specification
<p>Gaps addressed:</p> <p>L25. Special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries is not regulated.</p> <p>E7. The EU 2021 eCommerce package – IOSS: no information provided.</p> <p>E16. The EU 2021 eCommerce package – no exceptions to pay VAT: is not familiar to all stakeholders and no preparations are done.</p>	
<p>7.1. Implement special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries</p>	<p>Implement the special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries according to the Directives and Regulations of the VAT eCommerce package.</p>
<p>7.2. Adapt processes and IT systems of Customs Service, State Revenue Committee, private parcel delivery and logistics operators, and online retailers to be able to collect VAT and/or recognise commercial items cleared from VAT by connecting to IOSS</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Assess the current state of awareness and preparatory actions for the removed VAT exceptions and integration with the Import One Stop Shop from 1 July 2021²³. 2. Adjust systems and procedures of Customs Service and online retailers to connect to the new system – IOSS – to be able to collect VAT or recognise commercial items cleared from VAT (below €150). 3. Adjust systems and procedures of Customs Service and online retailers for the data storage requirements, if needed. 4. Adjust systems and procedures of Customs Service, State Revenue Committee, private parcel delivery and logistics operators to deal with the increase in the volume of packages that are subject to VAT (cost, time, space wise), as all items will be subjects to VAT. 5. Adjust systems and procedures of Customs Service, State Revenue Committee, private parcel delivery and logistics operators that would allow to distinguish between the packages that the VAT has already been collected for by platforms (via IOSS system at the point of sales) vs those which have to be collected by postal delivery operator. 6. Adjust systems and procedures of State Revenue Committee that would allow to send taxes collected from IOSS system to tax authorities of a destination country. Also, assess the needed change in processes when businesses will have opportunity to cancel VAT registrations for cross-border taxes procedures, which will be replaced with IOSS. 7. Review contracts (and terms of use) with sellers and buyers.

²³ Explanatory notes on VAT eCommerce rules: https://ec.europa.eu/taxation_customs/sites/taxation/files/vatecommerceexplanatory_notes_30092020.pdf



Recommendation / Action	Specification
	<p>8. Introduce training programme for stakeholders to use IOSS.</p> <p>Possible owner: Customs Service, State Revenue Committee, the Haypost, private postal and logistics operators, online retailers.</p>
<p>8. Adjust IT systems and business process to prepare Customs Service, private parcel delivery and logistics operators, and online retailers for usage of the harmonised ID system ensuring interoperability of item identification.</p> <p>Final goal: <i>Customs Service, private parcel delivery and logistics operators, and online retailers assign harmonised identifiers (ISO/IEC 15459 compliant Serial Shipping Container Code (i.e. SSCC by GS1) as well as the UPU's mandatory S10 13-digit Item ID for postal items) to items making it possible for any eCommerce stakeholder to read and re-use identifiers for own purposes. Such harmonised usage of identifiers creates interoperable solution making cross-border transactions faster (e.g. faster customs clearance as parcels can be identified on item level) and easily tracked on item level.</i></p> <p>Gaps addressed:</p> <p>E18. Harmonised ID, advanced electronic data and item level information exchange on parcels: are not commonly used by all the key stakeholders.</p>	
<p>8.1. Adapt processes and IT systems of Customs Service, private parcel delivery and logistics operators, and online retailers to be able to assign and read harmonised identifiers on item level</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Assess the current state of awareness and preparatory actions for the item-level tracking using harmonised ID system from March 2021²⁴. 2. Identify alternative service providers to implement item-level tracking (ISO/IEC 15459 compliant barcodes, as well as UPU S10 mandatory codes for postal items). 3. Assess the current IT systems and prepare for any updates needed to connect to solution to assign and read harmonised identifiers on item level. 4. Introduce training programme for stakeholders to assign and read harmonised identifiers on item level. <p>Possible owner: Customs Service, the Haypost, private postal and logistics operators, online retailers.</p>

5.2 Legislation framework and standards recommendations to enable cross-border eCommerce with the EU

Six key recommendations for Armenia are presented below including specific actions to be considered on a national level. The recommendations and action points will support Armenia to harmonise legal and standards frameworks to enable seamless cross-border eCommerce. These recommendation form aspects that must be in place for cross-border eCommerce with the EU to work. The recommendations are based on the best EU and global practices. Possible owners of these recommendations are included based on stakeholders that could act and coordinate activities.

