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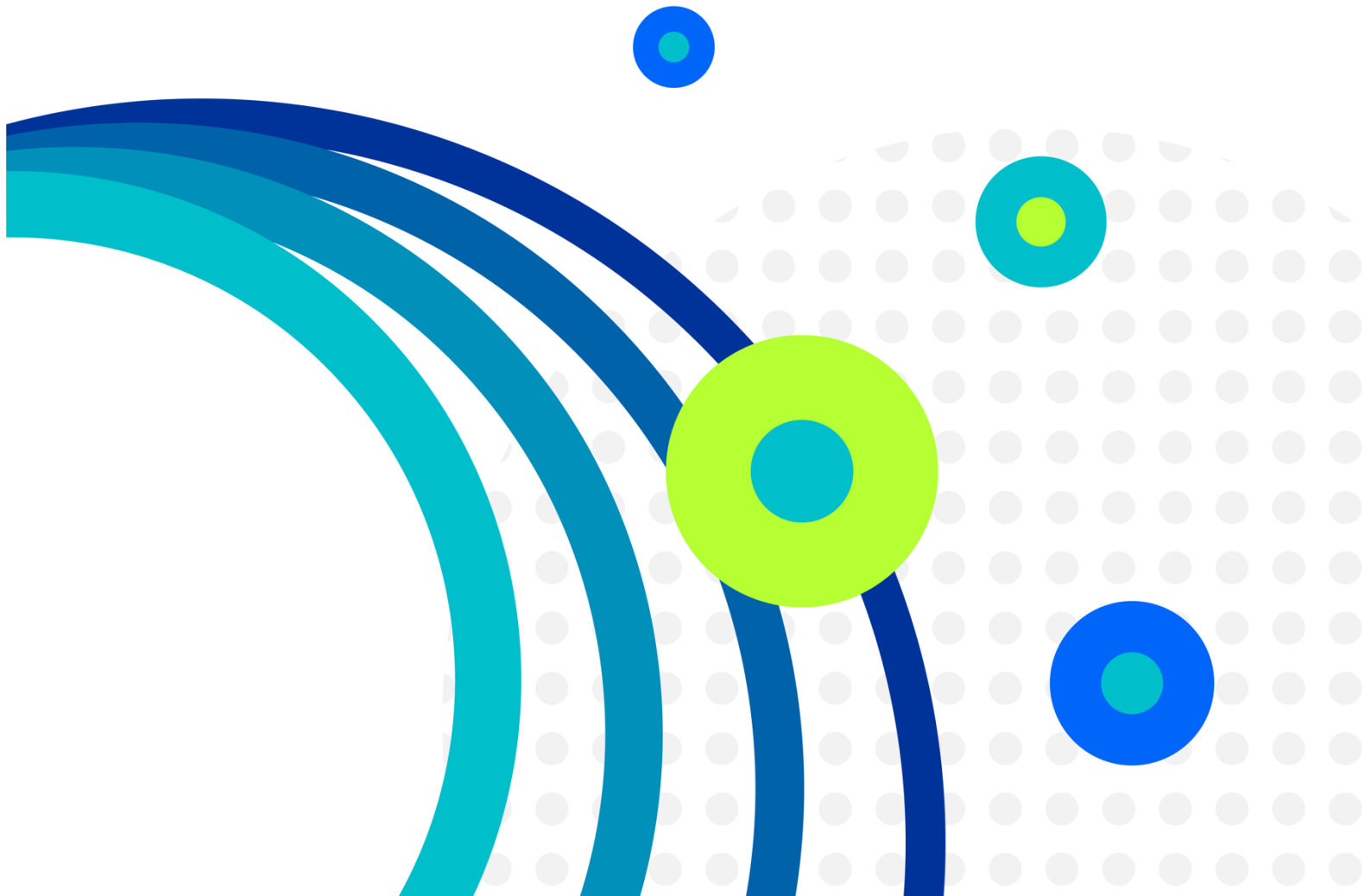
#EU4Digital

**EU4Digital:** supporting digital economy and society in  
the Eastern Partnership

**eCommerce Report: Analysis of the EU eCommerce  
baseline in the legal, standards and eCommerce  
ecosystem areas**

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## Table of contents

Table of contents .....	3
Table of figures.....	5
<b>1 Introduction.....</b>	<b>6</b>
<b>2 Legal framework analysis.....</b>	<b>6</b>
2.1 Introduction .....	6
2.2 EU Baseline .....	7
2.2.1 General applicability of the EU eCommerce legislations.....	7
2.2.2 Consumer protection .....	7
2.2.3 Parcel delivery .....	15
2.2.4 Key aspects from Universal Postal Union obligations.....	19
2.2.5 Security of Network and Information Systems .....	23
2.2.6 Geo-Blocking .....	23
2.2.7 Data Protection.....	24
2.2.8 Other areas of eCommerce EU legal framework.....	25
<b>3 Standards.....</b>	<b>39</b>
3.1 Introduction .....	39
3.1.1 European Committee for Standardisation (CEN).....	39
3.1.2 Ecommerce and the growth of cross-border parcel volumes.....	39
3.1.3 Standardisation activities (ongoing).....	40
3.2 EU baseline.....	40
3.2.1 CEN/TC331 “Postal Services” standardisation activities.....	40
3.2.2 European Telecommunication Standards Institute (ETSI) .....	45
3.2.3 Electronic Advanced Data exchanges on item level .....	46
3.2.4 Stakeholders and Information Exchanges based on UN/EDIFACT (EU Customs Data Model) .....	46
3.2.5 Stakeholder and Information Exchanges based on UPU Global Postal Model flowchart and messaging model.....	48
3.2.6 UPU electronic exchange standards.....	51
3.2.7 UPU technical standards .....	54
3.2.8 EU eCommerce websites trust marks .....	55
3.2.9 eCommerce and product safety .....	55
Terms and Definitions .....	57
<b>4 Ecosystem.....</b>	<b>59</b>



4.1 Introduction ..... 59

4.2 EU baseline..... 59

    4.2.1 The process of cross-border sale in the EU ..... 59

    4.2.2 Harmonised data representing the goods / merchandise on electronic interfaces (marketplaces) is a pre-requisite for collection by Post ..... 61

    4.2.3 Area of responsibility "electronic interface" ..... 61

    4.2.4 Data sovereignty in the digital presentation of commercial goods (example "virtual warehouse project")..... 62

    4.2.5 Area of responsibility "fulfilment" (Figure 20: "yellow")..... 62

    4.2.6 Area of responsibility "CEP operator" (Figure 20: "green") ..... 63

    4.2.7 Order & Invoice Information ..... 64

    4.2.8 Shipment is passed to origin carrier..... 65

    4.2.9 Shipping notification I ..... 65

    4.2.10 Shipping notification II ..... 66

    4.2.11 Customs Confirmation I ..... 66

    4.2.12 Customs Confirmation II ..... 66

    4.2.13 Despatch Information I ..... 66

    4.2.14 Despatch Information II..... 68

    4.2.15 Cross-Border Transport Instruction..... 68

    4.2.16 Consignment Information..... 68

    4.2.17 Key areas influencing how eCommerce ecosystem is functioning ..... 69

        the "do's" – for Gatekeeper platforms ..... 74

        the "don'ts" – for Gatekeeper platforms..... 74

Annexes ..... 89

    Annex 1: Stakeholders of eCommerce in the EU ..... 89



## Table of figures

Figure 1 Overview of applicable customs and VAT legislation by 1 July 2021 for postal consignments entering into the EU. ....	16
Figure 2. Overview of UPU basic products and services .....	20
Figure 3. Import Control System 2 implementation timeline.....	22
Figure 4. Release 2 deployment organized through ‘windows’ per each category ENS filer (carrier, house - FFW, express and postal).....	22
Figure 5. Digital Service Act online ecosystem .....	28
Figure 6. Provisions applying to retail, wholesale, online marketplaces and very large online marketplaces ..	30
Figure 7. Timeline and upcoming DSA implementation milestones. ....	31
Figure 8. Provisions applying to retail, wholesale, online marketplaces and very large online marketplaces ..	32
Figure 9. Overview of end-to-end CO2 & GHG emission measurement according to preCEN/EN 17837 .....	37
Figure 10. Sample supply chain requiring track & trace for shipments from seller to buyer of goods .....	37
Figure 11. UPU’s OSCAR.post Platform – Online Solution for Carbon Analysis and Reporting .....	38
Figure 12. Stakeholders and Information Exchanges based on UN/EDIFACT .....	47
Figure 13. The message types that are exchanged between the stakeholders .....	47
Figure 14. World Customs Organisation (WCO) and Universal Postal Union (UPU) flow chart and messaging model, the UPU Global Postal Model .....	48
Figure 15. WCO-UPU based from-To information exchange flow .....	49
Figure 16. PRE-LOADING AIR CARGO SECURITY DATA .....	50
Figure 17. Postal cross-border EDI exchange model.....	51
Figure 18. The process of cross-border parcel supply chain and involved economic operators and authorities (including the simplified "Import scheme" in the EU .....	59
Figure 19. The key stakeholders involved in the process cross-border parcel supply chain in the EU .....	60
Figure 20. Mandatory data elements compliant to the UPU Global Postal Model (UPU GPM), UPU specification M33-ITMATT, as well as the EU Customs Data Model (EU CDM) following the Multi-Modal Transport Data Model, UN/EDIFACT .....	61
Figure 21. Concept of the ecommerce pilot – virtual warehouse, to ensure data sovereignty of (M)SMEs digital retailers. ....	62
Figure 22. IDs generated when order and invoice information are prepared.....	65
Figure 23. IDs generated when order and invoice information are prepared and goods are prepared for transportation.....	65
Figure 24. IDs generated when order and invoice information are prepared and goods are prepared for transportation; and identification number of receiver to be added to PLACI.....	66
Figure 25. Link between the IDs assigned during the process of cross-border supply chain. ....	67
Figure 26. IDs generated when order and invoice information are prepared and goods are prepared for transportation; and identification number of receiver to be added to PLACI; and additional IDs assigned by the origin carrier.....	67
Figure 27. IDs assigned and exchanged during the process of cross-border parcel supply chain.....	68
Figure 28. Percentage of consumers who bought goods through marketplaces in a year .....	69
Figure 29. EU-27 cross-border online purchase .....	70
Figure 30. Where are the top marketplaces located. ....	71
Figure 31. eCommerce ecosystem of developing value networks.....	72
Figure 32. Provisions applying to retail, wholesale, online marketplaces and very large online marketplaces	74
Figure 33. Most popular online payment methods. ....	76
Figure 34. The process of paying taxes using IOSS facility. ....	78
Figure 35. The process of paying taxes using DDP facility .....	79
Figure 36. The process of paying taxes using DAP facility. ....	80
Figure 37. An example of CN 22 used in the EU for customs clearance .....	83
Figure 38. Share of the EU businesses that include product ratings and reviews on their platforms .....	86
Figure 39. The overall groups of stakeholders of commerce that changes over time. ....	99



# 1 Introduction

This analysis report of the EU eCommerce baseline in the legal, standards and eCommerce ecosystem areas is developed under 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 between the Eastern partner countries and the EU.

The objective of this report is to provide an overview of cross-border eCommerce baseline in the EU. There are three areas that are included in the EU baseline to assess cross-border eCommerce: legal framework, standards and the eCommerce ecosystem.

