



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 Azerbaijan

15 January 2021



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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 Azerbaijan, hereafter, Azerbaijan) 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 Azerbaijan* 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 Azerbaijan* 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*

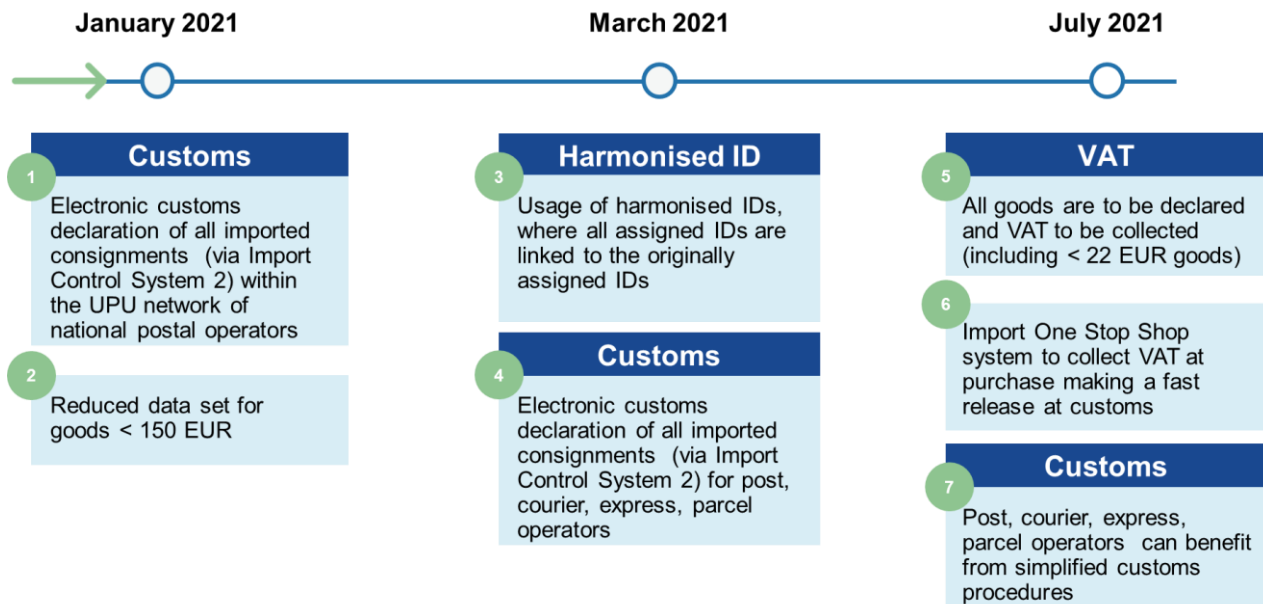


that enables cross-border delivery within eCommerce, the WCO global model for customs requirements). Such systems and procedures influence eCommerce legislation in the EU and the rest of the world.

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 Azerbaijan

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

- The Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan (including specialists in post, transport, data processing and digital development);
- State Customs Committee of the Republic of Azerbaijan;
- Central Bank of the Republic of Azerbaijan;
- The Ministry of Economy;
- State Service for Antimonopoly and Consumer Market Control;
- Standardization Institute;
- State Agency for Public Service and Social Innovations;
- Center for Analysis of Economic Reforms and Communication;
- Representatives of eCommerce marketplace Azexport;
- Representatives of private sector 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 Azerbaijan 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: Azerbaijan: ecosystem gaps comparing to the EU eCommerce baseline

No	State of play in the EU	State of play in Azerbaijan	Gaps comparing to the EU baseline / Challenges
eCommerce platforms			
1.	<p>There is a variety of the major global eCommerce platforms providing services in the 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. 	<p>Availability of the global marketplaces:</p> <ul style="list-style-type: none"> • Global marketplaces that are operating in the EU (e.g. Alibaba, eBay, Amazon, Wish) are available for customers and businesses. • Customers select delivery options available on the global marketplaces (including global parcel operators and the post) when they make purchases. Parcel forwarding services are not used as there is lack of awareness of such services and delivery through global parcel operators and the post is available. • For businesses it is common to interact through the national platform – Azexport. This is the marketplace of Azerbaijan products having agreements and registered accounts on several marketplaces (including Amazon, Alibaba, eBay, Wish). Acting as an intermediary, it lists goods of local businesses on these marketplaces and represents Azerbaijan sellers free of charge. Often, payments and delivery do not happen through Azexport but happen through the marketplaces or agreed separately between parties. B2B is the most common transaction type while B2C is possible in principle. However, this platform is currently not oriented on the EU market. The US, Turkey and Russia are among the countries of focus 	<p>Similar practices as in the EU. The global eCommerce ecosystem players, such as marketplaces, are not directly available in Azerbaijan given the market size. It is not likely that the global marketplaces will enter Azerbaijan (similarly as in some of the EU countries).</p> <p>Global logistics players (such as DHL, UPS, FedEx, DPD) entered the market to enable availability of the global marketplaces. Also, a national platform Azexport is established to support cross-border eCommerce transactions for businesses.</p>



No	State of play in the EU	State of play in Azerbaijan	Gaps comparing to the EU baseline / Challenges
2.		<p>Usage of the global marketplaces:</p> <ul style="list-style-type: none"> Although global marketplaces that are operating in the EU are available for customers and businesses, poor awareness and digital skills create challenges for customers and businesses. The national platform Azexport is the key platform that is used to make cross-border eCommerce transactions for businesses. 	<p>Different practices than in the EU. As customers and businesses in Azerbaijan have poor awareness of how to use cross-border platforms and low level of digital skills, there is lack of usage of global marketplaces in Azerbaijan.</p> <p>The state of play analysis shows that businesses and consumers in Azerbaijan buy and sell in the EU, but poor awareness and digital skills create obstacles to use global marketplaces that are operating in the EU.</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, 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>	<p>Local marketplaces selling cross-border:</p> <p>Private electronic platforms selling goods cross-border (except the national Azexport) are not common.</p>	<p>Different practices than in the EU. The national platform Azexport is the only marketplace selling cross-border. For other marketplaces it is not to sell to the EU.</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> <ul style="list-style-type: none"> Azexport provides localisation and personalisation by listing goods in three languages – Azerbaijani, English and Russian. Thus, products can be listed in these languages on the global marketplaces as well. Prices on Azexport are displayed in the local currency and the US dollars, but not in EUR currency as the platform is not focused on the EU marketplaces. Transactions happen in local currency in Azerbaijan. 	<p>Different practices than in the EU. For a seamless eCommerce transaction between the EU and Azerbaijan, it is important to indicate prices at least in EUR currency. Azexport does not localise and personalise services for the EU buyers by offering EUR currency as the platform is not focused on the EU marketplaces.</p>



No	State of play in the EU	State of play in Azerbaijan	Gaps comparing to the EU baseline / Challenges
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: Visa / Mastercard / American Express, invoice, cash-on delivery, bank transfer, domestic credit / debit card. Azexport supports payments through Visa / Mastercard / American Express. PayPal is the only common digital wallet used in Azerbaijan. However, the solution is limited as due to the current legislation it is not possible to receive money from the PayPal accounts registered in the EU while using PayPal account registered in Azerbaijan. A workaround that is used is to register accounts in Georgia or Turkey. The relevant legal aspects are planned to be adopted by the end of 2020. Transactions happen in local currency. 	<p>Different practices than in the EU. Although some of the most common payment methods in Azerbaijan are aligned with the EU, Azexport being a platform to enable cross-border eCommerce only accepts bank cards and cash-on-delivery. Cash-on-delivery remains one of the most preferred methods to pay for goods in Azerbaijan.</p> <p>Also, digital wallets are not common in Azerbaijan for eCommerce transactions. A common solution PayPal is available to pay, but not to receive money, which is planned to be addressed with a relevant legislation to be adopted by the end of 2020. Currently, a workaround to register accounts in other countries is used.</p>
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"> While global secure gateways are available (i.e. Amazon and PayPal) their usage is not common. Local solutions are used (e.g. AzeriCard Authorization Gateway). 	<p>In Azerbaijan, marketplaces do not use global payment gateways to process payments due to the current legislation that should be updated by the end of 2020. Currently, local solutions are used (e.g. AzeriCard Authorization Gateway). This makes the payments more challenging, as consumers cannot see the common and trusted services in the EU during the checkout.</p>
Taxation			

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



No	State of play in the EU	State of play in Azerbaijan	Gaps comparing to the EU baseline / Challenges
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 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. 	<p>Awareness of eCommerce package – IOSS:</p> <p>Some eCommerce stakeholders – the Azerpost and the State Customs Committee -- are aware of the EU 2021 eCommerce package regarding cross-border taxation procedures, but no actions to prepare are done.</p>	<p>No awareness as of summer 2020. The key stakeholders in Azerbaijan are not aware of the EU changes to cross-border taxation procedures in 2021 and are not doing preparatory actions, which includes establishing a representative in the EU, updating IT systems and cross-border taxes reporting processes. Although national postal operator and the customs authorities are aware, no actions are planned to adjusting to the changes.</p> <p>It is important for Azerbaijan to adjust to these changes as IOSS system may help authorities to control taxes flows and businesses to report cross-border taxes.</p>
Logistics and supply chain			

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.

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 Azerbaijan	Gaps comparing to the EU baseline / Challenges
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"> • Customers and businesses typically can select different ways to deliver commercial items, which includes the global delivery services, the national postal operator and local parcel delivery services. • Post is the most common delivery method for cross-border purchases. • There are 80 private parcel delivery services (including postal, courier, express) currently operating in Azerbaijan. These include global service providers (e.g. DHL, UPS and FedEx, DPD) and local players (e.g. Dipmex, Nosilla, Mover, Azeri express and many others). • For cross-border delivery, the national postal operator Azerpost is using five hubs (offices of exchange). 	<p>Similar practices as in the EU. The key global logistics operators and a wide network of local operators enable delivery in Azerbaijan.</p> <p>The national post is the key stakeholder in cross-border eCommerce. However, the delivery time varies from one to five days, while in the EU, same day delivery or delivery within 48 hours is common.</p>
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, 	<p>Availability of international logistics operators:</p> <p>Key international parcel delivery services available: DHL, UPS and FedEx, DPD. All these operators established representations (offices) in the country except DPD and customers and businesses may select them for delivery.</p>	



No	State of play in the EU	State of play in Azerbaijan	Gaps comparing to the EU baseline / Challenges
	<p>large companies, such as DPD, DHL, UPS, FedEx, are capable to do so.</p> <ul style="list-style-type: none"> • Own warehouse facilities in the EU to manage the delivery. • Enable cross-border eCommerce through the global marketplaces (such as: Amazon or Alibaba) to leverage their own delivery networks. 		
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> <ul style="list-style-type: none"> • Customers and businesses are able to select different operators to deliver parcels. • Cooperation between the parcel delivery operators is theoretically possible, but no such cooperation exists so far. • The national platform Azerxport does not collaborate with logistics companies directly but provides recommendations for businesses on available options for delivery. 	<p>Similar practices as in the EU. Although international service delivery operators are available in the market and parties can select different delivery services, cooperation between services is not common, which is important to optimise cross-border parcel delivery.</p>
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 popular delivery location is the port office, followed by home delivery and workplace. • Azerpost – the national postal operator -- charges extra fee (i.e. around €0.5) for home and workplace delivery. • 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>Delivery time:</p> <ul style="list-style-type: none"> • Same day delivery is available in large cities (Baku, Bagja, Yevlakh, Lankaran, Mingachevir, Naflan, Nakhchivan). • The national postal operator Azerpost established the delivery standards from one to five days. 	<p>Different practices than in the EU. The expected delivery time standards in Azerbaijan are few days longer than 'the same or the next day delivery' expected in the EU.</p>