The identified gaps have different degree of impact on the cross-border eCommerce between the country and the EU. Several aspects are critical for eCommerce flow. These gaps are important to reduce in order to boost eCommerce. Other gaps serve to improve the local conditions of eCommerce market.

²⁴ Explanatory notes on item-level tracking rules: <https://standards.iteh.ai/catalog/standards/cen/29395c55-0c81-4a45-8358-059647b5cca7/cen-tr-17535-2020>



They indicate the areas of suitable harmonisation of practices between the country and the EU. In the following section, the identified gaps are classified in two categories according to their priority:

- Aspects critical for boosting cross-border eCommerce between the country and the EU
- Aspects harmonising the difference between the EU and the country's practices in eCommerce

Table 19: Armenia: Legislation framework and standards recommendations to enable cross-border eCommerce with the EU

Recommendation / Action	Specification
<p>9. Improve the overall legal framework of cross-border eCommerce by introducing fundamental principles and critical requirements. Final goal: <i>the legal framework and main standards related to eCommerce correspond to the EU general framework and the consumers feel safe to shop on-line.</i> Gaps addressed:</p> <p>L34 Jurisdiction and territoriality of digital service providers is not regulated. L36. Transfers of personal data to third countries or international organisations is partially compatible as no method for data transfer is indicated. L37. Free movement of information society services is not regulated. L38 Liability of intermediary service providers is partially compatible as it doesn't include all types of intermediations. L47 Terms and conditions of providers of online intermediation services are not regulated. L52. Access to data of business users or consumers provided for the use of the online intermediation services is not regulated. S32. Terms and Definitions are not fully aligned.</p>	
<p>9.1. Align the national legal framework and standards by binding with the fundamental principles allowing cross-border eCommerce between Armenia and the EU countries</p>	<p><i>Enhance the legal security of networks and information systems:</i></p> <ul style="list-style-type: none"> • L34. Require a legal representative in the country of foreign digital service provider of marketplace, search engine, cloud computing. Directive (EU) 2016/1148 on level of security of network and information systems. <p><i>Improve the personal data protection</i></p> <ul style="list-style-type: none"> • L36. Stipulate that any transfer of personal data which are undergoing processing or are intended for processing after transfer to a third country shall take place only if the conditions are complied with by the controller and processor. Indicate legible mechanisms or any special tools for transfer of personal data to third countries.. Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data, on the free movement of such data. <p><i>Improve the usage of electronic contracts:</i></p> <ul style="list-style-type: none"> • L37. Introduce the general principle of the freedom to provide information society services by a service provider established on the territory of a third country. Directive 2000/31/EC on certain legal aspects of information society services, in particular electronic commerce, Art 3. • L38. Establish the conditions under which information society service providers cannot be held liable for a third-party illegal content. Directive 2000/31/EC on legal aspects of information society services, Art 3, 9-11 <p><i>Introduce the critical requirements for electronic platforms:</i></p> <ul style="list-style-type: none"> • L47. Establish the requirements to the terms and conditions of providers of online intermediation services.