The EU baseline is defined to provide a benchmark for assessment of the Eastern partner countries state of play of cross-border eCommerce. Specifically, the EU baseline provides the following:

1. A structured view of the EU best practices and norms to analyse the eCommerce state of play in the Eastern partner countries;
2. Basis for the gap analysis and recommendations to harmonise cross-border eCommerce in the Eastern partner countries with the EU.

This report presents the EU baseline in three chapters below – legal framework, standards and ecosystem.

## 2 Legal framework analysis

### 2.1 Introduction

**The legal framework analysis covers the EU baseline in legal area.**

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 €718bn<sup>1</sup> in 2021 and an annual growth rate of 13% on average domestically and exceeding 22% for cross-border eCommerce. The EU, being the second biggest in the world cross-border buyer of goods, established own eCommerce processes, rules, know-hows and ways for engagement of stakeholders. The EU Member States expect that these establishments are considered and followed by trading partners, including non-EU businesses.

**In the EU baseline, 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 that enables delivery within eCommerce, the WCO global model for import customs requirements). Such systems and procedures influence eCommerce legislation in the EU and the rest of the world.

The EU baseline mainly consists of the **existing** regulations, directives and processes. The EU has implemented major changes that impact eCommerce, the **baseline includes this legislation** (i.e. the 2021 VAT eCommerce package and Import Control System 2). It is crucial for the Eastern partner countries to align to these changes. Failing in doing so might lead to substantial challenges when trying to import goods into the EU, even block trade completely. The changes are related to the digitalisation of customs procedures and fiscal aspects, as well transport security and customer protection. Sustainability is another area to be considered as the European Union will implement measures to account, allocate and report end-to-end CO2 and greenhouse gas emissions and consignment level.

**NOTE:** *the changes to the legislation (i.e. 2021 eCommerce package) had been implemented in January 2021, in line with global changes in the UPU Global Postal Model. However, the eCommerce package has been postponed by the European Commission on 10 June 2020<sup>2</sup> as the result of COVID-19 spread. It was implemented 1 July 2021<sup>3</sup>. The Import Control System 2, its release 1 had been implemented 15 March 2021, release 2 will be in force 1 March 2023, with a grace period for designed postal operators and express carriers*

<sup>1</sup> More at: [https://ecommerce-europe.eu/wp-content/uploads/2022/06/CMI2022\\_FullVersion\\_LIGHT\\_v2.pdf](https://ecommerce-europe.eu/wp-content/uploads/2022/06/CMI2022_FullVersion_LIGHT_v2.pdf) .

<sup>2</sup> More at: Taxation: Commission proposes postponement of taxation rules due to Coronavirus crisis (europa.eu).

<sup>3</sup> More at: [https://ec.europa.eu/taxation\\_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis\\_en](https://ec.europa.eu/taxation_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis_en)



until 2 October 2023<sup>4</sup>. It provides possibilities for businesses and authorities to prepare for the changes. The final dates might be updated as per the latest alignment of the “deployment windows” with the European Commission.

The EU baseline is focused on the aspects important for **cross-border eCommerce harmonisation**. This is critical as the EU is developing Digital Single Market<sup>5</sup> and EU4Digital Facility is bringing the benefits of the harmonised digital market to the Eastern Partnership countries. Thus, the report focuses on the eCommerce legislation areas that are the most critical to be harmonised for cross-border transactions. Harmonisation of these areas facilitates cross-border eCommerce transactions.

Areas that this section of the report focuses on are:

1. Customer protection, including the areas such as unfair practices, rights, contract terms, injunctions, price indication, dispute resolution.
2. Parcel delivery, including digitalisation of customs procedures, fiscal aspects such as taxation and duties, and non-fiscal aspects such as transport security and product safety and related restrictions.
3. Obligations set by the UPU, WCO and other global organisations, including postal and delivery processes, data exchange in advance processes.

In addition, the report provides an overview on the areas that support eCommerce. By harmonising these areas, the Eastern partner countries also benefit reducing obstacles for seamless cross-border trade. The supporting areas include security of network and information systems, geo-blocking, data protection, payments.

## 2.2 EU Baseline

### 2.2.1 General applicability of the EU eCommerce legislations

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

**Applicability outside the EU:** Companies established in a third country<sup>6</sup>, including the six Eastern partner countries, providing services into the EU fall under the jurisdiction of each individual EU Member State. For example, if a marketplace from Ukraine provides services in Lithuania, the EU would expect that the webpages of the marketplace provide information as per the EU law.

Regulations on Net Neutrality (Regulation (EU) 2015/2120) on open internet provides common rules on equal and non-discriminatory treatment of traffic. It means that the EU users can openly access internet services and benefit from the related end-users' rights. While these rules do not apply to third countries directly, they continue to govern the provision of internet access services into the EU Member States. So, despite the location where the information society service provider is established, if services are provided in the EU, the EU law applies. This makes these rules applicable to third countries, when services are provided to the end-user established in the EU.

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

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

### 2.2.2 Consumer protection

Consumer protection is a priority of the EU<sup>7</sup> while finalising the creation of the EU digital single market.

According to EU law, where a consumer concludes a contract with a professional in another country who, by any means, directs his commercial activities to the consumer's country of residence, the **contract is generally governed by the law of the country where the consumer has his or her habitual residence** (Member state of consumption principle). It is possible to choose another law, but that choice cannot deprive the consumer of the protection afforded by the law of the habitual residence which cannot be derogated from by agreement

<sup>4</sup> More at: UPU Global Postal Model – started 1 Jan 2021 // EU postponed the EU VAT eCommerce package by 6 months to 1 July 2021

<sup>5</sup> More at: <https://eufordigital.eu/discover-eu/eu-digital-single-market/>

<sup>6</sup> A third country is a country not member of the EU.

<sup>7</sup> Consumer protection is in the European Commission's strategic vision, available at: [https://commission.europa.eu/strategy-and-policy/policies/consumers/consumer-protection-policy/consumer-strategy\\_en](https://commission.europa.eu/strategy-and-policy/policies/consumers/consumer-protection-policy/consumer-strategy_en)



under that law.<sup>8</sup> On that basis **EU courts will continue to apply the EU rules on consumer protection even though the trader is in a third country** (Principle of priority of EU law). This includes in particular the rules set out in the legislations analysed below. E.g. when the trader from the third country sells to the consumer in the EU, the EU law applies to this transaction; if it's *vice-versa*, the EU law applies to the trader established in the EU, but the law that applies to the consumer in the third country is out of the EU jurisdiction.

### *Unfair Commercial Practices Directive<sup>9</sup>*

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

According to Article 5, unfair commercial practices shall be prohibited. A commercial practice shall be unfair, if it is contrary to the requirements of professional diligence<sup>10</sup>, and it materially distorts or is likely to materially distort the economic behavior with regard to the product of the average consumer whom it reaches or to whom it is addressed, or of the average member of the group when a commercial practice is directed to a particular group of consumers.

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

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

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

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

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

### *Consumer Rights Directive<sup>11</sup>*

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

Chapter III of Directive 2011/83/EU regulates the consumer information and right of withdrawal for distance<sup>12</sup> and off-premises contracts<sup>13</sup>. Article 6 lays down all the **information requirements for distance and off-**

<sup>8</sup> Article 6(1) of Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), OJ L 177, 4.7.2008, p. 6. For exceptions to this general rule, see Article 6(2)-(4) of Regulation (EC) No 593/2008, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02008R0593-20080724&from=EN>

<sup>9</sup> Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council (Unfair Commercial Practices Directive), OJ L 149, 11.6.2005, p. 22, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005L0029&from=EN>

<sup>10</sup> "Professional diligence" means the standard of special skill and care that a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or the general principle of good faith in the trader's field of activity.

<sup>11</sup> Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, OJ L 304, 22.11.2011, p. 64, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02011L0083-20180701&from=EN>

<sup>12</sup> Art. 2 (7): "distance contract" means any contract concluded between the trader and the consumer under an organised distance sales or service-provision scheme without the simultaneous physical presence of the trader and the consumer, with the exclusive use of one or more means of distance communication up to and including the time at which the contract is concluded

<sup>13</sup> Art. 2 (8): "off-premises contract" means any contract between the trader and the consumer:

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

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





**premises contracts**, it forms an integral part of the distance or off-premises contract and shall not be altered unless the contracting parties expressly agree otherwise. The leading formal requirement according to Article 7 is that the trader<sup>14</sup> shall give the information required for off-premises contracts to the consumer on paper or, if the consumer agrees, on another durable medium. That information shall be legible and in plain, intelligible language.

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

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

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

The consumer has a period of 14 days<sup>15</sup> **to withdraw** from a distance or off-premises contract, without giving any reason and without incurring any cost other than provided in Article 13(2) and Article 14.

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

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

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

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

### *Unfair Contract Terms Directive<sup>16</sup>*

The objective of the Directive is to approximate the laws, regulations and administrative provisions of the Member States relating to **unfair terms<sup>17</sup> in contracts** concluded between a seller or supplier and a consumer.

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

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

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

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

<sup>14</sup> Art. 2 (2): "trader" means any natural person or any legal person, irrespective of whether privately or publicly owned, who is acting, including through any other person acting in his name or on his behalf, for purposes relating to his trade, business, craft or profession in relation to contracts covered by Directive 2011/83/EU.

<sup>15</sup> Art. 9 (2) lit b: the 14 expire -> in the case of sales contracts, the day on which the consumer or a third party other than the carrier and indicated by the consumer acquires physical possession of the goods.

<sup>16</sup> Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, OJ L 95, 21.4.1993, p. 29, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01993L0013-20111212&from=EN>

<sup>17</sup> Art. 2(a): "unfair terms" means the contractual terms defined in Article 3.



Directive 93/13/EEC provides in Article 7(1), that Member States ensure that, in the interests of consumers and of competitors, adequate and effective means exist<sup>18</sup> to **prevent the continued use of unfair terms in contracts** concluded with consumers by sellers or suppliers.

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

### *Consumer Sales and Guarantees Directive*

Purchasing goods, digital content and digital services from any EU country should be easy within the Single Market. However, when products are faulty, consumers are often uncertain about their rights. Many businesses also hesitate to offer their products to consumers abroad, because of differences in national contract laws.

To solve these problems, in 2015 the European Commission proposed a directive on contracts for the supply of digital content and digital services (e.g. streaming music or social media account) and a directive on contracts for the sale of goods (e.g. buying a camera or a smart watch). The European Parliament and the Council adopted these Directives on 20 May 2019. Following their publication in the Official Journal, Member States had until 1 July 2021 to transpose them in their national law.

The directives harmonise key consumer contract law rules across the EU. This will ensure a high level of consumer protection and increase legal certainty for both consumers and traders in millions of everyday transactions concerning goods, smart goods, digital content and digital services.

On 1 January 2022, Directive (EU) 2019/770<sup>19</sup> on certain **aspects concerning contracts for the supply of digital content and digital services** entered into application. This Directive gives consumers the right to remedy when digital content or a digital service is faulty.

**Digital content and digital services include a wide range of products** such as videos, music files, software, live streaming events, chat applications and social media.