No	State of play in the EU	State of play in Azerbaijan	Gaps comparing to the EU baseline / Challenges
	<p>Key aspects to consider for the Eastern partner countries: Enable the same or next-day delivery to get purchased goods to buyers.</p>	<ul style="list-style-type: none"> Businesses and/or delivery operators communicate to consumers the expected delivery date for cross-border parcels. However, domestic delivery of parcels is not tracked. 	<p>Also, domestic delivery of parcels is not commonly tracked by the delivery operators.</p> <p>This is a challenge for a seamless cross-border delivery of parcels to the EU as it is important to ensure optimised delivery to the border.</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> <ul style="list-style-type: none"> Azerpost, which enables delivery to remote areas, has around 1500 postal offices, including 300 offices in remote regions. Such wide network of postal offices in Azerbaijan enables timely delivery to remote areas. The postal network in remote areas is also supported by private operators, such as Royalexpress that also has postal offices in various remote areas. 	<p>Similar practices as in the EU. 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 and the EU best practices. In the EU, it is common to establish consolidated central distribution networks to achieve timely transportation of parcels.</p>
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 customs documentation. All logistics businesses will need to adjust and use the IT system – Import control system 2 – to exchange pre-arrival information about goods¹².</p>	<p>Awareness of eCommerce package - electronic declarations only:</p> <ul style="list-style-type: none"> Azerpost and State Customs Committee are aware of the EU 2021 customs changes. Azerpost is preparing to introduce relevant changes. Also, customs operations are done electronically since 2016. However, other eCommerce ecosystem players, such as parcel delivery operators are not aware of the newly 	<p>No full awareness as of summer 2020. Although the customs already use electronic declarations in Azerbaijan and the post is preparing for this adjustment, other key eCommerce stakeholders (such as the parcel delivery operators) lack awareness about the upcoming EU changes. As the result, they cannot start preparatory actions, which includes</p>

¹² Explanatory notes on electronic advanced data: <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 Azerbaijan	Gaps comparing to the EU baseline / Challenges
	<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 goods. 	<p>introduced system to process electronic customs declarations -- Import Control System 2.</p> <ul style="list-style-type: none"> There are no clear deadlines for preparatory actions. 	<p>adjustments to the new systems and business processes.</p> <p>Adjusting to these 2021 changes of the EU is important for Azerbaijan to speed up cross-border delivery. 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 authorities can benefit from simplified customs procedures, where reduced data set can be used to declare goods to customs in the EU.</p>	<p>Awareness of eCommerce package - simplified customs procedures:</p> <ul style="list-style-type: none"> Customs are aware of the changes, the work plan for required changes is being prepared and planned to be completed by the end of 2020. Azerpost is also preparing for relevant changes. Other parcel delivery operators, including GlobalExpress, Royalexpress and other (about 10 more) are not aware of the changes and thus no plan is being prepared. 	<p>No full awareness as of summer 2020. Although the national postal operator in Azerbaijan and customs are aware of the EU 2021 eCommerce package (about simplified procedures at customs), private delivery services are not aware of the possibility to use simplified procedures in 2021.</p> <p>Adjusting to these 2021 changes of the EU is important for Azerbaijan, which may make private parcel delivery services faster and affordable for cross-border eCommerce.</p>
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</p>	<p>Awareness of eCommerce package - no exceptions to pay VAT:</p> <ul style="list-style-type: none"> Azerpost and the Customs Committee are aware and relevant preparation work is being carried out. 	<p>No full awareness as of summer 2020. Although the national postal operator and customs are aware of the EU 2021 eCommerce package, delivery operators in Azerbaijan are not aware of the removed exceptions to pay VAT in 2021. They</p>

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 Azerbaijan	Gaps comparing to the EU baseline / Challenges
	<p>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. 	<ul style="list-style-type: none"> • Other major parcel delivery operators are not aware of this change. They wait for relevant instructions from the foreign partners and the Customs Committee. • Currently, no clear deadlines for preparatory actions are shared. 	<p>expect that this will be communicated by partner parties.</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 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>	<p>Return delivery:</p> <ul style="list-style-type: none"> • Each postal operator independently decides on the return of goods. • Generally, the reasons for return do not have to be provided. • Items for the return are most commonly dropped at the postal operator office. • In the case of delivery through Azerpost offices – consumers can either refuse the delivery and thus, the item is returned to a seller. Azerpost takes care of the needed documentation and sends the parcel back. 	<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 Azerbaijan to fully align the return procedures in the following areas:</p> <ul style="list-style-type: none"> • 14 days for return is not specified in Azerbaijan – customers are recommended to open shipments at the delivery in the post. This is where the control happens; • Shipments are normally dropped at the postal offices for return delivery in Azerbaijan. Enabling other stakeholders such as unattended

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 Azerbaijan	Gaps comparing to the EU baseline / Challenges
	<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. 		<p>delivery options might improve the process of return.</p> <ul style="list-style-type: none"> In the ecosystem of Azerbaijan no return specialised operators (e.g. specialised software, parcel operators specialised on returns) are observed. Also, involving other stakeholders (e.g. unattended delivery services) in the return process might improve it.
18.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p> <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; 	<p>Awareness of eCommerce package - cross-border parcel supply chain:</p> <ul style="list-style-type: none"> Majority of eCommerce stakeholders assign IDs that allow to track purchased goods on item level. The majority of eCommerce stakeholders exchange information between themselves in advance and including Preloading advance cargo information (PLACI), i.e. before purchased goods are transported. Only a few eCommerce stakeholders use harmonised ID, where all assigned IDs are linked to the originally assigned IDs by seller. 	<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 all the key stakeholders in Azerbaijan.</p>



No	State of play in the EU	State of play in Azerbaijan	Gaps comparing to the EU baseline / Challenges
	<ul style="list-style-type: none"> 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. 		

4.2 Gap analysis in legal area

The table in this section provides an overview of the identified gaps in legislation area in Azerbaijan 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.

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 main legislative act that defines the legal framework for the organisation and implementation of eCommerce in Azerbaijan, the rights, duties, and responsibilities of eCommerce participants for violation of the respective legislation is the **Law on E-Commerce**, № 908-IIQ, dated 10.05.2006. The law regulates all areas of eCommerce excluding financial market, insurance and securities market. There are also some provisions in the Civil Code that regulate the eCommerce activities.

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 **law on Electronic Signature and Electronic Document** was adopted in 2004 and last amended in 2018 (Decree of the President of the Republic of Azerbaijan on the implementation of the Law of the Republic of Azerbaijan “On Electronic Signature and Electronic Document”, 26.05.2004).

The **national marketplace Azexport.az** was created based on the decree "On creation of a unified database of goods produced in Azerbaijan Republic", signed on 21 September 2016 by the President of the Republic of Azerbaijan.

Decree of the President of the Republic of Azerbaijan was issued dated 22.02.2017 on additional measures for strengthening of the position of the Republic of Azerbaijan, such as a **Digital Trade Hub** and **expansion of foreign trade operations**.

Order of the President of the Republic of Azerbaijan was issued on the amendments to Order No 508 dated 26.09.2018 “On approval of the State Program for expansion of **digital payments** in the Republic of Azerbaijan in 2018-2020”.

Changes were done to the **Tax Code** involving eTrade taxation, effective on 1 January 2017.

Currently, **new draft laws** have been developed on **Electronic Signatures and Electronic Document**, **eCommerce**, the **Law on Postal Service**, the **Law on the National Bank**, the **Law of Personal Data**, as well as minimum security requirements as part of the **National Cyber Security Strategy for eCommerce platforms**. They take into account the latest changes adopted in international standards, including the EU standards.

Status of the approximation to the EU legal framework

The EU-Azerbaijan bilateral trade relations are currently regulated by a Partnership and Cooperation Agreement in force since 1999. New negotiations have been underway in recent years to conclude a new agreement.

Naturally, all new legislative acts concerning eCommerce in one area or another are adopted taking into account international standards. At the same time, unlike the countries that have the status of EU associated members (Moldova, Ukraine, Georgia), that are obligated to bring their legislation in accordance with the EU requirements, Azerbaijan is not faced with such objectives. The main laws, such as Law on E-Commerce, on Electronic Signatures and Electronic Document were developed considering international best practices, including the EU. However, it was done some time ago creating potential gaps in the current state.

Identified challenges of the country in eCommerce legal field

Postal Service, the National Bank, which already include the latest changes in international standards regarding eCommerce. The main issue is the lack of bilateral and multilateral agreements with countries on the mutual recognition of electronic signatures, which hinders the implementation of European eCommerce standards.

4.2.2 Analysis of legislation

Consumer protection

The national legislation (laws, decrees, regulations) related to consumer protection in eCommerce:

- Law of the Republic of Azerbaijan “**On protection of consumer rights**”, 19 September 1995, No 1113. This law determines general legal, economic and social foundations and mechanisms for equal regulation of relations between a producer and consumer, seller and executor during sale and purchase transactions, performance and rendering of services in order to create equal conditions for consumers within the territory of the Republic of Azerbaijan, as well as for protection of consumers rights. The law is prepared on the basis of "Guiding principles for protection of consumers' rights" adopted by the UN General Assembly and directed to approximate such relations in the Republic of Azerbaijan to the world practice.



- Article 2. The legislation of the Republic of Azerbaijan on protection of consumer rights. The legislation of the Republic of Azerbaijan on protection of consumers rights consists of this law and other normative-legal acts adopted pursuant to this law. If the rules determined in this law are different from those determined in the international treaties of the Republic of Azerbaijan, rules of international rules shall prevail.
- Article 27. Public organizations of consumers (union of consumers) and their rights:
 - 1. Citizens of the Republic of Azerbaijan shall have the right to establish public organizations of consumers (union of consumers) through association on voluntary basis in order to protect their legal rights. The union of consumers is a public organization and acts on the basis of the Law of the Republic of Azerbaijan "On Public Unions".
 - 2. The union of consumers is entitled to obtain public opinion on consumption specifications of commodities, demand to them, quality and price of a commodity being produced and sold. They are also entitled to apply to the relevant state control authority for examination and testing of commodities (works, services).

There are two organizations in Azerbaijan that are directly involved in the fight against unfair commercial practices:

- The central executive body implementing antimonopoly policy in the Republic of Azerbaijan is the State Service for Antimonopoly and Consumer Market Control under the Ministry of Economy of the Republic of Azerbaijan <http://www.consumer.gov.az/>. This is the central executive body implementing antimonopoly policy in the Republic of Azerbaijan that has the right to impose financial sanctions and apply to the judicial authorities.
- Azerbaijan Free Consumers Union - a public organization that monitors the implementation of the law "On Protection of Consumer Rights". This is the Free Consumers Union as a non-governmental organisation does not have the right to apply legal actions. It only informs the relevant competent authorities about violations.