Recommendation / Action	Specification
	<ul style="list-style-type: none"> L52. Include technical and contractual access, or absence thereof, of business users to any personal data of businesses or consumers. Regulation (EU) 2019/1150 on promoting fairness and transparency for business users of online intermediation services. S32. <i>To standardise with international eCommerce practices</i>, align national terms and definitions with the international standard. Regulation 2018/644 on Cross-border parcel delivery services.
<p>10. Improve online marketing and electronic sales capacities of Armenia traders to improve visibility for the EU customers by introducing legislative and standardisation compliance aspects of eCommerce marketplaces and platforms.</p> <p>Final goal: <i>products of Armenia are presented on the marketplaces selling in the EU, clearly identifiable and promoted to the potential target segments.</i></p> <p>Gaps addressed:</p> <p>L2. Prohibition of unfair commercial practices is partially compatible as types of unfair practices are not specified.</p> <p>L3. Recourse to the codes of conduct is not regulated.</p> <p>L5. Requirements for distance contract, contract medium and language are not regulated.</p> <p>L6. Compulsory information to provide before placing an online order is partially compatible as it is not required to acknowledge that the order implies an obligation to pay and for trader to indicate acceptable methods to pay.</p> <p>L7. Formal requirements for confirmation of the distance contracts are partially compatible as does not require contract on durable medium.</p> <p>L8. Obligations of the trader in the event of withdrawal of consumer from contract is partially compatible as it doesn't specify maximum delay for reimbursement.</p> <p>L13. Misleading commercial practices of paid advertisement are not regulated.</p> <p>L14. Misleading omissions for products offered on online marketplaces are partially compatible as it doesn't specify what is an online marketplace.</p> <p>L15. Information requirements for distance contracts of digital content and digital service do not define digital service supplied by the trader to the consumer.</p> <p>L16. Information requirements for distance contracts when price is personalised on the basis of automated decision-making are not regulated.</p> <p>L17. Fake price reductions are not regulated.</p> <p>L18. Misleading omissions about consumer reviews of products is not regulated.</p> <p>L21. Indication of the prices of products offered to consumers is partially compatible as does not stipulate the indication of the selling price and the price per unit of measurement.</p> <p>L28. Authenticity logo for online sale of medicines is not regulated.</p> <p>L35. Unjustified blocking and limiting a customer's access to the trader's online interface are not regulated.</p> <p>L48. Restriction, suspension and termination of online intermediation services are not regulated.</p> <p>L49. Ranking in online intermediation services is not regulated.</p> <p>L50. Differentiated treatment in relation to goods or services offered to consumers through online intermediation services is not regulated.</p> <p>S30. Trustmark for ethical standards in the digital marketplace is not regulated.</p> <p>S31. Certification mechanisms for CE marking of products is not implemented.</p>	
<p>10.1 Legally define on-line marketplaces and</p>	<p><i>Improve the legal framework for better enforcement and modernisation of consumer protection rules by introducing the rules and practices of operating online marketplaces and sales of products on marketplaces.</i></p>



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<p>introducing rules of their accessibility</p>	<ul style="list-style-type: none"> L14. Legalise the principle of online marketplace operated by or on behalf of a trader which allows consumers to conclude distance contracts with other traders or consumers. L15. Require that the consumer must be informed whether the third party offering the products on a marketplace is a trader or not. Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market. <i>Improve the legal protection and accessibility of foreign consumers to Armenia-based online marketplaces.</i> L35. Prohibit unjustified blocking or limiting a customer's access to the trader's online interface. Regulation (EU) 2018/302 on addressing unjustified geo-blocking.
<p>10.2 Improve the protection of consumers when buying on eCommerce platforms in Armenia by improving the legal framework and compliance to standards of digital platforms</p>	<p><i>Improve the legal framework in the identified critical aspects of consumer protection when buying on eCommerce platforms against unfair commercial practices:</i></p> <ul style="list-style-type: none"> L2. Introduce the types of unfair business to consumer commercial practices, also applicable to the contracts concluded online, such as misleading, omissions, aggressive or other commercial practice. L3. Encourage the control of unfair commercial practices by recourse to the national bodies providing codes of conduct. Directive 2005/29/EC on unfair commercial practices, Articles 5-10 <p><i>Improve the legislation on consumer rights:</i></p> <ul style="list-style-type: none"> L5. Specify the compulsory information required to include in distance contracts, the required medium for the contract, characteristics of the language. L6. Require the consumer, when placing his order, to explicitly acknowledge that the order implies an obligation to pay. L7. Improve requirements for distance contracts by requiring contract on durable medium and time limit for confirmation. L8. In the event of withdrawal by the consumer, imposes the maximum legal delay for the trader to conduct the reimbursement of received payments. Directive 2011/83/EU on consumer rights, Articles 6-8, 13-14. <p><i>Provide better enforcement, modernisation of consumer protection rules:</i></p> <ul style="list-style-type: none"> L15. Define digital service supplied by the trader to the consumer. Include provisions of consumer rights protection where the trader supplies or undertakes to supply digital content which is not supplied on a tangible medium or a digital service to the consumer and the consumer provides or undertakes to provide personal data to the trader. L16. Introduce the requirement for the trader to inform in case when the price is personalised by automated decision-making. Directive (EU) 2019/2161 on consumer rights. <p><i>Assure consumer protection in the indication of the prices of products:</i></p> <ul style="list-style-type: none"> L10. Stipulate the indication of the selling price and the price per unit of measurement of products offered by traders to consumers to facilitate comparison. Directive 98/6/EC on consumer protection in the indication of the prices of products offered to consumers, Art 1, 3, 5. <p><i>Create legislation on digital platforms:</i></p> <ul style="list-style-type: none"> L48. Require a statement of reasons prior to restricting or suspending the provision of online intermediation services.