Problems that consumers might face with these products include:

- downloaded music will not play on your device
- bought software suddenly stops working

With the new rules, consumers will be protected when digital content and digital services are faulty, and will have the right to remedies:

- asking the trader to fix the problem
- if the problem persists, get a price reduction or terminate the contract and get a refund

Until 1 January 2022, such protection only existed for tangible goods at EU level.

In many cases, the consumer does not pay money to access digital content or services, but provides personal data to the trader. The new directive on digital content and digital services gives consumers the right to a remedy when digital content or a digital service is faulty, regardless of whether they paid for it or only provided personal data.

On 1 January 2022, Directive (EU) 2019/771<sup>20</sup> on certain **aspects concerning contracts for the sale of goods** entered into application. It replaced the Consumer Sales and Guarantees Directive (1999/44/EC)<sup>21</sup>. Under the Directive, the seller is liable to the consumer for any lack of conformity which exists at the time when the goods were delivered, and which becomes apparent within two years of that time.

**For sales of goods**, there were also legal differences between EU countries which kept businesses and consumers from selling and buying cross-border. The differences included consumer rights when goods are faulty. As a result, businesses had to spend time and money to find out about foreign consumer contract laws when selling cross-border, and adapt contracts accordingly.

Many of consumers' top concerns about buying goods from abroad are about contract rights. What happens if:

- you don't receive the order as promised
- you get a wrong or damaged product
- the product turns out to be faulty after a while, and you want it repaired or replaced?

<sup>18</sup> Art. 7 (2) provides that the courts or administrative authorities of the Member States must have at their disposal adequate and effective means of preventing the continued application of unfair terms in consumer contracts.

<sup>19</sup> DIRECTIVE (EU) 2019/770 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 2019 on certain aspects concerning contracts for the supply of digital content and digital services; <http://data.europa.eu/eli/dir/2019/770/oj>

<sup>20</sup> DIRECTIVE (EU) 2019/771 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 2019 on certain aspects concerning contracts for the sale of goods, amending Regulation (EU) 2017/2394 and Directive 2009/22/EC, and repealing Directive 1999/44/EC; <http://data.europa.eu/eli/dir/2019/771/oj>

<sup>21</sup> More at: [EUR-Lex - 01999L0044-20111212 - EN - EUR-Lex \(europa.eu\)](http://eur-lex.europa.eu/lexuri/ui.do?uri=EUR-Lex%2FLEXURIUI.do?uri=EUR-Lex%2FLEXURIUI.do?uri=EUR-Lex%2FLEXURIUI.do)



According to the new directives, the goods have to be in conformity both with what is agreed and with what the consumer could reasonably expect. In the event of a lack of conformity, the same remedies apply throughout the EU.

It does not matter whether the consumer buys a new camera online or in a street shop – if the product is faulty, the consumer's rights and trader's obligations are the same. Neither traders nor consumers will have to worry about differences depending on the sales channel.

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** conformity of goods with the contract of sale; liability of seller for lack of conformity; final seller's right, actions and conditions to redress, for both, concerning contracts for the supply of digital content and digital services, as well as concerning contracts for the sale of goods.

### *New deal for consumers package – Consumer Rights Directive<sup>22</sup>*

The **Consumer Rights Directive** gives consumers the same strong rights across the EU. It aligns and harmonises national consumer rules, for example on the information consumers need to be given before they purchase goods, services or digital content, and on their right to cancel online purchases, wherever they shop in the EU.

The directive applies to all contracts concluded between a "consumer<sup>23</sup>" and a "trader<sup>24</sup>". Member States may not diverge from the directive by imposing more or less stringent provisions unless a specific possibility to deviate from its rules is provided in the directive itself.

The Directive has been amended by the **Better Enforcement and Modernisation Directive** (EU) 2019/2161<sup>25</sup> of 27 November 2019 on better enforcement and modernisation of Union consumer protection rules, part of the 'Review of EU consumer law - New Deal for Consumers<sup>26</sup>' package.

Under Article 29 of the Consumer Rights Directive (CRD), Member States must inform the Commission about their use of the regulatory choices provided by certain Articles of the Directive. The Commission makes the Member States' notifications<sup>27</sup> publicly available in the form they are provided.

On 17 December 2021, the Commission adopted a new Commission Notice on the interpretation and application of the Consumer Rights Directive<sup>28</sup> ("the CRD Guidance"), as announced in the New Consumer Agenda.<sup>29</sup> The purpose of the CRD Guidance is to facilitate the proper application of the directive.

It also aims at increasing awareness of the directive amongst all interested parties, such as consumers, businesses, the authorities of the Member States, including national courts and legal practitioners, across the EU. It covers the amendments introduced by the Better Enforcement and Modernisation Directive<sup>30</sup> (EU) 2019/2161 that enter into application from 28 May 2022.

The CRD Guidance provides additional legal interpretation on key questions and topics, for example:

- interplay with other EU legislation;
- contracts where the consumer provides personal data;
- obligations of online marketplaces;
- transparency of search results;

<sup>22</sup> Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council Text with EEA relevance; <http://data.europa.eu/eli/dir/2011/83/2022-05-28>

<sup>23</sup> Consumer Rights Directive 2011/83/EU; Art 2(1): "consumer" means any natural person who, in contracts covered by this Directive, is acting for purposes that are outside his trade, business, craft or profession.

<sup>24</sup> Consumer Rights Directive 2011/83/EU; Art 2(2): "trader" means any natural person or any legal person, irrespective of whether privately or publicly owned, who is acting, including through any other person acting in his name or on his behalf, for purposes relating to his trade, business, craft or profession in relation to contracts covered by this Directive.

<sup>25</sup> DIRECTIVE (EU) 2019/2161 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU of the European Parliament and of the Council as regards the better enforcement and modernisation of Union consumer protection rules, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L2161&from=EN>

<sup>26</sup> COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL New Consumer Agenda Strengthening consumer resilience for sustainable recovery; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0696&from=EN>

<sup>27</sup> [https://commission.europa.eu/law/law-topic/consumer-protection-law/consumer-contract-law/consumer-rights-directive/regulatory-choices-under-article-29-crd\\_en](https://commission.europa.eu/law/law-topic/consumer-protection-law/consumer-contract-law/consumer-rights-directive/regulatory-choices-under-article-29-crd_en)

<sup>28</sup> COMMISSION NOTICE Guidance on the interpretation and application of Directive 2011/83/EU of the European Parliament and of the Council on consumer rights; [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC1229\(04\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC1229(04)&from=EN)

<sup>29</sup> More at: [https://commission.europa.eu/strategy-and-policy/policies/consumers/consumer-protection-policy/consumer-strategy\\_en](https://commission.europa.eu/strategy-and-policy/policies/consumers/consumer-protection-policy/consumer-strategy_en)

<sup>30</sup> More at: [EUR-Lex - 32019L2161 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/dir/2019/2161/2022-05-28)



- personalised price;
- consumer’s right of withdrawal from contracts concluded during unsolicited visits or excursions;
- consumer’s right of withdrawal from contracts for online digital content;
- consequences of trader’s failure to inform about the right of withdrawal;
- enforcement and penalties.

CRD, Chapter II (“CONSUMER INFORMATION FOR CONTRACTS OTHER THAN DISTANCE OR OFF-PREMISES CONTRACTS”) contains core information to be provided by traders prior to the conclusion of consumer contracts, which are not distance or off-premises contracts<sup>31</sup>. EU countries may add on further information requirements for such contracts in their national law.

CDR, Chapter III (“CONSUMER INFORMATION AND RIGHT OF WITHDRAWAL FOR DISTANCE AND OFF-PREMISES CONTRACTS”) lays down the information requirements for distance and off-premises contracts, including information about the functionality and interoperability of digital content<sup>32</sup>. It regulates the right of withdrawal (length of the withdrawal period, procedure and effects of the withdrawal), including a standard withdrawal form (Annex I(B)) that must be provided by traders and may be used by consumers to notify the withdrawal from the contract.

<sup>31</sup> CDR, Article 5(1): Before the consumer is bound by a contract other than a distance or an off-premises contract, or any corresponding offer, the trader shall provide the consumer with the following information in a clear and comprehensible manner, if that information is not already apparent from the context: (a) the main characteristics of the goods or services, to the extent appropriate to the medium and to the goods or services; (b) the identity of the trader, such as his trading name, the geographical address at which he is established and his telephone number; (c) the total price of the goods or services inclusive of taxes, or where the nature of the goods or services is such that the price cannot reasonably be calculated in advance, the manner in which the price is to be calculated, as well as, where applicable, all additional freight, delivery or postal charges or, where those charges cannot reasonably be calculated in advance, the fact that such additional charges may be payable; (d) where applicable, the arrangements for payment, delivery, performance, the time by which the trader undertakes to deliver the goods or to perform the service, and the trader’s complaint handling policy; (e) in addition to a reminder of the existence of the legal guarantee of conformity for goods, digital content and digital services, the existence and the conditions of after-sales services and commercial guarantees, where applicable; (f) the duration of the contract, where applicable, or, if the contract is of indeterminate duration or is to be extended automatically, the conditions for terminating the contract; (g) where applicable, the functionality, including applicable technical protection measures, of goods with digital elements, digital content and digital services; (h) where applicable, any relevant compatibility and interoperability of goods with digital elements, digital content and digital services that the trader is aware of or can reasonably be expected to have been aware of.

<sup>32</sup> CDR, Article 6(1): Before the consumer is bound by a distance or off-premises contract, or any corresponding offer, the trader shall provide the consumer with the following information in a clear and comprehensible manner: (a) the main characteristics of the goods or services, to the extent appropriate to the medium and to the goods or services; (b) the identity of the trader, such as his trading name; (c) the geographical address at which the trader is established as well as the trader’s telephone number and email address; in addition, where the trader provides other means of online communication which guarantee that the consumer can keep any written correspondence, including the date and time of such correspondence, with the trader on a durable medium, the information shall also include details of those other means; all those means of communication provided by the trader shall enable the consumer to contact the trader quickly and communicate with him efficiently; where applicable, the trader shall also provide the geographical address and identity of the trader on whose behalf he is acting; (d) if different from the address provided in accordance with point (c), the geographical address of the place of business of the trader, and, where applicable, that of the trader on whose behalf he is acting, where the consumer can address any complaints; (e) the total price of the goods or services inclusive of taxes, or where the nature of the goods or services is such that the price cannot reasonably be calculated in advance, the manner in which the price is to be calculated, as well as, where applicable, all additional freight, delivery or postal charges and any other costs or, where those charges cannot reasonably be calculated in advance, the fact that such additional charges may be payable. In the case of a contract of indeterminate duration or a contract containing a subscription, the total price shall include the total costs per billing period. Where such contracts are charged at a fixed rate, the total price shall also mean the total monthly costs. Where the total costs cannot be reasonably calculated in advance, the manner in which the price is to be calculated shall be provided; (ea) where applicable, that the price was personalised on the basis of automated decision-making; (f) the cost of using the means of distance communication for the conclusion of the contract where that cost is calculated other than at the basic rate; (g) the arrangements for payment, delivery, performance, the time by which the trader undertakes to deliver the goods or to perform the services and, where applicable, the trader’s complaint handling policy; (h) where a right of withdrawal exists, the conditions, time limit and procedures for exercising that right in accordance with Article 11(1), as well as the model withdrawal form set out in Annex I(B); (i) where applicable, that the consumer will have to bear the cost of returning the goods in case of withdrawal and, for distance contracts, if the goods, by their nature, cannot normally be returned by post, the cost of returning the goods; (j) that, if the consumer exercises the right of withdrawal after having made a request in accordance with Article 7(3) or Article 8(8), the consumer shall be liable to pay the trader reasonable costs in accordance with Article 14(3); (k) where a right of withdrawal is not provided for in accordance with Article 16, the information that the consumer will not benefit from a right of withdrawal or, where applicable, the circumstances under which the consumer loses his right of withdrawal; (l) a reminder of the existence of a legal guarantee of conformity for goods, digital content and digital services; (m) where applicable, the existence and the conditions of after sale customer assistance, after-sales services and commercial guarantees; (n) the existence of relevant codes of conduct, as defined in point (f) of Article 2 of Directive 2005/29/EC, and how copies of them can be obtained, where applicable; (o) the duration of the contract, where applicable, or, if the contract is of indeterminate duration or is to be extended automatically, the conditions for terminating the contract; (p) where applicable, the minimum duration of the consumer’s obligations under the contract; (q) where applicable, the existence and the conditions of deposits or other financial guarantees to be paid or provided by the consumer at the request of the trader; (r) where applicable, the functionality, including applicable technical protection measures, of goods with digital elements, digital content and digital services; (s) where applicable, any relevant compatibility and interoperability of goods with digital elements, digital content and digital services that the trader is aware of or can reasonably be expected to have been aware of; (t) where applicable, the possibility of having recourse to an out-of-court complaint and redress mechanism, to which the trader is subject, and the methods for having access to it.