Table 8: Azerbaijan: 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)	Law of the Republic of Azerbaijan "On protection of consumer rights" Law of the Republic of Azerbaijan "On Electronic Commerce"	Not regulated. For the contract concluded between a consumer and a supplier 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,	Not regulated. Neither the Law "On protection of consumer rights" nor the Law "On Electronic Commerce" detail 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. These provisions will be introduced in the new versions of the laws.		



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	Directive 2005/29/EC Articles 5-9			
3.	Recourse to the codes of conduct, Directive 2005/29/EC Articles 10	Azerbaijan Free Consumers Union - a public organization that monitors the implementation of the law "On Protection of Consumer Rights" or the Free Consumers Union (that have codes of conducts)" are not entitled by the national legislation to provide any power to resolve cases of unfair commercial practices	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	Law of the Republic of Azerbaijan "On protection of consumer rights" Regulations of the State Service for Antimonopoly and Consumer Market Control under the Ministry of Economy of the Republic of Azerbaijan	There are two organizations in Azerbaijan that are directly involved in the fight against unfair commercial practices -- the Azerbaijan Free Consumers Union and the State Service for Antimonopoly and Consumer Market Control under the Ministry of Economy of the Republic of Azerbaijan.	Compatible. Apparently, these facilities are available 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	Law of the Republic of Azerbaijan "On Electronic Commerce" Article 8. Requirements for concluding a contract	According to the Law "On Electronic Commerce", distance contracts between a trader and a consumer must include the following information and conditions. Article 8. Requirements for concluding a contract: 7.1. In e-commerce, contracts between the seller (supplier) and the buyer (customer) are concluded in the form of an electronic document. 5.2. All information provided by the seller (supplier) to the buyers (customers) must be expressed in the Azerbaijani language or	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
			another language agreed by the parties in a clear and unambiguous manner by the buyer (customer) who does not have special knowledge.	
6.	Compulsory information to provide before placing an online order, Directive 2011/83/EU Article 8	Not regulated. 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.		
7.	Formal requirements for confirmation of the distance contracts, Directive 2011/83/EU Article 8	AZEXPORT.AZ portal User Agreement	8. Rendered services. 8.2. Requests for purchase of any goods or services received through the portal should be answered within three days.	Partially compatible. No relevant national legislation. The legislation does not require the trader provides the consumer with the confirmation of the contract concluded on a durable medium.
8.	Obligations of the trader and the consumer in the event of withdrawal, Directive 2011/83/EU Articles 13-14	Law of the Republic of Azerbaijan "On Electronic Commerce": 1) Article 9. Refusal to perform the contract; 2) Article 10. Execution of the contract. AZEXPORT.AZ User Agreement	9.1. The buyer (customer) may refuse to perform the contract concluded within 7 working days without penalty and without giving a reason, regardless of the order of payment for the goods (work, service). AZEXPORT.AZ User Agreement: 9. Failure to comply with the contract. 9.1. Regardless of the payment method, the buyer (customer) within 7 working days may refuse to execute the concluded contract without penalty and giving a reason. 9.2. In case of refusal according to paragraph 9.1. of the Act by the buyer (customer) of the contract, the seller (supplier) will, within 3 days at no additional cost to return the amount paid by him. In this case, it may be retained only return commodity price.	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
9.	Delivery of purchased goods, Directive 2011/83/EU Article 18	Law of the Republic of Azerbaijan "On Electronic Commerce". Article 10. Execution of the contract	Article 10. Execution of the contract: 10.1. Unless otherwise agreed between the parties, the order must be executed by the seller (supplier) within 30 days from the date of placing the order.	Compatible
Consumer Sales and Guarantees				
10.	Conformity of consumer goods with the contract, Directive 1999/44/EC Article 2	Law of the Republic of Azerbaijan "On Electronic Commerce" Article 10. Execution of the contract	Article 5. The right of consumer to have normal quality of commodities (works, services): 1. Consumer is entitled to demand conformance of the quality of purchased commodities (works done or services rendered) from seller (producer, executor) to normative documents, terms of contract, as well as to the information provided by the seller (producer, executor) on commodity (work, service).	Partially compatible. The legislation does not directly define the liability of the seller to deliver goods to the consumer which are in conformity with the contract of sale.
11.	Liability of the seller to the consumer for any lack of conformity of delivered goods, Directive 1999/44/EC Article 3	Law of the Republic of Azerbaijan "On protection of consumer rights"	Article 7. Rights of consumers when defective commodities are sold.	Compatible
12.	Right of redress by the final seller liable to the consumer, Directive 1999/44/EC Article 4	Not regulated. In case if the final seller is liable to the consumer because of a lack of conformity resulting from an act or omission by the producer, a previous seller in the same chain of contracts or any other intermediary. The legislation does not indicate that the final seller entitled to pursue remedies against the person or persons liable in the contractual chain.		
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 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.		



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
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)			
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)	Not regulated. The 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	Article 3. "Duties and rights of the Center" mention relevant rights of the Center for protection of digital content Articles 3.1.5 and 3.1.9 of the Statute of the Enforcement Center on Intellectual Property Rights under the Copyright Agency of the Republic of Azerbaijan	Not implemented. 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			
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 Azerbaijan does not apply this provision.		
17.	Fake price reductions, Directive (EU) 2019/2161, Art 2 (1) / Directive 2011/83/EU Art 6a			
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 legislations of the Republic of Azerbaijan do not include any similar provisions.		
18.	Misleading omissions about consumer reviews of products, Directive (EU) 2019/2161, Art 3 (4)(c) /			
18.	Misleading omissions about consumer reviews of products, Directive (EU) 2019/2161, Art 3 (4)(c) /	Not regulated. The legislation of the Republic of Azerbaijan 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.		



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	Directive 2005/29/EC Art 7 (4)			
19.	Enforcement of proportionate and effective remedies, Directive (EU) 2019/2161, Art 3 (5) 1 / Directive 2005/29/EC Art 11a	Law of the Republic of Azerbaijan "On protection of consumer rights"	Article 7. Rights of consumers when defective commodities are sold.	Compatible
20.	Injunctions for the protection of consumers' interests, Directive 2009/22/EC Art 2 and 3	Law of the Republic of Azerbaijan "On protection of consumer rights"	The State Service for Antimonopoly and Consumer Market Control is the competent authority to apply to the court.	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	Not regulated. The national legislation does not 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.		
Alternative dispute resolution for consumer disputes				
22.	Availability of procedures for the out-of-court resolution of domestic and cross-border disputes concerning contractual obligations, Directive 2013/11/EU Art 1, 2, 5-11	Law of the Republic of Azerbaijan "On protection of consumer rights"	<p>The Free Consumers Union can apply to court or the State Service for Antimonopoly and Consumer Market Control under the Ministry of Economy of the Republic of Azerbaijan in order to take appropriate action against violators in accordance with the law.</p> <p>The national legislation does not stipulate alternative dispute resolution (ADR). However, the AZEXPORT.az Terms & Conditions User Agreement stipulates dispute resolution via the electronic platform:</p> <p>11. Resolution of Disputes.</p>	Partially compatible. The legislation does not establish harmonised quality requirements for ADR entities and ADR procedures and does not define the different types of ADR in the country.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
			<p>11.1. Disputes between the parties of e-commerce can be solved by non-judicial means, not contradicting the law, including electronic means.</p> <p>11.2. To resolve disputes, portal, at the request of a party, initiates an investigation. A correspondence via the portal is used in such situation;</p> <p>11.3. Claims related to e-commerce courts consider in terms established by law.</p>	
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 Azerbaijan does not provide this mean of the consumer protection. No online dispute resolution platform is available in the Republic of Azerbaijan at the moment.		

Parcel delivery

Table 9: Azerbaijan: 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 all of the ecosystem players are informed. Azerpost and the State Customs Committee of Azerbaijan are aware of the EU 2021 update in customs clearance, where traditional or physical documentation will be eliminated, and according to representative of Azerpost is preparing to introduce relevant changes in the system. All operations at the State Customs Committee have been carried out in electronic form since 2016. Other postal service providers are partially aware of the upcoming changes, but they do not take any steps, since sending mail abroad is supervised by their foreign partners and they are waiting for appropriate instructions from them. All these organizations receive information about the ongoing changes in legislation and in the EU regulations for sending mail from their foreign partners. Currently they do not have the required information about Import control system 2 - to exchange pre-arrival information about goods. They believe that they will receive relevant information by the end of the year.		
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	<p>Not all of the ecosystem players are informed. Azerpost and the Customs Committee are aware of this and relevant preparation work is being carried out in the Customs Committee. Note that this work has not yet started at Azerpost and there is no clear plan for it.</p> <p>Other major parcel delivery services are not aware about de-minimis in the EU will be cancelled and VAT will apply to all purchased and, in fact, they do not particularly care, since they are waiting for relevant instructions from their foreign partners, and the Customs Committee will make the relevant changes in the cost of services.</p>		
Non-fiscal aspects				
26.	Compliance with product safety rules, Commission Notice 'Blue Guide', Section 7.3.	<p>Not regulated. The legislation does not establish product safety rules applicable to imported products, including for products sold online and imported from the third countries.</p>		
27.	Protection of intellectual property regarding products sold online and imported from third countries, Regulation (EU) No 608/2013	<p>Law of the Republic of Azerbaijan "On Electronic Commerce"</p> <p>Article 11. General grounds for liability for violation of the legislation on e-commerce</p> <p>Law of the Republic of Azerbaijan "On export control", October 26, 2004 (No 772-IIIГ)</p>	<p>The State Customs Committee is responsible for monitoring intellectual property rules when importing products.</p> <p>11.3. E-commerce carried out in violation of intellectual property rights and other rights is considered illegal and the restoration of violated rights is carried out in the manner prescribed by law.</p> <p>11.4. Freedom of service from the territory of another state may be restricted in case of violation of the legislation of the Azerbaijan Republic, including copyright and related rights, rights to integrated circuit topologies and databases, as well as examples of folklore and industrial property rights.</p> <p>According to the Law of the Republic of Azerbaijan "On export control". The list of goods prohibited for import into the country is displayed in the "goods prohibited for purchase through international mail" section.</p>	Compatible
28.	Authenticity logo for online sale of medicines, Commission Implementing Regulation (EU) No 699/2014, Directive 2011/62/EU	<p>Not regulated. The national legislation 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.</p>		
29.	Transparency of cross-border tariffs for parcels, Regulation (EU) 2018/644, Directive 97/67/EC Art 12	<p>Law of Azerbaijan Republic "On Postal Service"</p> <p>Article 9. Rendering of postal services</p>	<p>All tariffs for postal services are publicly available, but tariffs for universal postal services are determined by the Tariff Council under the Ministry of Economy and they are the same for all postal service providers. But tariffs for all other services (for example, express</p>	Partially compatible. The legislation does not require that for online sale of goods, all traders concluding sales