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	<ul style="list-style-type: none"> L49. Require that the terms and conditions indicate the main parameters determining ranking of products on platforms. L50. Require indicating a differentiated treatment in relation to goods offered through online intermediation services. Regulation (EU) 2019/1150 on fairness of online intermediation services, Articles 3-9.
<p>10.3 Enhance the performance of Armenia platforms by enforcement and modernisation of consumer protection rules</p>	<p><i>Provide better enforcement of consumer protection rules for on-line sale:</i></p> <ul style="list-style-type: none"> L13. Introduce cases when paid advertisement is considered as a misleading commercial practice. L17. Require indicating the prior price applied by the trader for a determined period of time prior to the price reduction (sales). L18. Require informing about the ways of collecting reviews on products by actual customers and their authenticity. L21. Enact the drafted legislative provision. Stipulate the indication of the selling price and the price per unit of measurement of products offered by traders to consumers in order to improve consumer information and to facilitate comparison of prices. Directive (EU) 2019/2161 on better enforcement of consumer protection rules. <p><i>Create the legal framework enhancements on parcels delivery related to non-fiscal aspects of support of local traders and the consumer protection of both EU and Armenia buyers:</i></p> <ul style="list-style-type: none"> L28. Introduce a common logo for legally operating online pharmacies/retailers.
<p>10.4 Enhance the national standardisation compliance by adopting best European practices</p>	<p><i>Improve the acceptance of national products for on-line sale on the EU markets:</i></p> <ul style="list-style-type: none"> S30. Implement a national trust mark certification scheme or adopt an international one to improve the level of trust by local and international consumers. This scheme authenticates that an eCommerce company established on the national territory has made a commitment to work in compliance with the national (or regional, international) Code of Conduct, guaranteeing ethical standards in the digital marketplace. The Ecommerce Europe Trustmark. S31. Provide independent conformity assessment and certification mechanisms for CE marking of products manufactured by local manufacturers. CE marking Blue Guide - Comprehensive guidance on the implementation of EU product rules.
<p>11. Enhance the security aspects of Armenia eCommerce platforms and their attractiveness for the EU customers by introducing legislative and standardisation compliance aspects of <u>electronic payment</u>.</p> <p>Final goal: assure maximum consumer protection when using electronic payment on eCommerce platforms.</p> <p>Gaps addressed:</p> <p>L39. Integrated market for electronic payments is not regulated.</p> <p>L41. Transparency and information requirement for payment services is partially compatible.</p> <p>L42. Rights and obligations for providers of payment services are partially compatible because only applicable to banks.</p> <p>L45. Removal of surcharges for the use of credit cards and debit cards is not regulated.</p> <p>L51. Specific contractual terms between providers of online intermediation services and business users are not regulated.</p>	
<p>11.1 Improve consumer protection mechanisms by</p>	<p><i>Improve the legal framework on the critical aspects of secure electronic payment on eCommerce platforms:</i></p>