CDR, Chapter IV (“OTHER CONSUMER RIGHTS”) provides for rules on delivery and passing of risk applicable to contracts for the sale of goods as well as certain rules applicable to all types of consumer contracts.

These include:

- delivery of the goods by transferring the physical possession or control of the goods to the consumer without undue delay, but not later than 30 days from the conclusion of the contract;
- reimbursement all sums paid under the contract upon termination of the contract by the trader without undue delay;
- rules regarding the fees for the use of certain means of payment (e.g. credit or debit cards);
- rules regarding the charges for calling telephone hotlines operated by traders;
- a prohibition to use pre-ticked boxes on websites for charging extra payments in addition to the remuneration for the trader's main contractual obligation.

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** core information to be provided by traders prior to the conclusion of consumer contracts, which are not distance or off-premises contracts, or information requirements for distance and off-premises contracts, including information about the functionality and interoperability of digital content have to be observed. The right of withdrawal (length of the withdrawal period, procedure and effects of the withdrawal), including a standard withdrawal form must be provided by traders and may be used by consumers to notify the withdrawal from the contract when entering into contractual obligation with Consumers in the EU, this includes the provision of rules on delivery and passing of risk applicable to contracts for the sale of goods as well as certain rules applicable to all types of consumer contracts.

#### *Better Enforcement and Modernisation Directive or Ombibus Directive<sup>33</sup>*

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

**NOTE:** *The Directive 2019/2161 is binding only as to the result it sets out to achieve. According to Article 7 (1) it has to be transposed into national law of each member state by 28 November 2021 at the latest. The Consumer Rights Directive covers the amendments introduced by the Better Enforcement and Modernization Directive (EU<sup>34</sup>) 2019/2161 that enter into application from 28 May 2022.*

The Enforcement and Modernization Directive came into effect on 7 January 2020. It changed to four consumer protection directives:

- The Unfair Commercial Practices Directive (2005/29/EC)
- The Unfair Contract Terms Directive (93/13/EEC)
- The Consumer Rights Directive (2011/83/EU)
- The Price Indications Directive (98/6/EC)

The Enforcement and Modernization Directive strengthened the consumer rights through modernization of the EU consumer protection rules such as enhanced enforcement measures and increased transparency requirements, but simultaneously imposed additional obligations on the entrepreneurs (in the Directive called as “trader”) conducting online business (especially B2C transactions) and offering digital services in exchange of personal data instead of the money as the payment (called also as “free services”). It widened the scope of the current consumer protection framework to digital goods, content and services. Also, for the first time EU consumer protection rights applied to free services. Therefore, the Enforcement and Modernization Directive will have the biggest impact on the traders, online traders and marketplace platforms from the sectors such as sales and service market and eCommerce. The abovementioned entities will be obliged to (only the most prominent obligations are listed):

- inform about the prior price in case of price reduction;
- check whether the reviews actually come from consumers of the purchased/used the product/service. If a trader provides access to consumer reviews of products there should be information about whether and how the trader ensures that the published reviews originate from consumers who have used or purchased the product;

<sup>33</sup> DIRECTIVE (EU) 2019/2161 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU of the European Parliament and of the Council as regards the better enforcement and modernisation of Union consumer protection rules, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L2161&from=EN>

<sup>34</sup> More at: [EUR-Lex - 32019L2161 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/lexuris/32019L2161)



- apply regulations of the GDPR and consumer protection rights to contracts for the provision of digital content or digital services without the consumer paying a specific monetary amount, but in exchange for their personal data;
- inform if the price presented is personalised on the basis of automated decision-making and profiling or not;
- inform whether the third party offering the goods, services or digital content through the online marketplace is a trader or not, on the basis of the declaration of that third party to the provider of the marketplace. If the third party is not a trader there is an obligation to inform that the consumer rights stemming from consumer protection law do not apply to the contract.

In accordance with the abovementioned requirements entities are obliged to adapt their **terms and conditions and similar documentation** such as offers and information available in online stores. Especially, on the pre-contractual stage consumers must be properly informed about their rights and how they can be exercised. For example, this includes the information regarding the right of withdrawal, to make a complaint or to terminate the agreement.

**Noncompliance** any of the obligations stemming from the Enforcement and Modernization Directive may result in substantial fines. The Enforcement and Modernization Directive establishes a system of penalties similar to the one introduced in GDPR.

The Enforcement and Modernization Directive introduces fines up to 4% of annual turnover of the entity in the Member State (or Member States) where the breach took place, or up to at least EUR 2 million in case where information on turnover is not available. Member States are also able to introduce even higher fines in its own legislation when they implement the Directive.

The administrative fine will of course be graded, as it is now the case with fines that are imposed based on the GDPR. The following criteria will be taken into consideration in case of the noncompliance:

- the nature, gravity, scale and duration of the infringement;
- whether there has been any action to mitigate damage;
- any previous violations, including fines in other EU countries;
- any financial gains or losses by the seller from infringements of consumer law;
- whether the trader has any previous allegations made against them.

Moreover, individual consumers have a right to get a direct compensation for unfair commercial practices of the entities. National authorities of all Member States can work together where a cross-border infringement has occurred.

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

### *Injunctions Directive*<sup>35</sup>

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

The injunctions directive (Directive 2009/22/EC) **ensures the defence of collective interests of consumers in the internal market**. Member States therefore shall designate the courts or administrative authorities<sup>36</sup> competent to rule on proceedings commenced by qualified entities<sup>37</sup>.

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

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

<sup>35</sup> DIRECTIVE 2009/22/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 April 2009 on injunctions for the protection of consumers' interests, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02009L0022-20181203&from=EN>  
<sup>36</sup> (2019/C 237/03); Notification from the Commission concerning Article 4(3) of Directive 2009/22/EC of the European Parliament and of the Council on injunctions for the protection of consumers' interests, which codifies Directive 98/27/EC, concerning the entities qualified to bring an action under Article 2 of this Directive.

<sup>37</sup> Art. 3: "qualified entity": means any body or organisation which, being properly constituted according to the law of a Member State, has a legitimate interest in ensuring that the provisions referred to in the scope of DIRECTIVE 2009/22/EC are complied with.



### Price Indication Directive<sup>38</sup>

The objective of the Directive is to stipulate 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.

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** indication of the selling price and the price per unit, including VAT and all other taxes.

### Directive on consumer alternative dispute resolution (ADR)<sup>39</sup>

EU law is ensuring the availability of out-of-court dispute resolution in Directive 2013/11/EU (Directive on consumer ADR). Alternative dispute resolution (ADR) means settling a complaint out of court with the assistance of an impartial dispute resolution body. Resolving consumer disputes this way is easier, faster and less expensive than going to court. Types of ADR are: Mediation, Conciliation; Ombudsmen; Arbitration; Complaints boards. Therefore, a large number of out of court bodies for most types of products or service exist across the EU<sup>40</sup>.

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** introduction of alternative dispute resolution, incl. it's different types, out of court bodies; ability of consumers to submit complaints voluntarily.

### Regulation on consumer online dispute resolution (ODR)<sup>41</sup>

In the case of the out-of-court resolution of disputes concerning contractual obligations stemming from online sales or service contracts between a consumer resident in the Union and a trader established in the Union through the intervention of an ADR entity listed in accordance with Article 20(2) of Directive 2013/11/EU, the Regulation (EU) No 524/2013 (Regulation on consumer ODR) applies.

The Commission developed an ODR platform<sup>42</sup> as **a single point of entry for consumers and traders seeking out-of-court resolution of disputes**. The European Commission ODR platform allows to submit a complaint online to an ADR body in any language and in any EU country. Usually, the process happens entirely online, takes about 90 days following the choice of ADR body, and is provided for free or for a nominal charge.

Facilitating access to online dispute resolution<sup>43</sup> does not apply to third countries.

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

## 2.2.3 Parcel delivery

### Customs formalities

According to EU law, B2C supplies brought into the customs territory of the EU are subject to customs supervision and may be subject to customs controls. Goods (with or without value) have to be presented to customs, when entering into the EU. This applies equally to goods (B2C supplies) acquired online and subsequently delivered via a parcel delivery operator from a third country, whether those goods are sent by post (with the UPU postal network of designated postal operators) or courier, express- or parcel operator.

As of 1 July 2021, the decision<sup>44</sup> of the EU Member States to **abolish the import VAT exemption limit** (so call de-minimis threshold of €22) and the **introduction of the fully electronic customs declaration of all**

<sup>38</sup> Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on consumer protection in the indication of prices of products offered to consumers, OJ L 80, 18.3.1998, p. 27, [https://eur-lex.europa.eu/resource.html?uri=cellar:b8fd669f-e013-4f8a-a9e1-2ff0dfee7de6.0008.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:b8fd669f-e013-4f8a-a9e1-2ff0dfee7de6.0008.02/DOC_1&format=PDF)

<sup>39</sup> Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes (Directive on consumer ADR), OJ L 165, 18.6.2013, p. 63, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013L0011&from=EN>

<sup>40</sup> The European Commission provides a list of out of court dispute resolution bodies by country, available at: <https://ec.europa.eu/consumers/odr/main/?event=main.adr.show2>

<sup>41</sup> REGULATION (EU) No 524/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0524&from=EN>

<sup>42</sup> More at: <https://webgate.ec.europa.eu/odr/main/index.cfm?event=main.home.chooseLanguage>

<sup>43</sup> Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes (Regulation on consumer ODR), OJ L 165, 18.6.2013, p. 1, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0524&from=EN>

<sup>44</sup> Regulation (EC) No 1186/2009 of 16 November 2009 setting up a Community system of reliefs from customs duty, available at: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32009R1186>, and COUNCIL DIRECTIVE (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods.