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
		Article 11. Universal postal services	<p>mail) are determined independently by postal service providers without discussing them with the national postal operator.</p> <p>Article 9. Rendering of postal services: 9.4. Tariffs for other postal services, except for universal postal services, are set freely by postal operators.</p> <p>Article 11. Universal postal services. 11.2. Tariffs for universal postal services are set by the relevant executive authority: 1) and 2) The tariffs for Universal postal services are set by the Tariff Council. Currently, private companies are not required to provide this information to the Ministry of Transport, Communication and High Technologies. The new postal law takes these requirements into account. 3) If the sale is carried out through AZEXPORT.AZ, then the seller is provided with such support.</p>	contracts with consumers that include the sending of cross-border parcels shall, where possible and applicable, 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.
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	Rules for the provision of postal services	Article 2. Types of postal items and their specifications.	Compatible
31.	Postal security requirements for the provision of electronic advance data, UPU Convention Manual, Article 8.1	NA	<p>All operations at the State Customs Committee have been carried out in electronic form since 2016.</p> <p>According to the requirements of the UPU and WTO all parcel delivery organization, including international and courier organizations, operating in the country provide to the State Customs Committee in advance and including Preloading advance cargo information (PLACI), i.e. before purchased goods are transported; Tracking no and invoice number for each sent and received parcel. (No ITEM level inside the parcel).</p>	Partially implemented. The national postal operator and courier organisations do not exchange advance data about parcel-post items with the other authorities of the country (sanitary, phytosanitary, quality standards, IPR).
32.	Security measures for cargo or mail that fly from / to the country outside the EU into the EU	<p>UPU conventions</p> <p>"Rules for the provision of postal services" approved by Order No 0001 of the Minister of Communications and High Technologies dated February 6, 2016</p>	<p>Article 9 of the UPU Convention contains specific provisions on the responsibility of postal services to ensure the security and protection of postal items.</p> <p>According to the requirements of the customs agency all parcel delivery organization, including international and courier organizations, operating in the country provide to the State Customs Committee in advance and including Preloading advance cargo</p>	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
			<p>information (PLACI), i.e. before purchased goods are transported; Tracking no and invoice number for each sent and received parcel.</p> <p>"Rules for the provision of postal services": it is indicated in 10 instances that all some or other operations, including those concerning international postal items, sending postal items abroad is governed by UPU regulations.</p> <p>To ensure the security of the supply chain, International Civil Aviation Organization and Member States have developed the Standards contained in Annex 17 (Security) to the Chicago Convention, which introduce Registered Agent and Known Consignor regimes. These regimes allow security controls to be implemented early in the chain, including searches by organizations designated by the relevant national authorities, thus avoiding unnecessary duplication of security controls. Organizations designated by the national authority are called upon to ensure that cargo and mail carried on board commercial aircraft are protected from unauthorized interference all the way from security screening or other security controls through to aircraft departure.</p>	

Security of networks and information systems

Table 10: Azerbaijan: 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	<p>Law on Information, Informatization and Protection of Information, April 3, 1998. Chapter V. Information protection</p> <p>2) There are 18 information security standards adopted in Azerbaijan, such as the following, and work is carried out on their basis.</p>	<p>Law on Information, Informatization and Protection of Information.</p> <p>Chapter V. Information protection:</p> <p>Article 17. Objectives of protection in the field of information resources and processes;</p> <p>Article 18. Organisation of information protection.</p> <p>However, there is no special form for notifications. These issues are reflected in the National Cybersecurity Strategy submitted by the Ministry to the government for approval.</p>	Compatible (upon approval of the National Cybersecurity Strategy submitted by the Ministry to the government).



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
		<p>AZS 494-2010 (ISO/EN 27001-2005) Information technology. Security techniques. Information security management systems. Requirements.</p> <p>AZS 492-2010 (ISO/EN 27005-2008) Information technology. Security techniques. Information security risk management.</p> <p>AZS ISO/IEC- 27006-2012 Information technology-Security techniques. Requirements for bodies providing audit and certification of information security management systems.</p> <p>Decree No. 708 of the President of the Republic of Azerbaijan “On measures to improve activities in the field of information security”, dated September 26, 2012</p> <p>3) and 4) Statute of the Cyber Security Center under the Ministry of Communications and High Technologies of the Republic of Azerbaijan approved by Decree No 833 of the President of the Republic of</p>	<p>Decree of the President of the Republic of Azerbaijan “On measures to improve activities in the field of information security”:</p> <p>5. Establish the Cyber Security Service, a coordinating body under the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan for the purpose of coordinating activities of information infrastructure entities in the field of cyber security, informing about existing and potential cyber threats at the national level, educating the population, private and other organizations in the field of cyber security and rendering tutorial assistance to them.</p> <p>In accordance with Article 3.2.2 of the State Program on Expansion of Digital Payments in the Republic of Azerbaijan in 2018-2020 approved by the Order of the President of the Republic of Azerbaijan dated September 26, 2018.</p>	



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
		Azerbaijan dated March 5, 2013.		
34.	Jurisdiction and territoriality of digital service providers, Directive (EU) 2016/1148 Art 18	Law of the Republic of Azerbaijan "On Electronic Commerce" Article 4.3 Law of the Republic of Azerbaijan "On Licenses and Permits" dated March 15, 2016 (No. 176-VQ)	In accordance with the legislation, if the activity carried out in the country requires a license, then it is necessary to have a representative office in the country. eCommerce does not require a license. According to the Law of the Republic of Azerbaijan "On Electronic Commerce", Article 4.3: E-commerce does not require a special permit (license). When conducting e-commerce in the areas of activity requiring a special permit (license), the seller (supplier) must obtain a special permit (license) for that activity in the manner prescribed by law.	Partially compatible. The national legislation does not require that 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, shall designate a representative in the country.

Geo-blocking

Table 11: Azerbaijan: 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

Table 12: Azerbaijan: 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,	Law of the Republic of Azerbaijan "On personal data" Law of the Republic of Azerbaijan "On Approval of	Article 14. Transborder transfer of personal data:	Not contradicting



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	Regulation (EU) 2016/679 Art 44, 46	Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data", September 30, 2009 (No 879-IIIQ) Law on Information, Informatization and Protection of Information	Transborder transfer of personal data shall be performed with the compliance with requirements set forth in the present Law and with due regard to specifics provided for in the present Law. Article 12. Transborder flows of personal data and domestic law: A Party shall not, for the sole purpose of the protection of privacy, prohibit or subject to special authorisation transborder flows of personal data going to the territory of another Party.	

Electronic contracts

Table 13: Azerbaijan: 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	Law of the Republic of Azerbaijan "On Information, Informatization and Protection of Information". Decree No 429 of the President of the Republic of Azerbaijan "On some measures in the field of organization of e-services of state bodies and public legal entities established by the President of the Republic of Azerbaijan", May 23, 2011		Not contradicting
38.	Liability of intermediary service providers, Directive 2000/31/EC Art 9-11	Law on Information, Informatization and Protection of Information Criminal Code of the Republic of Azerbaijan	Law on Information, Informatization and Protection of Information: Article 13-4. Responsibility for the placement of information prohibited for dissemination in Internet information resources. Owners of Internet information resources, domain name owners, hosts and Internet providers, as well as users of information and telecommunication networks shall be liable for violation of the provisions of this Chapter in accordance with the law.	Not compatible. Owners of Internet information resources, domain name owners, hosts and Internet providers, as well as users of information and telecommunication networks are liable for a third-party illegal content.



Electronic payments

Table 14: Azerbaijan: 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	The national legislation currently does not have general rules for an integrated national market for safe electronic payments in order to support the growth of the national economy and to ensure that consumers, merchants and companies enjoy choice and transparency of payment services. State Program on Expansion of Digital Payments in the Republic of Azerbaijan for. 2018-2020 provides for the creation of an appropriate digital ecosystem / 5.3. Pillar 3. Establishing digital ecosystem.		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	"Payment Systems Oversight Concept of the Central Bank of the Republic of Azerbaijan" approved by the resolution of the Board of the Central Bank of the Republic of Azerbaijan dated 15.09.2014 Protocol № 20 Register № 293 "Rules for organization of settlements in centralized interbank payment systems in the Republic of Azerbaijan" approved by the resolution of the Board of the Central Bank of the Republic of Azerbaijan dated 18.07.2016	The "Concept of Oversight of Payment Systems of the Central Bank of the Republic of Azerbaijan" includes requirements for payment systems oversight goals and principles: Article 2. Legal grounds for payment systems oversight. Article 3. Aims and principles of oversight of payment systems. "Rules for organization of settlements in centralized interbank payment systems in the Republic of Azerbaijan", describes all information requirements for various types of payment services.	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
41.	Transparency and information requirement, Directive (EU) 2015/2366 Title III	<p>"Payment Systems Oversight Concept of the Central Bank of the Republic of Azerbaijan" approved by the resolution of the Board of the Central Bank of the Republic of Azerbaijan dated 15.09.2014 Protocol № 20 Register № 293</p> <p>"Rules for organization of settlements in centralized interbank payment systems in the Republic of Azerbaijan" approved by the resolution of the Board of the Central Bank of the Republic of Azerbaijan dated 18.07.2016</p>	"Payment Systems Oversight Concept of the Central Bank of the Republic of Azerbaijan" includes requirements for payment systems oversight goals and principles.	Partially compatible. In addition to the general principle, the national legislation does not contain the requirements for transparency of conditions and information requirements for payment services applied to single payment transactions, framework contracts and payment transactions covered by them.
42.	Rights and obligations for providers of payment services, Directive (EU) 2015/2366 Title IV	Not regulated. The legislation does not establish the rights and obligations in relation to the provision and use of payment services. Such legislation increase transparency for the payment service provider and the payment service user. The rights and obligations should cover the areas such as applicable charges by the payment service providers, authorisation and execution of payment transactions, liability, data protection, operational and security risks and authentication, settlement of disputes, etc.		
43.	Reduced liability for unauthorised payment transactions, Directive (EU) 2015/2366 Art 74	Currently, national legislation does not include a limitation that a payer may be forced to incur due to losses associated with any unauthorized payment transactions resulting from the use of a lost or stolen payment instrument or as a result of misappropriation of a payment instrument. (Although in reality each case is reviewed and resolved.) The draft of the new Law on Banks stipulated that this amount should not exceed 100 AZN (appr. 50 EUR).	Not regulated. The national legislation does not impose a limit that the payer may be obliged to bear due to the losses relating to any unauthorised payment transactions, resulting from the use of a lost or stolen payment instrument or from the misappropriation of a payment instrument. This measure improves trust of cross-border consumers to use local on-line payment services.	



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
44.	Unconditional refund right, Directive (EU) 2015/2366 Art 73	VISA and MasterCard cards are currently widely used in Azerbaijan, and, according to the agreement between the specified payment systems and banks, in the case of an unauthorized payment transaction, the payer's payment service provider refunds the payer the amount of the unauthorized payment transaction, cases are resolved according to the rules of these systems payments. This issue will be covered in the draft of the new Law of the Republic of Azerbaijan "On the Central Bank of the Republic of Azerbaijan".		Partially compatible. Not yet enacted.
45.	Removal of surcharges for the use of credit cards and debit cards, Regulation (EU) 2015/751	There are no restrictions in the legislation. This percentage is determined by each bank independently.	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	Law of The Republic of Azerbaijan On the Central Bank of the Republic of Azerbaijan, Article 8 Methodological Guide on provision of electronic banking services in the Republic of Azerbaijan and ensuring security of these services Item 5. Recommendations on ensuring security of e-banking services	Item 5. Recommendations on ensuring security of e-banking services of the Methodological Guide defines the key security requirements for electronic payments and the protection of consumer financial data, guaranteeing secure authentication and reducing the risk of fraud, including: Recommendation 7: Enhanced user authentication.	Compatible.