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<p>enhancing requirements applied to electronic payment on eCommerce platforms</p>	<ul style="list-style-type: none"> L39. Define the general rules for an integrated national market for safe electronic payments to ensure choice and transparency of payment services. L41. Introduce conditions and information requirements for payment services applied to single payment transactions, framework contracts. L42. Establish the rights and obligations in relation to the provision and use of payment services by other service providers other than banks. Directive (EU) 2015/2366 on payment services in the internal market, Title I, II, III, IV, Article 73-74. L45. Require that payment service providers shall not offer or request a per transaction interchange fee of more than a certain fixed percentage. Regulation (EU) 2015/751 on interchange fees for card-based payment transactions. L51. Require that providers of online intermediation services include specific contractual terms with business users. Regulation (EU) 2019/1150 on promoting fairness and transparency for business users of online intermediation services.
<p>12. Allow safe <u>placing of on-line orders</u> for contracts concluded online, especially for cross-border sales. Final goal: assure the maximum level of consumer and trader contractual protection in case of contracts concluded on-line. Gaps addressed: L1. Consumer contracts are not compatible as legislation does not stipulate that the contract shall be governed by the law of the country where the consumer has his habitual residence.</p>	
<p>12.1 Assure the availability of fair and transparent contractual mechanism for contracts concluded on-line</p>	<p><i>Improve the consumer contracts for contracts concluded online with foreign consumers</i></p> <ul style="list-style-type: none"> For the contract concluded between a consumer and a supplier located in different countries, stipulate that the contract shall be governed by the law of the country where the consumer has his habitual residence. Regulation (EC) No 593/2008 on the law applicable to contractual obligations, Article 6(1).
<p>13. Improve the time of cross-border <u>parcel delivery</u> between Armenia and the EU countries by implementing standardised electronic data interexchange. Final goal: allow processing of all cross-border data on parcels between Armenia and the EU countries in standardised electronic format in advance. Gaps addressed: L9. Maximum allowed time for delivery of purchased goods is not regulated. L29. Transparency of cross-border tariffs for parcels is not regulated. L31. Postal security requirements for the provision of electronic advance data by the designated postal operator to customs is not regulated. L32. Security measures for cargo or mail that fly from / to the country into the EU is not regulated. S1. Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail is not regulated. S4. Method for measurement of parcel transit time for cross-border parcels is not regulated. S9. Requirements for private letter boxes is not regulated.</p>	



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	<p>S10. Technical features of parcel boxes for end use is not regulated.</p> <p>S12. Framework for secure, trustworthy and user-friendly opening systems for parcel boxes for home use is not regulated.</p> <p>S13. Requirements for electronic advanced data (EAD) in postal operations are not regulated.</p> <p>S15. Requirements for electronic advanced data (EAD) in postal operations, in particular compliant to security and customs requirements are not regulated.</p> <p>S16. Interfaces between the e-merchant and logistic operators for cross border parcels are not regulated.</p> <p>S25. CUSRSP Customs Response is not implemented.</p> <p>S26. ITMREF V1 – Item referral is not implemented.</p> <p>S27. REFRSP V1 – Referral response message specification is not implemented.</p>
<p>13.1 Improve the legal framework for faster and more reliable cross-border parcels delivery</p>	<p><i>Improve the transparency of conditions for cross-border parcels delivery:</i></p> <ul style="list-style-type: none"> L9. Specify the maximum allowed time for the trader to deliver the goods by transferring the physical possession of the goods to the customer. Directive 2011/83/EU on consumer rights, Article 18. L29. Require the trader to inform the consumer about the cross-border delivery options available to the specific sales contract and charges payable by consumers for the cross-border parcel delivery. Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services <p><i>Improve postal security requirements for the provision of electronic advance data</i></p> <ul style="list-style-type: none"> L31. Require the national designated postal operator exchanging advance data with the domestic customs via EDI before the parcel-post item is sent. L32. Require that air carriers flying from the country must ensure that all cargo and mail carried to the EU is physically screened.
<p>13.2 Accelerate processing of cross-border data on parcels by implementing Digital Postal Services and electronic data interexchange standards</p>	<p><i>Improve the quality of delivery services by learning from the international standards:</i></p> <ul style="list-style-type: none"> S1. Introduce a standard method for measuring of the transit time of end-to-end services for single piece priority mail, CEN/EN13850. S4. Introduce quality of service measurement for transit time of cross-border parcels, based on tracking and tracing events, CEN/TS 15472:2016. <p><i>Improve interoperability for cross-border delivery:</i></p> <ul style="list-style-type: none"> S9. Specify the requirements for private letter boxes, so that postal items of a certain size fit into letter boxes, CEN/EN 13724:2013 S10. Specify the technical features of parcel boxes for end use to harmonise unattended delivery of eCommerce parcels, CEN/TS16819:2015 <p><i>Assure the interoperability of parcels delivery between the EU and Armenia by introducing national standards for:</i></p> <ul style="list-style-type: none"> S12. Unattended delivery solutions (i.e. parcel locker systems/ parcel boxes) for home use (requires prior consent by the recipient), CEN/TS 17457. S13. Requirements for electronic advanced data (EAD) in postal operations compliant with UPU-WCO customs data model and the EU Customs Data Model, CEN/TR 17535. <p><i>Introduce Digital Postal Services standards :</i></p>