**consignments**<sup>45</sup>, leads to an EU wide optional import scheme implemented covering distance sales of goods imported from third countries or territories to customers in the EU up to a value of €150 (i.e. the EU VAT eCommerce package). Above a value of €150, both import VAT and customs fees apply.

When the optional scheme has been chosen, the seller will charge and collect the VAT at the point of sale to EU customers and declare and pay that VAT globally to the Member State of identification via the Import-One-Stop-Shop (IOSS). These goods will then benefit from a VAT exemption upon importation, allowing a fast release for free circulation in all of the EU at customs, resulting in timely delivery to the end-recipient.

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

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

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

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

Value of consignment	Designated Postal Operator <sup>46</sup>	Courier-, Express- or Parcel Operator
<b>Value of the Consignment less than €150 ("Low Value Consignment")</b>	<ul style="list-style-type: none"> <li>• Entry summary declaration (ENS)<sup>47</sup></li> <li>• Customs declaration with a super-reduced dataset (H7 dataset)<sup>48</sup></li> <li>• Presentation to customs</li> </ul>	
<b>Value of the consignment more than €150</b>	<ul style="list-style-type: none"> <li>• ENS</li> <li>• Standard customs declaration for VAT and customs purposes</li> <li>• Presentation to customs</li> </ul>	<ul style="list-style-type: none"> <li>• ENS</li> <li>• Standard customs declaration for VAT and customs purposes</li> <li>• Presentation to customs</li> </ul>

### Excise goods

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

### Fees

EU law provides that, as a general rule, no fees are to be charged for customs procedures<sup>49</sup>. However, the postal or express operator may charge a fee for dealing with customs procedures.

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** fully electronic customs declaration of all consignments covering distance sales of goods imported from third countries or territories to customers in the EU; declaration of all goods, without exclusions; simplified data set for customs declaration.

<sup>45</sup> Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code.

<sup>46</sup> Designated Postal Operator: is a national postal operator designated by a member state of the Universal Postal Union ([www.upu.int](http://www.upu.int)) to fulfil the member states obligations resulting from the UPU treaties and convention.

<sup>47</sup> As of 15 March 2021.

<sup>48</sup> standard customs declaration with super reduced dataset (Article 143a UCC DA, ANNEX B, "H7" dataset); Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code ("UCC DA"); <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02015R2446-20210315&qid=1681202146496&from=en>

<sup>49</sup> Article 52(1) of Regulation (EU) No 952/2013 laying down the Union Customs Code, OJ L 269, 10.10.2013, p. 1, [EUR-Lex - 32013R0952 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0952-EN).





## Fiscal aspects

### Duties

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

Consignments of a value up to €150 ("Low Value Consignments") dispatched directly from a third country business to an EU consumer are exempted of import duties<sup>50</sup> when using the IOSS. This exemption does not apply to alcoholic and tobacco products, perfumes and toilet waters<sup>51</sup>.

### VAT

According to the VAT Directive<sup>52</sup>, VAT is due at the importation of goods in the EU<sup>53</sup> at the rate that applies to the supplies of the same goods within the territory of the Member State of importation<sup>54</sup>. VAT is payable to customs authorities at the time of importation, unless the Member State of importation allows to enter import VAT in the periodical VAT return of the taxable person<sup>55</sup>. The taxable amount is based on the value for customs purposes, but increased (in so far as not yet already included) by (a) taxes, duties, levies and other charges due outside the Member State of importation, and those due by reason of importation, excluding the VAT to be levied, and (b) incidental expenses, such as commission, packing, transport and insurance costs, incurred up to the first place of destination within the territory of the Member State of importation as well as those resulting from transport to another place of destination within the EU, if that other place is known when the chargeable event occurs<sup>56</sup>.

Concerning the payment of VAT due, the legal framework applicable as of 1 July 2021 (i.e. eCommerce package) sets out the following options:

- a import-one-stop-shop for the declaration and payment of the VAT due for imports of goods in the EU up to a value of €150<sup>57</sup> (the relevant legal basis – Regulation<sup>58</sup> (EU) 2020/194); or
- the collection of the VAT due by the customs declarant (e.g. postal operator, courier firm, customs agents) via “special arrangements<sup>59</sup>”, which will pay it to the customs authorities via a quarterly payment<sup>60</sup>.

### Excise duties

Excise duties are due on the goods when they are released for consumption at the applicable rates for the Member State where the release physically takes place. There are no de-minimis exemptions available for online sale, and the simplified procedure, as well as the optional IOSS scheme does not apply.

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** introduce an import scheme covering distance sales of goods imported from third countries or territories to customers in the EU, where supplier charge and collect the VAT at the point of sale and pay that VAT globally to the Member State of identification in the Import-One-Stop-Shop system.

<sup>50</sup> Article 23 of Council Regulation (EC) No 1186/2009 setting up a Community system of reliefs from customs duty, OJ L 324, 10.12.2009, p. 23, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009R1186&from=EN>

<sup>51</sup> Article 24 of Council Regulation (EC) No 1186/2009.

<sup>52</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, OJ L 347, 11.12.2006, p. 1, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02006L0112-20200101&from=EN>

<sup>53</sup> Article 2(1)(d) of the VAT Directive.

<sup>54</sup> Article 94(2) of the VAT Directive - the VAT rates applied in each Member State available at: [https://vat-one-stop-shop.ec.europa.eu/system/files/2021-07/vatecommerceexplanatory\\_notes\\_28102020\\_en.pdf](https://vat-one-stop-shop.ec.europa.eu/system/files/2021-07/vatecommerceexplanatory_notes_28102020_en.pdf)

<sup>55</sup> Article 211 of the VAT Directive.

<sup>56</sup> Articles 85 and 86 of the VAT Directive.

<sup>57</sup> Articles 369l to 369x of the VAT Directive introduced by Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods, OJ L 348, 29.12.2017, p. 7.

<sup>58</sup> This Regulation provides the details for the registration in the VAT One Stop Shop, including the Import One Stop Shop, and for the VAT One Stop Shop return, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0194&from=EN>

<sup>59</sup> Article 369zb(2) of the VAT Directive

<sup>60</sup> Articles 369y to 369zb of the VAT Directive introduced by Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods, OJ L 348, 29.12.2017, p. 7.



## Non-fiscal aspects

### Prohibitions and restrictions

EU law establishes various "prohibitions and restrictions" for the import/introduction of certain goods into the EU customs territory. These "prohibitions and restrictions" apply also to introduction of goods into the EU customs territory by way of parcel delivery. They can concern a variety of different products that may be sold B2C, ranging from pharmaceuticals, or specimen of endangered species. For the declaring products it is mandatory to use the HS code system. The **Harmonised Commodity Description and Coding Systems (HS)** is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. At the international level, the Harmonised System (HS) for classifying goods is a six-digit code system.

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

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

### Compliance with product rules

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

EU law requires customs authorities of the EU Member States to be closely involved in the market surveillance activities and to cooperate with other authorities<sup>61</sup>.

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

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** establish product safety rules applicable to imported products. Empower customs authorities to have the authority to suspend the entry of a product on the national territory.

### Compliance with EU rules for the protection of intellectual property

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

Apart from the issue of exhaustion, EU rules provide for a **specific regime for the enforcement of trademarks and other intellectual property rights** registered in the EU, where products are imported. According to EU rules, an applicant can request the customs authorities of the Member States to take action with respect of goods suspected of **infringing an intellectual property right**<sup>62</sup>.

Directive 2004/48/EC<sup>63</sup> (Intellectual property rights enforcement) on the enforcement of intellectual property rights provides for a minimum but standard set of measures, procedures and remedies allowing effective civil enforcement of intellectual property rights. The objective of Directive 2004/48/EC is to bring national legislative systems closer together to ensure a high, equivalent and homogeneous level of protection in the internal market.

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** enforcement of intellectual property rights (such as patents, trademarks, designs, copyrights or geographical indications).

<sup>61</sup>See Commission Notice 'Blue Guide', chapter 7.3, available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0726\(02\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0726(02)&from=EN)

<sup>62</sup> Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights, OJ L 181, 29.6.2013, p. 15, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0608&from=EN>

<sup>63</sup>DIRECTIVE 2004/48/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2004 on the enforcement of intellectual property rights, available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32004L0048R\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32004L0048R(01)&from=EN)



### Online pharmacies

EU law provides for a "common logo" for online pharmacies established in the EU and offering medicinal products for sale at a distance to the public by means of information society services<sup>64</sup>. Persons established in a third country can not avail themselves of this common logo.

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** consider introducing a common logo for legally operating online pharmacies/retailers in the country as one of the measures to fight against falsified medicines.

### Tariffs for cross-border parcel delivery and regulatory oversight

EU law provides for increased **transparency of tariffs for cross-border parcel delivery**<sup>65</sup>. While the obligations<sup>66</sup> stemming from Regulation 2018/644 do not apply with regard to tariffs for parcel delivery to and from third countries, the transparency obligation according to Article 12 of Directive 97/67EC<sup>67</sup> applies to Union universal service providers.

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

### 2.2.4 Key aspects from Universal Postal Union<sup>68</sup> obligations

The six Eastern partner countries and all EU member states are UPU member countries, their postal operators are designated to fulfil rights and obligations of the UPU convention and treaties. Approximately, 75% of all cross border commercial items sent, are collected, transported, sorted, and finally delivered by designated postal operators within the network of the UPU, or directly injected into the national delivery networks of designated postal operators or their non-designated parcel delivery subsidiaries (i.e. DHL, DPD, GLS, etc.). The UPU and the universal service obligation guaranteed by all its member countries and their designated postal operators is the worldwide back bone of eCommerce, as more that 2/3 of all eCommerce consignments sent across-borders are collected and / or delivered by UPU designated postal operators.

The Universal Postal Union (UPU) is an intergovernmental special organisation of the United Nations. The 192 member countries form a single postal territory<sup>69</sup> for the reciprocal exchange of postal items<sup>70</sup> by ensuring that all users/customers enjoy the right to a universal postal service involving the permanent provision of quality basic postal services at all points in their territory, at affordable prices.

Such exchange is guaranteed throughout the entire territory of the UPU by the concept of Freedom of transit<sup>71</sup> subject to the conditions specified in the Acts of the Union<sup>72</sup>.

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

<sup>64</sup> See Title VIIA of Directive 2001/83/EC, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32001L0083&from=EN>

<sup>65</sup> Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services, OJ L 112, 2.5.2018, p. 19, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0644&from=EN>

<sup>66</sup> Regulation 2018/644 lays down specific provisions to foster better cross-border parcel delivery services, in addition to those laid down in Directive 97/67/EC, concerning: (a) regulatory oversight related to parcel delivery services; (b) transparency of tariffs, and assessment of tariffs for certain cross-border parcel delivery services for the purpose of identifying those that are unreasonably high; (c) information for consumers made available by traders concerning cross-border parcel delivery services.

<sup>67</sup> Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service, OJ L 15, 21.1.1998, p. 14, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01997L0067-20080227&from=EN>

<sup>68</sup> More at: [www.upu.int](http://www.upu.int)

<sup>69</sup> Single postal territory (one and the same postal territory): the obligation upon the contracting parties to the UPU Acts to provide for the reciprocal exchange of postal items, including freedom of transit, and to treat postal items in transit from other countries like their own postal items, without discrimination, subject to the conditions specified in the Acts of the Union.