Platforms

Table 15: Azerbaijan: 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,	Law of the Republic of Azerbaijan "On Electronic Commerce"	Article 12. Liability of the intermediary:	Partially compatible. The national legislation does not explicitly establish the requirements to the terms and



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	Regulation (EU) 2019/1150 Art 3	Article 12. Liability of the intermediary	<p>12.1. The intermediary is responsible for non-compliance with the terms of the contract concluded with other participants in e-commerce.</p> <p>12.2. If the intermediary provides services for the transmission of information provided by the buyer (customer), seller (supplier) through the communication network or providing access to the communication network, he is not responsible for the transmitted information in several cases.</p>	conditions of providers of online intermediation services.
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.		



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
53.	Internal complaint handling system, Regulation (EU) 2019/1150 Art 11	Article 11 of AZEXPORT.AZ User Agreement	<p>11. Resolution of Disputes:</p> <p>11.1. Disputes between the parties of e-commerce can be solved by non-judicial means, not contradicting the law, including electronic means.</p> <p>11.2. To resolve disputes, portal, at the request of a party, initiates an investigation. A correspondence via the portal is used in such situation.</p>	Partially compatible. There is no a general requirement in the legislation.

4.3 Gap analysis in standards area

The table below provides an overview of the identified gaps in standards area in Azerbaijan 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

National standardisation landscape

After the closing of the State Committee on Standardization, Metrology and Patents of Azerbaijan Republic in April 2018, the functions of the national standardization body were transferred to the State Agency for Control of the Antimonopoly and Consumer Market of Azerbaijan Republic. The National Standardization Program is developed by the Azerbaijan Standardization Institute ([AZSTAND](#)).



Planning of national standards development is carried out in the form of a 3-year national standardization program formed, approved and published by the national standardization body. AZSTAND has developed a draft national program on standardization with the participation of Technical Committees and relevant public and private enterprises.

There are currently 14 Technical Committees for Standardization covering various areas. Standards in the field of ICT are in the competency of Technical Committee for Standardization No 05 "Information and communication technologies" (TK-05). TK-05 does not develop republican standards for postal services.

Azerbaijani post is a member of UPU since April 1993 and all its work is organized in accordance with the UPU technical standards. For this reason, local standards regulating the operation of the postal service are not developed.

The activities of organizations providing postal services in Azerbaijan are regulated by the following official documents:

- Law of the Republic of Azerbaijan "On Postal Service";
- On approval of "Rules for the provision of postal services".

As indicated in Article 1.2 of "Rules for the provision of postal services" approved by order of the Minister of Communications and High Technologies dated February 6, 2016, "these Rules have been developed in accordance with the Law of the Republic of Azerbaijan" On Post ", acts of the Universal Postal Union (hereinafter - UPU) and other relevant legislation":

- Law of the Republic of Azerbaijan on Telecommunications;
- World Postal convention;
- Law of the Republic of Azerbaijan on joining the Universal Postal Convention and its Protocol;
- Statement of the Republic of Azerbaijan on the "Universal Postal Convention and its Final Protocol";
- Law of the Republic of Azerbaijan on electronic signature and electronic document.

Status of the approximation to the EU framework of standards

Azerbaijan is not a member of PostEurop and does not follow EU standards in the field of postal services. Azerbaijani post is a member of UPU since April 1993 and all its work is organized in accordance with the UPU technical standards. At present, all preparatory work (coordination with the interested ministries) has been carried out to submit an application for membership in PostEurop. The approximate time of acceptance is the first quarter of 2021.

Identified challenges of the country in eCommerce standards field

There are currently no fundamental problems in the development of national standards and/or implementation of international standards related to eCommerce. The main issue is the lack of bi- and multilateral agreements with countries on the mutual recognition of electronic signatures, which hinders the implementation of European eCommerce standards.



4.3.2 Analysis of standards

Table 16: Azerbaijan: 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	Law of the Republic of Azerbaijan "On Postal Service", Art 4.1.5. control over the quality of postal services in accordance with the legislation, Decree No. 0001 of the Ministry of Communications and High Technologies of the Republic of Azerbaijan dated February 6, 2016	In Azerbaijan, the list of postal services does not include the concepts of priority mail and first-class mail. All postal services are priority services. Post Service Quality Control Department of Azerpost is responsible for controlling the transit time for mail services according to "Transit time" tables approved by Decree No. 0001 of the Ministry of Communications and High Technologies of the Republic of Azerbaijan dated February 6, 2016. These measurements are carried out only for the services provided by the National Operator Azerpost and do not cover other postal operators.	Partially compliant. The measurement method currently does not assure that the measurements are done in an objective and equal way for all operators. The national standard for measuring the end-to-end transit time of postal items is not aligned with the CEN standardised Quality of services QoS-measurement method.
2.	Complaints handling principles, CEN/TS14012	Law of the Republic of Azerbaijan "On Postal Service" and "Rules for the provision of postal services Art 12, 17	Complaints related to international postal items are accepted in the manner and terms stipulated by UPU acts and bilateral agreements and are reviewed within three months and the customer is informed in writing. All postal operators are obliged to review complaints related to domestic and international postal services. Compensation and reimbursement procedures are mandatory for all postal operators.	Not contradicting. The national standard for complaints handling related to domestic and cross-border postal services is not aligned with the CEN/TS14012:2016. The National operator is guided by the UPU principles.
3.	Damage to postal items, CEN/TR 16915:2015	Law of the Republic of Azerbaijan "On Postal Service": Article 17 "Responsibility of a postal service operator" of Law of the Republic of Azerbaijan "On Postal Service" Article 12 "Submission of complaints, procedure and period of review" of "Rules for	The national standard with regard to complaints handling principles are drawn up in accordance with the requirements of UPU acts.	Partially compliant. The national standard with regard to complaints handling principles does not explicitly include guidelines or description of best practices for handling of damaged postal items related to domestic and cross-border postal services.



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
		the provision of postal services"		
4.	Method for measurement of parcel transit time for cross-border parcels, CEN/TS 15472:2016	Table "Transit time and targets for international ordinary mail from Azerbaijan to foreign countries" approved by Decree No. 0001 of the Ministry of Communications and High Technologies of the Republic of Azerbaijan dated February 6, 2016	Transit time of cross-border parcels based on tracking and tracing events set by the national operator are carried out by Azerpost. Currently, a new version of the Law of the Republic of Azerbaijan "On Postal Service" has been developed, which provides for clear accountability of all postal operators.	Compliant. There is no evidence that the national standards framework is applicable to all postal operators. No evidence that aligned with the CEN/TS15472:2016.
5.	Re-forwarding, CEN/TR 16894	AZERPOST does not have special methods for measuring the quality of a re-forwarding service of domestic addressed mail	Not regulated.	
6.	Distance to postal services access points, CEN/TR 15735:2008	"Standards for the provision of universal postal services" approved by Order of the Minister No. 77 of 12.04.2006 and amendments to the Standards approved by Order of the Minister No. 2 of 15.01.2008 "Rules for the provision of postal services", a. 1.30, a. 1.31	The "Standards for the provision of universal postal services" provide: 1. Conditions of placement of post offices (number of offices in consideration of the size of population in the capital, other cities and rural areas, etc.); 2. Conditions of placement of mailboxes (taking into account the distance and the density of the population); 3. Working hours of post offices (in cities, rural areas and amount of deliveries per day); 4. Frequency of collection (in cities and rural areas).	Compliant
7.	Information available on postal services, CEN/TS15511:2008	Rules for the provision of postal services, a.17. a.18, a.19. a.20, a.21	The "Rules for the provision of postal services" specify the basic requirements for information about postal services, and the conditions of access to such information. Mandatory information on the services provided or the address of the relevant Internet resources must be provided in all post offices.	Compliant
8.	Measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test	NA	The national regulatory authority for the postal sector provides no special methodology for the quality of services measurement of loss and substantial delay.	Not regulated



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
	letters, CEN/TS 14773:2004		The quality of services is assessed by the Post Service Quality Control Department of the Azerpost in accordance with the rules specified in the Law of the Republic of Azerbaijan "On Postal Service" and the "Rules for the provision of postal services".	
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	Applied standards are UPU S42 and ISO 19160-4:2017	The national postal address system is harmonised according to the standard UPU S42, implemented since 2014. In 2017, the system received a certificate of conformity addressing system ISO 19160-4.	Compliant
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. The CEN/TS 17457 standard is not transposed yet. 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	UPU-WCO customs data model	Azerpost is a member of the UPU and actively uses the products of the UPU Postal Technologies Centre products. Azerpost has been using a new tracking system since 2001, such as IPS.light tracking system, which currently enforces the pre-filing requirements for international postal transactions (for all commercial items sent to consumers) as a precondition for digital customs. All postage operations are in accordance with the UPU-WCO customs data model. It complies with UPU recommendations and WCO requirements and has been implemented since 2016. Azerpost aware about a pre-requisite for any digital customs or transport security related declaration sent to EU authorities prior to any border crossing into the EU. Currently preparatory work is underway to make changes. Completion of the work is planned by the end of 2020.	Partially compliant



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
14.	Properties for packaging of boxable items, WI331118	Rules for the provision of postal services, 5. Packaging of postal items	Envelopes and boxes used for packaging of postal items comply with the standards set out in these Rules and UPU acts. The national standards framework defines physical properties and characteristics for the packaging of boxable items as well as environmental aspects of such packaging.	Compliant
Digital Postal Services				
15.	Requirements for electronic advanced data (EAD) in postal operations, in particular compliant to security and customs requirements, CEN/TR 17536	CEN/TR 17536 UPU-WCO customs model: this standard currently has the "Under Approval" status	The Customs Services are planning appropriate changes in the Single Automated Management System (SAMS). The internal regulations for the implementation of this standard have yet to be adopted.	Currently not compliant (in process of implementation).
Physical process and associated data				
16.	Interfaces for cross border parcels, CEN/TS17073:2017	S10 UPU	The transport identifiers (barcodes for parcels) have been harmonised with the standard S10 UPU. The standard is adapted and used for all types of shipments within the country.	Partially compliant. The national standards framework does not provide technical specifications (electronic exchanges, as well data formats used within delivery chain) for an interface between the e-merchant and logistic operators.
Stakeholders and Information Exchanges based on UN/EDIFACT				
17.	UN / EDIFACT Exchange Specification, CEN/TR 17536, Regulation (EU) No 952/2013		Azerpost uses the Colvir Postal System - an automated corporate information system. Integration is currently underway between Colvir Postal System and International Postal Systems (IPS) of UPU to prepare for submission of digital customs pre-declarations at the goods level. According to received information, express, parcel operators and customs agents that transport eCommerce items from the country into the EU do not prepare the necessary electronic data lodging of digital customs pre-declarations on item level.	Partially compliant. (In process of implementation).