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	<ul style="list-style-type: none"> S16. Provide technical specifications (of physical label and electronic exchanges, as well data formats used within delivery chain) for an interface between the e-merchant and logistic operators, CEN/TS17073:2017. S15. Define semantic mapping description of information on commercial single items compliant to the UPU-WCO customs model and the EU customs data model, CEN/TR 17536. <p><i>Implement Electronic Data Interchange between postal handling organisations based on UPU electronic exchange messaging standards in line with the mandatory UPU-WCO data model:</i></p> <ul style="list-style-type: none"> S25. CUSRSP Customs response to postal operator on mail items, UPU M44. S26. ITMREF which supports the communication from the destination postal operator to the origin postal operator, UPU M53. S27. REFRSP supports the communication from the origin postal operator to the destination postal operator UPU M54.
<p>14. Set up the required conditions to assure eCommerce <u>customer service</u> by creating online Alternative Dispute Resolution mechanism and assuring transparency in case of serious security incidents.</p> <p>Final goal: <i>assure the maximum level of consumer support in case of disputes and security incidents.</i></p> <p>Gaps addressed:</p> <p>L22. Availability of procedures for the out-of-court resolution of domestic and cross-border disputes concerning contractual obligations (ADR) is partially compatible as not all types of ADR are specified.</p> <p>L23. Availability of an online dispute resolution platform for consumer disputes (ADR) is not regulated.</p> <p>L33. Security requirements and incident notification (security) is partially compatible as it doesn't require to communicate incident to all parties.</p> <p>L53. Internal complaint handling system is not regulated.</p> <p>S2 Complaints handling principles is not regulated.</p> <p>S3. Damage to postal items is not regulated.</p>	
<p>14.1 Assure the availability of online procedures for the out-of-court resolution of domestic and cross-border disputes concerning eCommerce contractual obligations</p>	<p><i>Create a national legal framework of Alternative Dispute Resolution (ADR) for consumer disputes supporting eCommerce:</i></p> <ul style="list-style-type: none"> L22. Introduce the type of ADR such as Conciliation, Ombudsmen, Arbitration, and Complaints boards. L23. Lay down rules for online dispute resolution platform for consumer disputes. Directive 2013/11/EU on alternative dispute resolution. <p><i>Create a mechanism of handling complaints by providers of eCommerce platforms and intermediation services:</i></p> <ul style="list-style-type: none"> L53. Introduce a requirement for providers of online intermediation services to provide an internal system for handling complaints. Regulation (EU) 2019/1150 on promoting fairness for business users of online intermediation services.
<p>14.2 Assure transparency on incidents by introducing requirements to</p>	<p><i>Introduce the obligation to provide incident notifications about security of networks and information systems of eCommerce platforms:</i></p> <ul style="list-style-type: none"> L33. Introduce obligation of digital service providers to notify the competent authority about incident having a substantial impact, and the obligation of competent national authority to inform the public about individual incidents. Directive (EU) 2016/1148 on measures for a high common level of security of network and information systems.



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inform authorities and consumers	
14.3 Improve the quality of customer services for parcels delivery by introducing quality standards	<ul style="list-style-type: none">• S2. Enforce the application of a national standard for complaints handling related to domestic and cross-border postal services, CEN/TS14012.• S3. Improve complaints handling principles include guidelines / description of best practices for handling of damaged postal items related to domestic and cross-border postal services, CEN/TR 16915:2015 – Damage to postal items.

6 The next steps and considerations

As the next step, the beneficiaries in the Eastern partner countries should use this report to consider implementing the recommendations.

Recommendations in legal and standards areas include specific points for specific government authorities to use as an input to make necessary changes. These recommendations and action points are presented in *chapter 5.2* of this report.

Recommendations in ecosystem area should be considered by the relevant government and non-government ecosystem stakeholders, who should include the recommendations in national economy development plans for practical actions. These recommendations are presented in *chapter 5.1* of this report.

In addition, this report is considered by the European Commission for possible activation of the recommendations on bi-lateral and regional levels.

The next step of the EU4Digital Facility is to launch a pilot to facilitate cross-border eCommerce. Recommendation #1 of this report – Establish a virtual warehouse as a re-usable database to list goods for sale in the EU and other Eastern Partnership countries – is confirmed to be a pilot solution, which will support countries to list products on the foreign marketplaces and complete cross-border eCommerce transactions. The pilot activity is scheduled to start in January 2021 and to be completed by April 2021. Updates on the activities are published on eufordigital.eu.