<sup>70</sup> Postal item: generic term referring to anything dispatched by the designated operator of a member country (letter post, parcel post, money orders, etc.), as described in the Universal Postal Convention, the Postal Payment Services Agreement and their respective Regulations.

<sup>71</sup> Freedom of transit: obligation for an intermediate member country to ensure the transport of postal items passed on to it in transit for another member country, providing similar treatment to that given to domestic items, subject to the conditions specified in the Acts of the Union.

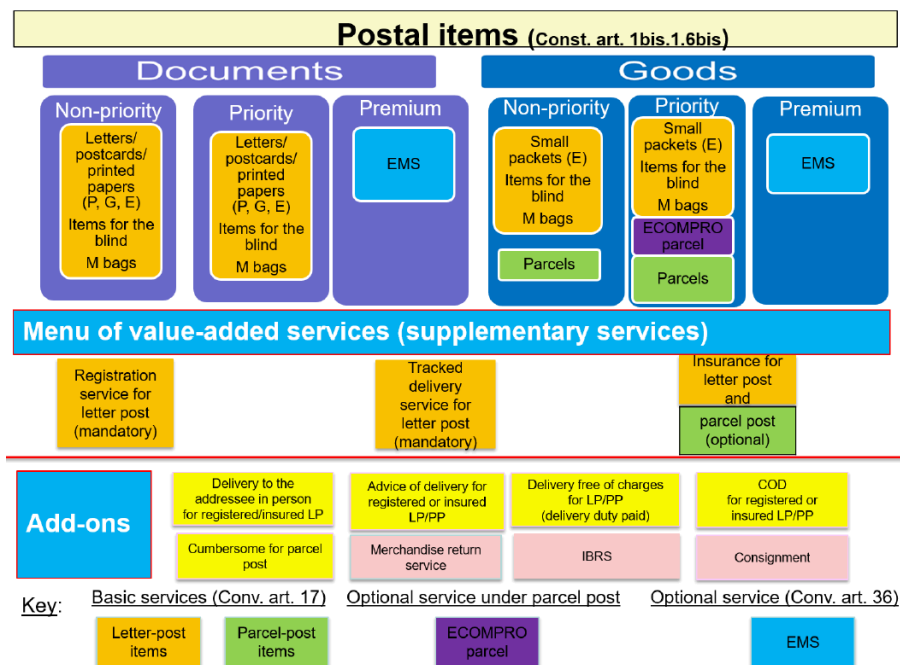
<sup>72</sup> More at:

<https://www.upu.int/UPU/media/upu/files/aboutUpu/acts/01-actsConstitution/actsConstitutionConsolidatedVersionAmendedInAbidjan2021En.pdf>

### Overview of Products and Services

UPU basic services, value-added services (supplementary services) and add-on service features are presented on the Figure 2 below.

Figure 2. Overview of UPU basic products and services



### Letter-post items

As described in UPU Convention Article 17 the member countries shall ensure that their **designated operators accept, handle, convey and deliver letter-post items**. Letter-post items are separated into two categories<sup>73</sup>:

- Letter-post items containing only documents
- Letter-post items containing goods<sup>74</sup>

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

The rates (Terminal Dues<sup>75</sup>) per item and per kilogramme are separated for small (P) and large (G) letter-post items and bulky (E) and small packet (E) letter-post items.

Self-declared rates for small packets (E): The third Extraordinary Congress, held in Geneva from 24 to 26 September 2019, revised the remuneration for bulky (E) and small packet (E) letter-post items (referred to below as E format rates) and approved the creation of a new article 28bis of the UPU Convention Manual containing provisions for the self-declaration of E format rates<sup>76</sup>.

### Parcel-post items

Member countries shall also ensure that their designated operators accept, handle, convey and deliver **parcel-post items up to 20 kilogrammes**. Weight limits **higher than 20 kilogrammes**<sup>77</sup> apply optionally for certain parcel-post items under the conditions specified in the Regulations.

<sup>73</sup> letter-post items may also be classified on the basis of their format as small letters (P), large letters (G), bulky letters (E) or small packets (E). The size and weight limits are specified in the Regulations.

<sup>74</sup> priority and non-priority small packets, up to 2 kilogrammes; so called "small packets" or "E format".

<sup>75</sup> Convention Manual, Art 1.11; Terminal Dues: remuneration owed to the designated operator of the country of destination by the designated operator of the dispatching country in compensation for the costs incurred in the country of destination for letter-post items received.

<sup>76</sup> More at: <https://www.upu.int/UPU/media/upu/files/UPU/aboutUpu/acts/manualsInThreeVolumes/actInThreeVolumesManualOfConventionMaj3En.pdf>

<sup>77</sup> Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services: Art 2 (1): 'parcel' means a postal item containing goods with or without commercial value, other than an item of correspondence, with a weight not exceeding 31,5 kg.



The rates for parcels exchanged between two designated operators shall be subject to inward land rates<sup>78</sup> calculated by combining the base rate per parcel and base rate per kilogramme laid down in the Regulations.

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

#### *Postal security requirements for the mandatory provision of EAD*

Items containing goods may be subject to specific import customs and security-based requirements for providing electronic advance data (EAD) as referred to in article 8.1 of the Convention<sup>79</sup> and further specified in the respective provisions of the Regulations. Letters, postcards, printed papers (other than books) or letter-post items containing correspondence or items for the blind, which are not subject to customs duties, shall be exempted from these requirements.

The exchange of electronic advanced data on postal item level is mandatory since 1 July 2021 for all postal items containing goods.

**Aspects to be considered for enforcement by the Eastern partner countries:** introduce mandatory exchange of electronic advanced data for all postal items (including courier-, express and parcel items) containing goods.

#### *Security measures for all cargo or mail*

In the recent past, according to the "Import Control System 1, air carriers that flew cargo or mail from a non-EU airport to an EU airport (ACC3s) had to ensure, (since 1 February 2013), that **all cargo and mail carried to the EU had been physically screened or comes from a secure supply chain** which is validated according to the EU regulations. The EU defined three entities in the secure supply chain:

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

The Import Control System 1 has been replaced by the Import Control System 2<sup>80</sup>.

#### *Import Control System 2*

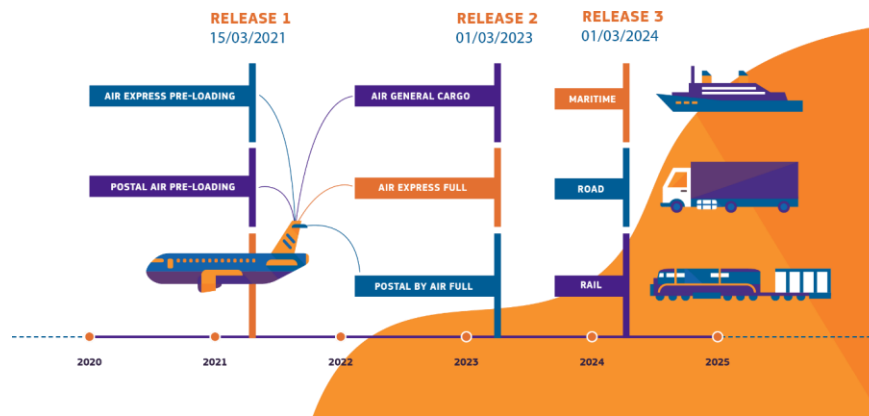
Import control system 2 (ICS2) is the **new EU customs advance cargo information system** its release 1, in force since 15 March 2021, that facilitates the free flow of trade through improved **data-driven customs security processes**, adapted to global business models. It will collect data about all goods entering the EU prior to their arrival. The system is used by the EU customs authorities to ensure security and safety of all people living in the EU. The timeline of its implementation is presented on the following Figure 3.

<sup>78</sup> Convention Manual, Art 1.14; Inward Land Rates: remuneration owed to the designated operator of the country of destination by the designated operator of the dispatching country in compensation for the costs incurred in the country of destination for parcels received.

<sup>79</sup> UPU Convention Art 8.1: ... "This strategy shall include the objectives defined in the Regulations, as well as the principle of complying with requirements for providing electronic advance data on postal items identified in implementing provisions (including the type of, and criteria for, postal items) adopted by the Council of Administration and Postal Operations Council, in accordance with UPU technical messaging standards. The strategy shall also include the exchange of information on maintaining the safe and secure transport and transit of mails between member countries and their designated operators." <https://www.upu.int/UPU/media/upu/files/aboutUpu/acts/03-actsConventionAndFinalProtocol/conventionAndFinalProtocolAdoptedAtAbidjanEn.pdf>

<sup>80</sup> In alignment with the UCC – Union Customs Code (<http://data.europa.eu/eli/reg/2013/952/2020-01-01>) work programme (Commission Implementing Decision (EU) 2019/2151 - UCC Work Programme ([http://data.europa.eu/eli/dec\\_impl/2019/2151/oj](http://data.europa.eu/eli/dec_impl/2019/2151/oj))), the Import Control System 2 (ICS2) will be operational in three releases. Each release affects different Economic Operators (EOs) and models of transport. EOs will begin declaring their goods to ICS2 depending on the type of services they provide. It will depend on the type of services that they provide in the international movement of goods and is linked to the three release dates of ICS2 (15 March 2021, 1 March 2023, and 1 March 2024).

Figure 3. Import Control System 2 implementation timeline

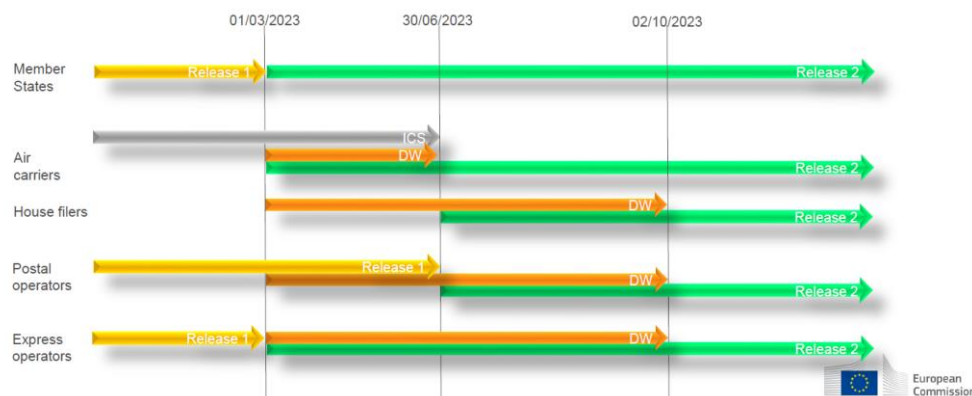


The system will become operational in three releases, in accordance with the UCC – Union Customs Code work programme (Commission Implementing Decision (EU) 2019/2151 - UCC Work Programme<sup>81</sup>). Economic Operators will begin declaring safety and security Entry Summary Declaration (ENS) data to ICS2 in phased approach based on the type of services they provide in relation to international movement of goods.