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		Preparation work is underway. According to the information from the regulatory authority (Department of Telecommunications and Post of the Ministry of Transport, Communications and High Technologies) this work is compliant with the EU EAD customs model used with the EU operators.	Partially compliant. (In process of implementation).
UPU electronic exchange standards				
19.	Electronic Data Interchange between postal handling organisations, UPU M30	UPU EDI electronic exchange standards / UPU M30	Azerpost is currently cooperating with 173 countries around the world through international customer service (International online inquiry system) for international mail parcels. It carries out joint operations with the postal operator of 126 countries around the world with international registered mail. Azerpost and all other postal operators operating in the country exchange information with the Customs.	Compliant
20.	ITMATT V1 – Electronic communication of item information, UPU M33	UPU M33	ITMATT V1 has been implemented since 2018 in accordance with the internal document flow between the departments of the Ministry and Azerpost.	Implemented
21.	CARDIT/RESDIT – Data flow version 2, M39	M39: CARDIT/RESDIT – Dataflow Version 2	Has been implemented since 2017 in accordance with the internal document flow between the departments of the Ministry and Azerpost.	Implemented
22.	EMSEVT V3. Item level tracking information – Tracking events and associated data elements, M17	M17 EMSEVT item tracking messages	Azerpost has been a member of the UPU EMS Cooperative (the Express Mail Service) since 1998 and is an active user of the UPU's Postal Technology Center products. It implemented IPS light tracking system since 2001.	Implemented
23.	EDI Messaging Standards – PREDES, M41	M41 - PREDES V2.1	This standard has been used by Azerpost since 2017 in accordance with the internal document flow between the departments of the Ministry and Azerpost.	Implemented
24.	CUSITM V1 Customs Item pre-advice message to Customs, UPU M43	UPU M43, Electronic exchange standard – CUSITM V1	This exchange standard is at the stage of implementation in the Customs Committee and is being familiarized and prepared for implementation in Azerpost in accordance with the internal	In process of implementation



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
			document flow between the departments of the Ministry and Azerpost. The work will be completed by the end of 2020.	
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 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. 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. UPU M54 – REFRSP V1 adopted in 2020. Information has been received, is being studied. Implementation is planned during 2020-2021. 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 S10	The domestic postal operators use the UPU S10 technical specification for 13-character identification of postal items. Compliant to CEN/TS17073 standard.	Implemented
29.	Postal Consignments, UPU S32	UPU S32	Postal Consignments identification standard has been used by Azerpost since 2012 in accordance with the internal document flow. No evidence presented about other postal operators of the country.	Implemented
EU eCommerce websites trust marks				
30.	Trustmark ethical standards in the digital marketplace, The European Regulation No 524/2013	Not regulated. Law of the Republic of Azerbaijan on Electronic Commerce was adopted in 2005 and it does not have a commitment to work in compliance with a national or international Code(s) of Conduct 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		



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
		commitment to work in compliance with the international Code of Conduct. This obstructs building trust of domestic and the EU consumers to buy on Azerbaijani eCommerce websites and marketplaces.		
eCommerce and product safety				
31.	CE marking, Blue Guide - Comprehensive guidance on the implementation of EU product rules	Not regulated. The national standardisation authorities don't provide independent conformity assessment and certification mechanisms for CE marking of products manufactured by local manufacturers. If necessary, organizations with the right to issue certificates from the Eurozone countries or Turkey are invited.		
Terms and Definitions				
32.	Terms and Definitions, Regulation 2018/644	Law of the Republic of Azerbaijan "On Postal Service": Article 1 Basic definitions	The Law includes all required definitions.	Compliant

4.4 Summary of gap analysis

The table below provides an overview of the identified gaps in Azerbaijan 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 Azerbaijan.

The summary of the gaps is mostly focused to identify gaps between Azerbaijan and the EU. Addressing these gaps will help to eliminate the barriers for cross-border eCommerce between EU and the Republic of Azerbaijan. In addition, once the state of play in the Eastern partner countries (including Azerbaijan) 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: Azerbaijan: overview of three gap areas mapped to the eCommerce value chain

Value chain	Ecosystem	Legal	Standards
Marketing Sales	<p>Q1. Availability of the global marketplaces is similar as in the EU. <i>Challenge</i>: as marketplaces are not available directly, the national platform Azexport acts as an intermediary between sellers and buyers, which is not highly oriented on the EU market.</p> <p>Q2. Usage of the global marketplaces is limited and not common. <i>Challenge</i>: poor awareness of the availability of cross-border platforms and low level of digital skills.</p> <p>Q3. Local marketplaces selling cross-border do not exist, except Azexport.</p> <p>Q4. Localisation and personalisation of local marketplaces is limited as the only cross-border platform Azexport does not localise and personalise services for the EU buyers by offering EUR currency.</p>	<p>■ Q2. Prohibition of unfair commercial practices is not regulated.</p> <p>■ Q3. Recourse to the codes of conduct (Unfair commercial practices) is not regulated.</p> <p>Q6. Compulsory information to provide before placing an online order is not regulated.</p> <p>Q7. Formal requirements for confirmation of the distance contracts (Consumer rights) is partially compatible as it's not required to confirm to buyer contract concluded on a durable medium.</p> <p>Q10. Conformity of consumer goods with the contract is partially compatible as it's not defined that seller is liable to deliver goods in conformity with the contract.</p> <p>■ Q12. Right of redress by the final seller liable to the consumer is not regulated.</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 implemented.</p> <p>Q16. Information requirements for distance contracts when price was personalised on the basis of automated decision-making (Consumer protection) is not implemented.</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>Q17. Fake price reductions (Consumer protection) is not implemented.</p> <p>Q18. Misleading omissions about consumer reviews of products (Consumer protection) is not implemented.</p> <p>Q21. Consumer protection in the indication of the prices of products offered to consumers is not regulated.</p> <p>Q26. Compliance with product safety rules is not regulated.</p> <p>Q28. Authenticity logo for online sale of medicines (Non-fiscal aspects) online interface is not regulated.</p> <p>Q29. Transparency of cross-border tariffs for parcels is partially compatible as transparency is not enabled in all cases.</p> <p>Q35. Unjustified blocking or limiting a customer's access to the trader's online interface is not regulated.</p>	
<p>Payment</p>	<p>Q5. Payment methods usage is different than in the EU as the only cross-border platform Azexport only accepts bank cards. Also, usage of the digital wallets is limited (e.g. PayPal allows only to send money, but not to receive).</p> <p>Q6. Payments gateways usage is limited as global secure, trusted and transparent payment gateways are not common. <i>Challenge:</i> lack of awareness of benefits of global secure, trusted and transparent payment gateways.</p>	<p>Q39. Integrated market for electronic payments is not regulated.</p> <p>Q41. Transparency and information requirement is partially compatible as it doesn't contain the requirements for transparency of conditions and information requirements for all payment services.</p> <p>Q42. Rights and obligations for providers of payment services is not regulated.</p> <p>Q43. Reduced liability for unauthorised payment transactions is not regulated.</p> <p>Q44. Unconditional refund right is not yet enacted.</p> <p>Q45. Removal of surcharges for the use of credit cards and debit cards is not regulated.</p>	



Value chain	Ecosystem	Legal	Standards
Placing order		Q1. Consumer contracts are not regulated.	
Parcel Delivery	<p>Q9. Availability of international logistics operators is similar as in the EU. <i>Challenge:</i> international stakeholders do not cooperate to ensure the most efficient delivery. Also, not all international stakeholders have representations in Azerbaijan although operate in the country.</p> <p>Q10. Parcel delivery network is similar as in the EU. <i>Challenge:</i> high rates comparing to local services are limiting usage.</p> <p>Q12. Delivery time is longer than in the EU, where the same day delivery or delivery within two days is common.</p>	<p>Q31. Postal security requirements for the provision of electronic advance data (UPU) is partially implemented as electronic advance data is not exchanged with all authorities.</p>	<p>Q1. Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail is partially compliant as objective and equal measurement is not ensured.</p> <p>Q4. Method for measurement of parcel transit time for cross-border parcels is compliant but there is no evidence of application to all postal operators.</p> <p>Q5. Re-forwarding is not regulated.</p> <p>Q8. Measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test letters 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 regulated.</p> <p>Q15. Requirements for electronic advanced data (EAD) in postal operations, in particular compliant to security and customs requirements is not yet enabled.</p> <p>Q16. Interfaces for cross border parcels are partially compliant as it does not provide technical specifications for interface between the e-merchant and logistics operators.</p> <p>Q17. UN / EDIFACT Exchange Specification is not yet enabled.</p> <p>Q18. Information Exchanges based on the EU customs model is not yet enabled.</p>



Value chain	Ecosystem	Legal	Standards
			<p>Q24. CUSITM V1 Customs Item pre-advice message to Customs is not yet enabled.</p> <p>Q25. CUSRSP Customs Response is not regulated.</p> <p>Q26. ITMREF V1 – Item referral is not regulated.</p> <p>Q27. REFRSP V1 – Referral response message specification is not regulated.</p>
Customer service	<p>Q17. Return delivery is similar as in the EU. However, no specialised return operators (e.g. specialised software, parcel operators specialised on returns) are observed and return procedures are dependent on the national postal operator (place to drop goods, buyers are asked to open items at the post).</p>	<p>Q22. Availability of procedures for the out-of-court resolution of domestic and cross-border disputes concerning contractual obligations (ADR) is partially compliant as it doesn't establish harmonised quality requirements for ADR and doesn't define different types of ADR.</p> <p>Q23. Availability of an online dispute resolution platform for consumer disputes (ADR) is not regulated.</p> <p>Q53. Internal complaint handling system is partially compatible as there is no a general requirement.</p>	<p>Q2. Complaints handling principles is not contradicting, but is not aligned with CEN.</p> <p>Q3. Damage to postal items is partially compliant as guidelines or description of best practices are not included.</p>
The EU 2021 eCommerce package	<p>Q7. The EU 2021 eCommerce package: IOSS – is not familiar to all stakeholders and no preparations are done.</p> <p>Q14. The EU 2021 changes: electronic declarations only -- is not familiar to all stakeholders and only fragmented preparations are done.</p> <p>Q15. The EU 2021 changes: simplified customs -- is not familiar to all stakeholders and only fragmented preparations are done.</p> <p>Q16. The EU 2021 eCommerce package: no exceptions to pay VAT -- is not familiar to all stakeholders and only fragmented preparations are done.</p>	<p>Q24. Customs declaration for all consignments of distance sales is not regulated.</p> <p>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.</p>	



Value chain	Ecosystem	Legal	Standards
	Q18. Harmonised ID, advanced electronic data and item level information exchange on parcels - are not commonly used by all the key stakeholders.		
Overall subjects		<p>Q34. Jurisdiction and territoriality of digital service providers is partially compatible as it is not required to designate a representative when providing services abroad.</p> <p>Q38. Liability of intermediary service providers (contracts) is not compatible as service providers are liable for a third-party illegal content.</p> <p>Q47. Terms and conditions of providers of online intermediation services are partially compatible as requirements to the terms and conditions are not defined.</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 are not regulated.</p> <p>Q52. Access to data is not regulated.</p>	

5 Recommendations report for the Republic of Azerbaijan

EU4Digital Facility developed gap analysis of eCommerce state of play in Azerbaijan after comparing it to [the EU baseline](#). Based on the identified gaps, the EU4Digital Facility developed 13 recommendations to eliminate the barriers for cross-border eCommerce between EU and the Republic of Azerbaijan. 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 Azerbaijan are presented below including specific actions to be considered on a national level. The recommendations and action points will support Azerbaijan 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: Azerbaijan: Ecosystem recommendations to eliminate the barriers for cross-border eCommerce