**1<sup>st</sup> Phase:** As from 15 March 2021 **express carriers** and **designated postal operators** established in the European Union (destination posts) are required by the Union Customs Code<sup>82</sup> to provide the minimum set of advance electronic data, in the format of the electronic Entry Summary Declaration (ENS) to the ICS2, for all goods in consignments they are responsible to bring into the EU Customs territory. **ENS will be mandatory for all express and postal consignments destined to enter the Union customs territory.** The aim is to provide an extra security layer to the existing civil aviation security requirements. Pre-loading advance cargo information – PLACI, as a subset of the ENS will be used by the EU customs authorities to perform air cargo and mail security risk assessment.

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

Figure 4. Release 2 deployment organized through ‘windows’ per each category ENS filer (carrier, house -FFW, express and postal)



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

**Aspects to be considered for enforcement by the Eastern partner countries:** connect to the new EU customs advance cargo information system that will facilitate free flow of trade through improved data-driven customs security processes and prepare to include all transport modes.

<sup>81</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583245779608&uri=CELEX:32019D2151>

<sup>82</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013R0952-20200101>



## 2.2.5 Security of Network and Information Systems

Directive (EU) 2016/1148 defines 'digital service provider' as any legal person that provides a digital service (cf. Article 4(6)). The digital services covered by the Directive are online marketplace, online search engine and cloud computing services (cf. Article 4(5) and Annex III of Directive (EU) 2016/1148<sup>83</sup>). Article 16 of Directive (EU) 2016/1148 imposes on digital service providers some **requirements on security and incident notification**. In accordance with Article 17 of Directive (EU) 2016/1148, these requirements are subject to *ex post* supervisory control by the relevant national competent authorities as understood under Article 8 of Directive (EU) 2016/1148. Article 18 of Directive (EU) 2016/1148 provides for the rules on the jurisdiction for such supervisory activity:

- Where a digital service provider **is established in the Union**, it will be, pursuant to Article 18(1) of Directive (EU) 2016/1148, subject to the jurisdiction of the Member State where it has its main establishment, which in principle corresponds to the place where the provider has its head office in the Union<sup>84</sup>.
- Where a digital service provider, **is not established in the Union but offers digital services into the Union**, it must, in accordance with Article 18(2) of Directive (EU) 2016/1148, designate a representative in the Union. Pursuant to Article 4(10) of Directive (EU) 2016/1148, a representative means any natural or legal person established in the Union explicitly designated to act on behalf of a digital service provider not established in the Union with regard to the latter's obligations under this Directive. The designation of a representative by the digital service provider shall be without prejudice to legal actions which could be initiated against the digital service provider itself, as provided for under Article 18(3) of Directive (EU) 2016/1148.

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

- If the digital service provider maintains one or several establishments in the EU27 Member States, it will be deemed to be under the jurisdiction of the EU27 Member State where it has its main establishment in the EU27, thus effectively resulting in a change of competent authority;
- If the digital service provider is no longer established in the EU27 but offers digital services into the EU27, it will be subject to the obligation to designate a representative in an EU27 Member State in accordance with Article 18(2), as described above.

Consequently, the national competent authority<sup>85</sup>, as understood under Article 8 of Directive (EU) 2016/1148, of that Member State where the digital service provider concerned has either its main establishment or has designated a representative, will receive notifications of incidents taking place within the Union and will exercise *ex post* supervisory control.

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

## 2.2.6 Geo-Blocking<sup>86</sup>

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

<sup>83</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016L1148&from=EN>

<sup>84</sup> Jurisdiction in respect of digital service providers should be attributed to the Member State in which the digital service provider concerned has its main establishment in the Union, which in principle corresponds to the place where the provider has its head office in the Union. Establishment implies the effective and real exercise of activity through stable arrangements. The legal form of such arrangements, whether through a branch or a subsidiary with a legal personality, is not the determining factor in this respect. This criterion should not depend on whether the network and information systems are physically located in a given place; the presence and use of such systems do not, in themselves, constitute such main establishment and are therefore not criteria for determining the main establishment.

<sup>85</sup> The website of the Commission on cyber-security (<https://ec.europa.eu/digital-single-market/en/policies/cybersecurity>) provides general information concerning Directive (EU) 2016/1148. These pages will be updated with further information, where necessary.

<sup>86</sup> Regulation (EU) 2018/302 of the European Parliament and of the Council of 28 February 2018 on addressing unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market, OJ L 60 I, 2.3.2018, p. 1, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0302&from=EN>



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

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

### Customers

From its date of application (3 December 2018), Regulation (EU) 2018/302 prohibits discrimination based on customers' nationality, place of residence or place of establishment, including **unjustified geo-blocking**, in certain cross-border transactions between a trader and a customer in relation to the sales of goods and the provision of services within the EU. In particular, it provides for the following measures protecting customers<sup>87</sup>:

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

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

1. Such persons or undertakings who wish to access websites in the EU will not benefit from the aforementioned ban related to access to traders' online interfaces. This means that a trader could block, limit or redirect those customers to specific versions of his/her website which might be different from the one that the customers initially sought to access;
2. Such persons or undertakings will not have the guarantee to be able to "shop like a local" in the EU in the situations covered by Article 4 of the Regulation, including benefitting from the same prices and conditions relating to the delivery of goods and services as the locals (i.e. the customers of the trader's home Member State). For example, the off-line and on-line sales of goods and services, such as goods delivered or picked up in the EU territory, tickets for sports events or amusement parks in Member States, and the sale of electronically supplied services, such as hosting services, are areas where those customers will be affected;
3. Such persons or undertakings using payment means from a third country<sup>88</sup> will not be protected against traders applying different conditions for a payment transaction from the ones offered to EU customers, or refused to complete the purchase for reasons related to payment, when (wanting to) pay electronically for goods or services.

### Traders

Regulation (EU) 2018/302 applies to all traders operating within the EU, regardless of whether those traders are established in the EU or in a third country<sup>89</sup>.

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

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** prohibit to block or limit a customer's access to the trader's online interface for reasons related to the customer's nationality, place of residence or place of establishment.

#### 2.2.7 Data Protection

Aside from an "adequacy decision", which allows the **free flow of personal data from the EU** without the EU data exporter having to implement any additional safeguards or being subject to further conditions, the EU's data protection rules (both under the current Directive 95/46 and under the new General Data Protection Regulation 2016/679<sup>90</sup>, "GDPR" - which will apply as from 25 May 2018) **allow a transfer if the controller or processor has provided "appropriate safeguards"**.

<sup>87</sup> Both consumers and businesses.

<sup>88</sup> A third country is a country not member of the EU.

<sup>89</sup> Regulation (EU) 2018/302, Recital 17: The effects for customers and on the internal market of discriminatory treatment in connection to transactions relating to the sales of goods or the provision of services within the Union are the same, regardless of whether a trader is established in a Member State or in a third country. Therefore, and with a view to ensuring that competing traders are subject to the same requirements in this regard, this Regulation should apply equally to all traders, including online marketplaces, operating within the Union.

<sup>90</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0679&from=EN>





These safeguards may be provided for by:

- **Standard data protection clauses / Standard Contractual Clauses (SCCs):** The Commission modernised standard contractual clauses under the GDPR for data transfers from controllers or processors in the EU/EEA (or otherwise subject to the GDPR) to controllers or processors established outside the EU/EEA (and not subject to the GDPR). These modernised SCCs replace the three sets of SCCs that were adopted under the previous Data Protection Directive 95/46. Since 27 September 2021, it is no longer possible to conclude contracts incorporating these earlier sets of SCCs.

To reflect new requirements under the General Data Protection Regulation (GDPR) and take into account the Schrems II judgement of the Court of Justice, ensuring a high level of data protection for citizens, the European Commission adopted two sets of standard contractual clauses:

- i. One for use between controllers and processors<sup>91</sup>; and
- ii. One for the transfer of personal data to third countries<sup>92</sup>.

These new tools will offer more legal predictability to European businesses and help, in particular, SMEs to ensure compliance with requirements for safe data transfers, while allowing data to move freely across borders, without legal barriers.

- **Binding corporate rules:** legally binding data protection rules approved by the competent data protection authority which apply within a corporate group;
- **Approved Codes of Conduct** together with binding and enforceable commitments of the controller or processor in the third country;
- **Approved certification mechanisms** together with binding and enforceable commitments of the controller or processor in the third country.

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

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

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

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

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** transfer of personal data should happen only on conditions complied with the controller and processor; usage of mechanisms or tools for transfer of personal data to third countries, such as Codes of Conduct and Standard Contract Clauses.

## 2.2.8 Other areas of eCommerce EU legal framework

### *Directive on electronic commerce*<sup>93</sup>

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

Article 3 (Internal market clause) secures the free movement of information society services, stating that Member States may not, for reasons falling within the coordinated field, restrict the freedom to provide

<sup>91</sup> More at: [Standard contractual clauses for controllers and processors in the EU/EEA \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room-detail.aspx?lang=en&id=12345)

<sup>92</sup> More at: [Standard contractual clauses for international transfers \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room-detail.aspx?lang=en&id=12345)

<sup>93</sup> DIRECTIVE 2000/31/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce), available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32000L0031&from=EN>



information society services from another Member State. Derogations from Article 3 are possible under strict conditions, e.g.: i. measures necessary for public policy, protection of public health, public security, protection consumers; ii. proportionality test.

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

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

When it comes to the **liability of online intermediaries**, Directive 2000/31/CE harmonises in Article 9 - 11 the conditions under which information society service providers cannot be held liable (liability limitations) for a third-party illegal content. The Directive 2000/31/CE ECD does not harmonise "liability" but "limitations of liability". The liability limitations apply to all forms of illegal activities (including copyright and trademark infringements, defamation, misleading advertising etc.). The liability exemptions apply to both civil and criminal liability. Moreover, the limitations of liability set out in the Directive, in its Section 4 "Liability of intermediary service providers<sup>94</sup>" does not apply to intermediary service providers established in a third country. Limitation of liability means that the service provider established in the EU Member State is not liable for information transmitted, on the condition that the provider (a) does not initiate the transmission; (b) does not select the receiver of the transmission; and (c) does not select or modify the information contained in the transmission. (i.e. "Mere conduit"). The service provider can benefit from the limitation of liability when they are in no way involved with the information transmitted, including modification of content.

The Directive 2000/31/CE does not provide for a legal definition of "online intermediaries". Such notion is defined through the activities described in Article 12, "Mere Conduit<sup>95</sup>", Article 13, "Caching<sup>96</sup>" and Article 14 "Hosting<sup>97</sup>".

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** introduce the principle of free movement of information society services; establishment of liability of online intermediaries for third-party illegal activities.

### *Service Directive<sup>98</sup>*

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

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

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<sup>94</sup> Such intermediary service are: Art. 12 "Mere Conduit"; Art 13. "Caching" and Art. 4 "Hosting"; see section on the Directive on electronic commerce (Directive 2000/31/CE), p. 30.

<sup>95</sup> Mere conduit: Service providers, whose role solely consists in the transmission of information originating from third parties and the provision of access through a communication network, cannot be held liable for third party illegal content if they: i. do not initiate the transmission; ii. do not select the receiver of the transmission, and iii. do not select or modify the information transmitted. Automatic, intermediate and transient storage of information which takes place during the transmission of the information in order to carry out the transmission, are covered by the exemption of liability.

<sup>96</sup> Caching: Service providers cannot be held liable for third party illegal content when providing caching facilities provided they: i. do not modify the information; ii. comply with conditions on access to information and with rules on the updating of the information; iii. do not interfere with lawful use of technology to obtain data on the use of the information; iv. expeditiously act to remove the access to the information stored when informed that the information has been removed from the network, when access to it has been disabled or when a responsible authority has ordered the removal.