Recommendation / Action	Specification
<p>1. Enhance the national platform Azexport by developing a virtual warehouse as a re-usable database for the EU-oriented marketplaces to place Azerbaijani goods for sale in the EU market.</p> <p>Final goal: cross-border sales volume increases as businesses in Azerbaijan list and manage inventory of goods that are sold through the EU marketplaces; and Azerpost 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> as marketplaces are not available directly, the national platform Azexport acts as an intermediary between sellers and buyers, which is not oriented on the EU market.</p> <p>E2. Usage of the global marketplaces is limited and not common. <i>Challenge:</i> poor awareness of the availability of cross-border platforms and low level of digital skills.</p> <p>E3. Local marketplaces selling cross-border do not exist, except Azexport.</p> <p>E4. Localisation and personalisation of local marketplaces is limited as the only cross-border platform Azexport does not localise and personalise services for the EU buyers by offering EUR currency.</p> <p>E12. Delivery time is few days longer than in the EU, where same day delivery or within 2 days is common.</p> <p>E17. Return delivery is similar as in the EU. However, no specialised return operators (e.g. specialised software, parcel operators specialised on returns) are observed and return procedures are dependent on the national postal operator (place to drop goods, buyers are asked to open items at the post).</p>	<p>A national virtual warehouse can become a point for eCommerce ecosystem players in Azerbaijan to complete cross-border transactions. Sellers list and manage in real time 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, including Azerpost.</p> <p>A good basis for such virtual warehouse can be the national platform Azexport, which already supports businesses to sell cross-border and already has the listing of Azerbaijani goods. However, the suggested virtual warehouse can extend the functionality through:</p> <ul style="list-style-type: none"> • Making the database of Azerbaijani goods re-usable by marketplaces in the EU to list goods and sell them through own EU interfaces. Manual registration and listing of goods are not needed. • Automatisation of the cross-border transaction by using API to connect businesses, virtual warehouse (on the basis of Azexport), Azerpost and the EU marketplaces. Such connectivity means that as soon as a sale is complete, business in Azerbaijan and Azerpost (also, where



Recommendation / Action	Specification
	<p>available courier, express, parcel operators) are informed via API to initiate cross-border fulfilment. It includes collection of consignments, pre-filling customs declarations, creating labels and IDs. Timely and integrated approach through such virtual warehouse aims to ensure full cycle of the supply chain within 72 hours.</p> <p>It is recommended to consider establishing a national virtual warehouse on the basis of Azexport database as the only required change is to establish connection through API according to the UPU and the EU requirements to facilitate sales with the EU. This can support Azexport platform to strengthen B2C position in Azerbaijan and globally.</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, Azerpost (including UPU's Postal Technology Centre¹⁶), Azexport, the Customs Committee, several EU marketplaces and EU national postal operators¹⁷ – 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 Azerbaijan, postal operators and the EU marketplaces</p>	<p>Businesses in Azerbaijan, 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 Azerpost 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 (e.g. 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 Azerpost (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 Azerbaijan 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).

¹⁶ UPU's Postal Technology Centre (PTC) is the global technology provider for designated postal operators, just like Azerpost. The PTC may provide the necessary IT support and systems to Azerpost to a very large extend already today.

¹⁷ "National Postal Operators": please note, the definition of postal operators in the EU includes courier, express, and parcel delivery service operators, as well national UPU designated postal operators.



Recommendation / Action	Specification
	<ol style="list-style-type: none"> 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 Azerpost 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. 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 Azerbaijan") on the EU marketplace(s) allowing businesses 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 Azerbaijan 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> as marketplaces are not available directly, the national platform Azexport acts as an intermediary between sellers and buyers, which is not highly oriented on the EU market.</p> <p>E2. Usage of the global marketplaces is limited and not common. <i>Challenge:</i> poor awareness of the availability of cross-border platforms and low level of digital skills.</p> <p>E3. Local marketplaces selling cross-border do not exist, except Azexport.</p> <p>E4. Localisation and personalisation of local marketplaces is limited as the only cross-border platform Azexport does not localise and personalise services for the EU buyers by offering EUR currency.</p>	
<p>2.1. Identify cooperating parties in Azerbaijan 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</p>



Recommendation / Action	Specification
	<p>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>A good basis for such national pavilion of Azerbaijani goods can be the national platform Azexport, which already supports businesses to sell cross-border and already has the listing of Azerbaijani goods. The existing database of the local goods can be used to do the listing on the marketplaces operating in the EU. This can support Azexport platform to strengthen B2C position in Azerbaijan and globally.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Use the existing agreements of Azexport or 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. 2. Identify responsible representatives in Azerbaijan, possibly by assigning responsibility inside Azexport, or involve the Chamber of Commerce and Industry, to own a national account at the cross-border marketplaces operating in the EU. 3. If needed, identify additional businesses in Azerbaijan 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 Azerbaijan 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. Possibly, can be done through the existing set up of Azexport. 6. Facilitate signing agreements between the parties. It is recommended that services to the businesses in Azerbaijan are funded by the authorities and provided free of charge for the businesses, as it is currently done on Azexport platform.
<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) operating in the EU. 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. Introduce training programme for businesses on awareness and usage of cross-border marketplaces operating in the EU, including through a national pavilion account. It can be done in cooperation with the Digital Trade Hub. Share information and benefits among stakeholders through the Chamber of Commerce and Industry and other relevant parties 4. Consult with the businesses in Azerbaijan 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. 5. List goods to launch sales. Owner of the account should assign responsible contact person to operate the account on a daily basis. 6. Launch marketing campaign (e.g. "Best of Azerbaijan") for the national pavilion account on the EU marketplace(s).



Recommendation / Action	Specification
	<ol style="list-style-type: none"> 7. Launch and monitor the pilot implementation, including setting up regular observation workshops involving the stakeholders. 8. Complete the pilot programme and define the required improvements (if needed). 9. Consider scaling up and implementing the tested solution with a broader scope.
<p>3. Enhance capacity of Azerpost and private parcel service providers to deliver commercial items within 24 hours inside Azerbaijan for cross-border transportation by establishing consolidated central distribution networks with centralised warehouses, fulfilment and sorting facilities.</p> <p>Final goal: <i>Azerpost 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>E12. Delivery time is longer than in the EU, where the same day delivery or delivery within two days is common.</p>	
<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 Azerpost uses five centralised warehouses for cross-border transportation¹⁸, 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>As Azerpost is using a wide network of around 1500 postal offices in Azerbaijan, there is opportunity to centralise operations making the network more efficient. Also, it should be considered to reduce the number of warehouses for cross-border transportation to increase the "closing time".</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Consult stakeholders involving Azerpost, 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 Azerpost 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).

¹⁸ International Mail Processing Centres: AZBAKA; AZBAKB; AZBAKC; AZBAKD, AZBAKE.



Recommendation / Action	Specification
<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 Azerpost, 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 Azerbaijan.</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 Azerbaijan 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> <p>E10. Availability of international logistics operators is similar as in the EU. <i>Challenge:</i> international stakeholders do not cooperate to ensure the most efficient delivery. Also, not all international stakeholders have representations in Azerbaijan although operate in the country.</p> <p>Q12. Delivery time is longer than in the EU, where the same day delivery or delivery within two days is common.</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 Azerbaijan 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 Azerbaijan). Involving private parcel operators in cross-border parcel supply chain through downstream and up-stream access may help to increase the postal eCommerce volume.</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 Azerpost and private parcel operators. Involve Azerpost and the key private postal operators.



Recommendation / Action	Specification
	2. Identify the key parcel delivery operators in Azerbaijan 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).
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>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> <p>Consult Azerpost, the Customs Committee and, possibly, the Ministry of Transport, Communications and High Technologies and other relevant stakeholders, 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 Azerpost (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>
4.3. Initiate pilot programme to test cooperation between Azerpost and 2-3 private parcel delivery operators/logistics operators using the common barcodes to identify parcels when co-sharing the last mile delivery	<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. 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.
<p>5. Further strengthen the integration of Azerbaijani eCommerce ecosystem actors into EU networks.</p> <p>Final goal: <i>increased collaboration of the eCommerce ecosystem stakeholders of Azerbaijan with the EU ecosystem actors through transfer of the EU knowledge and practices.</i></p> <p>Gaps addressed:</p> <p>E7. The EU 2021 eCommerce package: IOSS – is not familiar to all stakeholders and no preparations are done.</p>	



Recommendation / Action	Specification
<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 is not familiar to all stakeholders and only fragmented preparations are done.</p> <p>E16. The EU 2021 eCommerce package: no exceptions to pay VAT is not familiar to all stakeholders and only fragmented preparations are done.</p>	
<p>5.1. Establish the national eCommerce association and consider joining Ecommerce Europe's national member associations</p>	<p>To ensure exchange of critical information about the changes that are introduced consistently, it is advised to for Azerbaijan to participate on a national level in regular events between the stakeholders.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Establish the national eCommerce association/department in the Chamber of Commerce and Industry to represent Azerbaijan as an institutional partner informing eCommerce stakeholders of Azerbaijan 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 Azerbaijan is informed on a national level about the EU and global eCommerce agenda. 4. Ensure sufficient funding sources to cover participation of Azerbaijan on a national level in regular meetings including travel, accommodation, facilitation, venue costs. 5. If needed, facilitate agreements to involve Azerbaijan 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). 6. Through the established national eCommerce party (possibly, by cooperation with the Digital Trade Hub) introduce training programme for customers on buying online. Trainings should also include a range of topics, such as data and consumer protection, dispute resolution possibilities.
<p>6. Adjust legislation, standards, IT systems and business processes of the Customs Committee, 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. UN / EDIFACT Exchange Specification is not yet enabled.</p> <p>S18. Information Exchanges based on the EU customs model is not yet enabled.</p> <p>E15. The EU 2021 changes: simplified customs is not familiar to all stakeholders and only fragmented preparations are done.</p> <p>E16. The EU 2021 eCommerce package: no exceptions to pay VAT is not familiar to all stakeholders and only fragmented preparations are done.</p>	



Recommendation / Action	Specification
<p>6.1. Implement applicable clauses from the EU Regulation on customs declarations (applicability of electronic declaration for all consignments of distance sales)</p>	<p>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:</p> <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 state (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. 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>Possible owner: the Customs Committee.</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: the Customs Committee.</p>
<p>6.3. Adapt processes and IT systems of the Customs Committee, 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 exchange¹⁹. Identify potential software developers who could help to adjust.

¹⁹ Explanatory notes on electronic advanced data: <https://standards.iteh.ai/catalog/standards/cen/0428799b-5273-45f8-8629-17da8e92f54f/fprcen-tr-17536>



Recommendation / Action	Specification
	4. Assess changes needed in businesses process as simplified procedures ²⁰ become available to parcel delivery services. 5. Introduce training programme for stakeholders to use electronic customs declarations and simplified customs procedures. Possible owner: the Customs Committee, Azerpost, private postal and logistics operators.
7. Adjust legislation, IT systems and business process to prepare the Customs Committee, the Ministry of Taxes, private parcel delivery and logistics operators, and online retailers for introduction of Import One Stop Shop (IOSS) and removed VAT exceptions. Final goal: cross-border trade is not delayed and is faster as the Customs Committee, the Ministry of Taxes, 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. Gaps addressed: 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. E7. The EU 2021 eCommerce package: IOSS – is not familiar to all stakeholders and no preparations are done. E16. The EU 2021 eCommerce package: no exceptions to pay VAT is not familiar to all stakeholders and only fragmented preparations are done.	
7.1. Implement special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries	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 .
7.2. Adapt processes and IT systems of the Customs Committee, the Ministry of Taxes, private parcel delivery and logistics operators, and online retailers to be able to collect VAT and/or recognise commercial	Possible steps: 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 2021 ²¹ . 2. Adjust systems and procedures of the Customs Committee 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 the Customs Committee and online retailers for the data storage requirements, if needed.

²⁰ Explanatory notes on simplified customs procedures: <https://standards.iteh.ai/catalog/standards/cen/0428799b-5273-45f8-8629-17da8e92f54f/fprcen-tr-17536>

²¹ Explanatory notes on VAT eCommerce rules: https://ec.europa.eu/taxation_customs/sites/taxation/files/vatecommerceexplanatory_notes_30092020.pdf



Recommendation / Action	Specification
<p>items cleared from VAT by connecting to IOSS</p>	<ol style="list-style-type: none"> 4. Adjust systems and procedures of the Customs Committee, the Ministry of Taxes, 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 the Customs Committee, the Ministry of Taxes, 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 the Ministry of Taxes 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. 8. Introduce training programme for stakeholders to use IOSS. <p>Possible owner: the Customs Committee, the Ministry of Taxes, Azerpost, private postal and logistics operators, online retailers.</p>
<p>8. Adjust IT systems and business process to prepare the Customs Committee, 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>the Customs Committee, 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 the Customs Committee, 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 2021²². 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: the Customs Committee, Azerpost, private postal and logistics operators, online retailers.</p>

²² Explanatory notes on item-level tracking rules: <https://standards.iteh.ai/catalog/standards/cen/29395c55-0c81-4a45-8358-059647b5cca7/cen-tr-17535-2020>



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

Six key recommendations for Azerbaijan are presented below including specific actions to be considered on a national level. The recommendations and action points will support Azerbaijan 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.

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 19: Azerbaijan: 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.</p> <p>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 online.</i></p> <p>Gaps addressed:</p> <p>L34 Jurisdiction and territoriality of digital service providers are not regulated.</p> <p>L38 Liability of intermediary service providers is partially compatible as it doesn't include all types of intermediations.</p> <p>L47 Terms and conditions of providers of online intermediation services 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>L51. Specific contractual terms are not regulated.</p> <p>L52. Access to data of business users or consumers provided for the use of the online intermediation services is not regulated.</p>	
<p>9.1. Align the national legal framework and standards by binding</p>	<p><i>Enhance 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 engines, cloud computing.



Recommendation / Action	Specification
<p>with the fundamental principles allowing cross-border eCommerce between Azerbaijan and the EU countries</p>	<p>Directive (EU) 2016/1148 on the level of security of network and information systems.</p> <p><i>Improve the usage of electronic contracts:</i></p> <ul style="list-style-type: none"> L38. Limit liability of information service providers for a third-party illegal content. <p>Directive 2000/31/EC on legal aspects of information society services.</p> <p><i>Introduce critical requirements for electronic platforms (online intermediation services):</i></p> <ul style="list-style-type: none"> L47. Establish the requirements to the terms and conditions of providers of online intermediation services. L48. 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 in relation to individual goods or services offered by that 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. L49. Require that providers of online intermediation services shall set out in their terms and conditions the main parameters determining ranking of products on the marketplace and the reasons for the relative importance of those main parameters as opposed to other parameters. L50. Require that providers of online intermediation services 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 by, on the one hand, either that provider itself or any business users who that provider controls and, on the other hand, other business users. L52. Include technical and contractual access, or absence thereof, of business users to any personal data of businesses or consumers. <p>Regulation (EU) 2019/1150 on promoting fairness and transparency for business users of online intermediation services, Arts 3-5</p>
<p>10. Improve online <u>marketing and electronic sales capacities</u> of Azerbaijan 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 Azerbaijan are presented on the marketplaces selling in the EU, clearly identifiable and promoted to the potential target segments.</i></p> <p>Gaps addressed:</p> <ul style="list-style-type: none"> L2. Prohibition of unfair commercial practices is not regulated. L3. Recourse to the codes of conduct is not regulated. L6. Compulsory information to provide before placing an online order is not regulated. L7. Formal requirements for confirmation of the distance contracts are partially. Compatible as does not require contract on durable medium 	



Recommendation / Action	Specification
	<p>L10. Conformity of consumer goods with the contract is partially compatible as it's not defined that seller is liable to deliver goods in conformity with the contract.</p> <p>L12. Right of redress by the final seller liable to the consumer is not regulated.</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. Consumer protection in the indication of the prices of products offered to consumers is not regulated.</p> <p>L26. Compliance with product safety rules is not regulated.</p> <p>L28. Authenticity logo for online sale of medicines is not regulated.</p> <p>L29. Transparency of cross-border tariffs for parcels is partially compatible as transparency is not enabled in all cases.</p> <p>L35. Unjustified blocking and limiting a customer's access to the trader's online interface are not regulated.</p> <p>L53. Internal complaint handling system is partially compatible as there is no general requirement.</p> <p>S30. Trustmark for ethical standards in the digital marketplace is not regulated.</p> <p>S31. Certification mechanisms for CE marking of products are not implemented.</p>
<p>10.1 Legally define online marketplaces and introducing rules of their accessibility</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> <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. Require that the consumer must be informed whether the third party offering the products on a marketplace is a trader or not. <p>Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market.</p> <p><i>Improve the legal protection and accessibility of foreign consumers to Azerbaijan-based online marketplaces:</i></p> <ul style="list-style-type: none"> L35. Prohibit unjustified blocking or limiting a customer's access to the trader's online interface. <p>Regulation (EU) 2018/302 on addressing unjustified geo-blocking.</p>



Recommendation / Action	Specification
<p>10.2 Improve the protection of consumers when buying on eCommerce platforms in Azerbaijan 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. <p><i>Improve the legislation on consumer rights:</i></p> <ul style="list-style-type: none"> • L7. Improve requirements for distance contracts by requiring contract on durable medium and time limit for confirmation. Directive 2011/83/EU on consumer rights. <p><i>Assure the conformity of consumer goods with the contract:</i></p> <ul style="list-style-type: none"> • L12. Introduce the right of redress by the final seller liable to the consumer. The final seller should be entitled to pursue remedies against the person or persons liable in the contractual chain. This is the case when the final seller is liable to the consumer because of a lack of conformity resulting from an act or omission by the producer, a previous seller in the same chain of contracts or any other intermediary. <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. • 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 the compliance of products sold online with product safety rules:</i></p> <ul style="list-style-type: none"> • L26. Establish product safety rules applicable to imported products, including for products sold online and imported from the third countries. <p><i>Improve the acceptance of national products for online sale on the EU markets:</i></p> <ul style="list-style-type: none"> • S30. Implement a national trust mark scheme or adopt an international one to improve the level of trust by local and international consumers. 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.



Recommendation / Action	Specification
<p>10.3 Enhance the performance of national platforms by enforcement and modernisation of consumer protection rules</p>	<p><i>Provide better enforcement of consumer protection rules for online sale:</i></p> <ul style="list-style-type: none"> • L13. Introduce cases when paid advertisement is considered as a misleading commercial practice: providing search results in response to a consumer's online search query without clearly disclosing any paid advertisement or payment specifically for achieving higher ranking of products within the search results. • 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. <p>Directive (EU) 2019/2161 on better enforcement of consumer protection rules.</p> <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 local buyers:</i></p> <ul style="list-style-type: none"> • L28. Introduce a common logo for legally operating online pharmacies/retailers. • L29. Require that for distance contracts for online sale of goods, all traders concluding sales contracts with consumers that include the sending of cross-border parcels shall 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.
<p>11. Enhance the security aspects of Azerbaijan 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: <i>assure maximum consumer protection when using electronic payment on eCommerce platforms.</i></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 not regulated.</p> <p>L42. Rights and obligations for providers of payment services are not regulated.</p> <p>L43. Reduced liability for unauthorised payment transactions is not regulated.</p> <p>L44. Unconditional refund right is not regulated.</p> <p>L45. Removal of surcharges for the use of credit cards and debit cards is not regulated.</p> <p>L46. Development of regulatory technical standards on strong customer authentication and secure communication channels is partially compatible as responsible authority is not specified.</p> <p>L51. Specific contractual terms between providers of online intermediation services and business users are not regulated.</p>	



Recommendation / Action	Specification
<p>11.1 Improve consumer protection mechanisms by enhancing requirements applied to electronic payment on eCommerce platforms</p>	<p><i>Improve the legal framework on the critical aspects of secure electronic payment on eCommerce platforms:</i></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. • L43. Impose a limit that the payer may be obliged to bear due to the losses relating to any unauthorised payment transactions, resulting from the use of a lost or stolen payment instrument. • L44. In the case of an unauthorised payment, require the payer’s payment service provider refunds the payer the amount of the unauthorised transaction. Directive (EU) 2015/2366 on payment services in the internal market, Title I, II, III, IV, Articles 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. • L46. Assign responsibility of a regulatory authority to develop technical standards on strong customer authentication with which all payment service providers must comply. Directive (EU) 2015/2366 on payment services. • 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 online orders</u> for contracts concluded online, especially for cross-border sales.</p> <p>Final goal: <i>assure the maximum level of consumer and trader contractual protection in case of contracts concluded online.</i></p> <p>Gaps addressed:</p> <p>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</p>	<p><i>Improve the consumer contracts for contracts concluded online with foreign consumers:</i></p>



Recommendation / Action	Specification
<p>transparent contractual mechanism for contracts concluded online</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. <p>Regulation (EC) No 593/2008 on the law applicable to contractual obligations, Article 6(1).</p>
<p>13. Improve the time of cross-border <u>parcel delivery</u> between Azerbaijan and the EU countries by implementing standardised electronic data interexchange.</p> <p>Final goal: <i>allow processing of all cross-border data on parcels between Azerbaijan and the EU countries in standardised electronic format in advance.</i></p> <p>Gaps addressed:</p> <p>L31. Postal security requirements for the provision of electronic advance data (UPU) is partially implemented as electronic advance data is not exchanged with all authorities.</p> <p>S1. Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail is not regulated.</p> <p>S4. Method for measurement of parcel transit time for cross-border parcels is not regulated.</p> <p>S9. Requirements for private letter boxes are not regulated.</p> <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>S24. CUSITM V1 Customs Item pre-advice message to Customs is not implemented.</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 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 about parcel-post items with the other authorities of the country (sanitary, phytosanitary, quality standards, IPR) via electronic data interchange messaging.



Recommendation / Action	Specification
<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</i> by learning from the international standards:</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 Azerbaijan</i> by introducing national standards for:</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 Service's standards :</i></p> <ul style="list-style-type: none"> • 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. • 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. <p><i>Implement Electronic Data Interchange between postal handling organisations based on UPU electronic exchange messaging standards</i> in line with the mandatory UPU-WCO data model:</p> <ul style="list-style-type: none"> • S24. CUSITM V1 Customs Item pre-advice message to Customs UPU M43. • 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>	



Recommendation / Action	Specification
<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>L53. Internal complaint handling system is not regulated.</p> <p>S2. Complaints handling principles are 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. <p>Regulation (EU) 2019/1150 on promoting fairness for business users of online intermediation services.</p>
<p>14.2 Improve the quality of customer services for parcels delivery by introducing quality standards</p>	<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.