<sup>97</sup> Hosting: Service providers who store information supplied by and at the request of a recipient of the service are not liable if: i. they do not have actual knowledge of illegal activity or information and as regards claims for damages and are not aware of the facts or circumstances from which the illegal activity or information is apparent; or ii. the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or disable access to the information.

<sup>98</sup> DIRECTIVE 2006/123/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2006 on services in the internal market, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006L0123&from=EN>



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

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

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

**Derogations to the freedom to provide services principle** are covered by Directive 96/71/EC on posting of workers<sup>99</sup> and by Title II of Directive 2005/36/EC on the recognition of professional qualifications<sup>100</sup>.

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

### *Digital Service Act<sup>101</sup>*

The “Digital Services Act” came into force on 16 November. Very large online platforms will have to comply with rules by the **summer of 2023**. The Digital Services Act introduces many legal requirements regarding the detection and removal of illegal content online, transparency and reporting obligations, obligations for B2B and B2C marketplaces, enforcement, etc. New rules will be applied and enforced and further clarified via **implementing and delegating acts**.

According the European Commission the new rules are proportionate, foster innovation, growth and competitiveness, and facilitate the scaling up of smaller platforms, SMEs and start-ups. The responsibilities of users, platforms, and public authorities are rebalanced according to European values, placing citizens at the center. The rules have been developed and implemented to:

- better protect consumers and their fundamental rights online;
- establish a powerful transparency and a clear accountability framework for online platforms; and to
- foster innovation, growth and competitiveness within the single market.

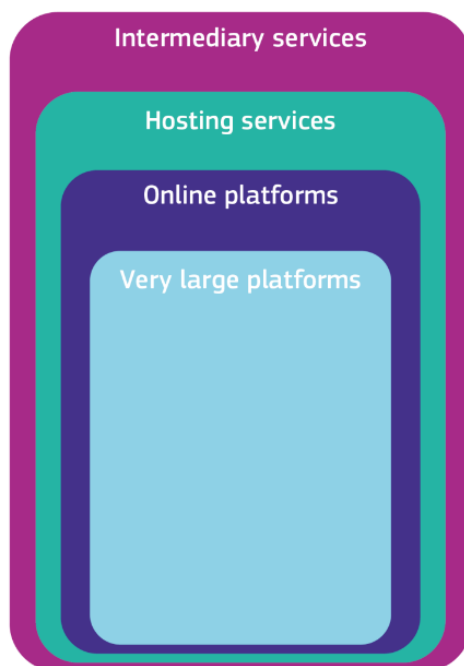
The Digital Services Act includes rules for online intermediary services, which millions of Europeans use every day. The obligations of different online players match their role, size and impact in the online ecosystem.

<sup>99</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31996L0071&from=EN>

<sup>100</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005L0036&from=EN>

<sup>101</sup> Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act) (Text with EEA relevance); <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R2065&from=EN>

Figure 5. Digital Service Act online ecosystem



Source: *The Digital Services Act: ensuring a safe and accountable online environment (europa.eu)*

**Intermediary services offering network infrastructure:** Internet access providers, domain name registrars, including also:

**Hosting services** such as cloud and webhosting services, including also:

**Online platforms** bringing together sellers and consumers such as online marketplaces, app stores, collaborative economy platforms and social media platforms.

**Very large online platforms** pose particular risks in the dissemination of illegal content and societal harms. Specific rules are foreseen for platforms reaching more than 10% of 450 million consumers in Europe.

#### A safer online environment for Users

According to EU surveys<sup>102</sup> EU citizens say they have come across illegal content online and 65% say they do not think the Internet is safe for us. To change that online platforms can be misused to spread illegal content such as hate speech, terrorist content or child sexual abuse material, as well as sell dangerous goods and counterfeit products, or to offer illegal services, exposing citizens to harm, the DSA implements legal and regulatory oversight to:

- make it easier and to establish clear ways to report illegal content, goods or services on online platforms
- implement due diligence obligations for platforms and stronger obligations for very large platforms, where the most serious harms occur
- better equip authorities to protect citizens by supervising platforms and enforcing rules together across the Union

To further enhance transparency from service providers, the DSA's scope is to protect users' freedom of expression. The Digital Services Act aims to achieve this, by:

- ensuring that users are informed about, and can contest removal of content by platforms
- giving users access to dispute resolution mechanisms in their own country
- ensuring harmonised and transparent terms and conditions for platforms
- more safety and better knowledge of the real sellers of products that users buy

<sup>102</sup> <https://ec.europa.eu/digital-single-market/en/news/flash-eurobarometer-illegal-content>



- stronger obligations for very large online platforms to assess and mitigate risks at the level of the overall organisation of their service for users' rights, where restrictions of rights and risks of viral spreading of illegal or harmful content are most impactful
- establishing a fast crisis response mechanisms with additional risk management measures for public health and security crises
- new protections for minors
- bans on targeted adverts on online platforms directed at minors or using sensitive personal data
- access to platforms data for researchers to understand risks on society and fundamental rights

### New online rules for businesses

More than 10.000 online platforms, of which are 90% SMEs, in the EU currently have to deal with 27 different sets of national rules. Only the largest companies can deal with the resulting compliance costs. The Digital Services Act ensures that:

- the same rules will apply in the entire Union and will be the basis of a large domestic market for digital services to grow and prosper. Cross-border digital trade in the single market is expected to increase up to 2% due to the implementation of the DSA.
- small players will have legal certainty to develop services and protect users from illegal activities and they will be supported by standards, codes of conduct and guidelines
- small and micro-enterprises are exempted from the most costly obligations, but are free to apply the best practices, for their competitive advantage
- Support to scale-up is supported for SMEs: exemptions for small enterprises are extended for 12 months after they scale past the turnover and personnel thresholds that qualify them as small companies

By tackling illegal activities and products online, legitimate business can be thriving online. To ensure this the Digital Services Act changes:

- Removing disincentives for companies to take voluntary measures to protect their users from illegal content, goods or services
- Businesses will use new simple and effective mechanisms for flagging illegal content and goods that infringe their rights, including intellectual property rights, or compete on an unfair level
- Businesses may also become 'trusted flaggers' of illegal content or goods, with special priority procedures and tight cooperation with platforms
- Enhanced obligations for marketplaces to apply dissuasive measures, such as "know your business customer" policies, make reasonable efforts to perform random checks on products sold on their service, or adopt new technologies for product traceability

### New online rules for platforms and gatekeepers

Today the way in which gatekeepers conduct their businesses is either largely unregulated or based on sets of rules many of which pre-date the digital economy. This is the case across the EU. Users are exposed to illegal goods, content or services, and all decisions are mostly at the discretion of the platforms. The biggest impact comes from those platforms which have become quasi-public spaces for communication and trading. To address the gatekeeper-related problems, currently not effectively addressed by Member States or the EU, the DSA will implement:

- measures to counter illegal goods, services or content online, such as a mechanism for users to flag such content and for platforms to cooperate with "trusted flaggers".
- new obligations on traceability of business users in online market places, to help identify sellers of illegal goods.
- effective safeguards for users, including the possibility to challenge platforms' content moderation decisions
- transparency measures for online platforms that are wide-ranging, including on the algorithms used for recommendation
- Obligations for very large platforms that reach more than 10% of the EU's population to prevent abuse of their systems by taking risk-based action and through independent audits of their risk management systems.
- Researchers will have access to data of key platforms, in order to scrutinise how platforms work.



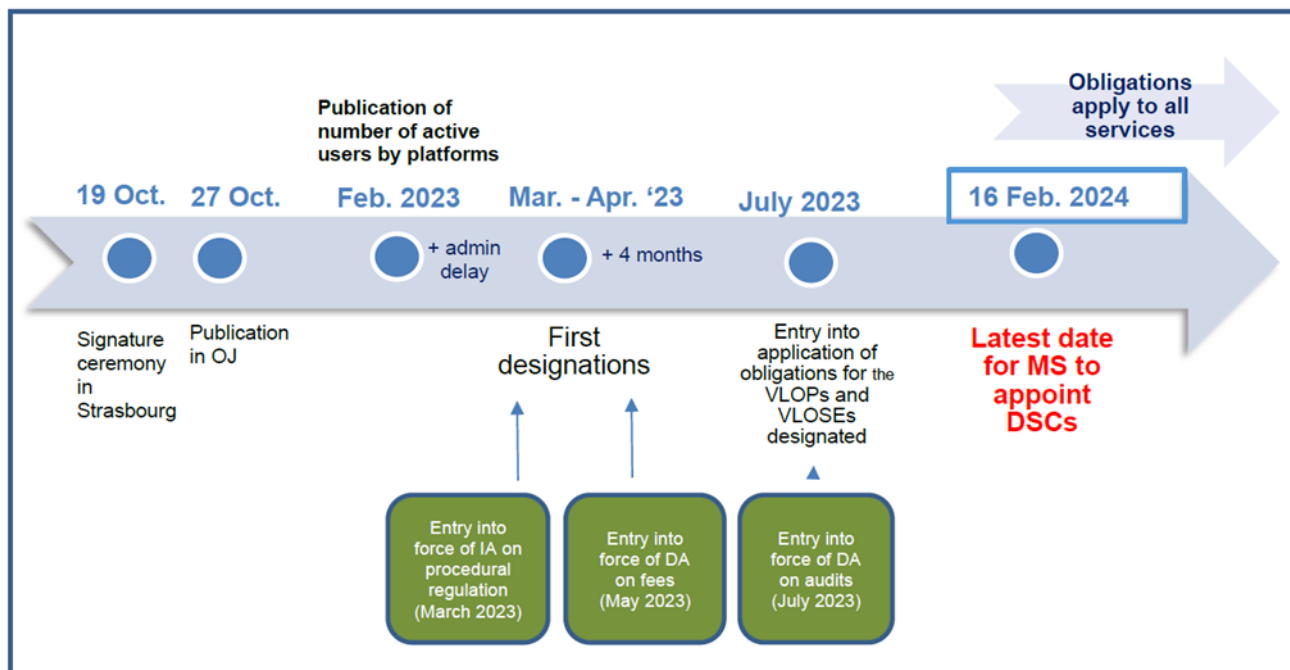
- Codes of conduct and technical standards will assist platforms and other players in their compliance with the new rules. Other codes will enhance measures taken to ensure accessibility of platforms for people with disabilities, or support further measures on advertising.
- All online intermediaries offering their services in the single market, whether they are established in the EU or outside, will have to comply with the new rules.
- Oversight structure to match the complexity of the online space: Member States will have the primary role, supported by a new European Board for Digital Services; for very large platforms, supervision and enforcement by the Commission.

Figure 6. Provisions applying to retail, wholesale, online marketplaces and very large online marketplaces

	Retail	Wholesale	Online platform	VLOP
Orders to act against illegal content & Orders to provide information	X	X	X	X
Appoint point of contact	X	X	X	X
Non-EU service provider needs to appoint legal representative	X	X	X	X
Terms & conditions: restrictions, content moderation, algorithmic decision-making, human review	X	X	X	X
Yearly report content moderation	X	X	X	X
Additional requirements notice & action mechanisms -> decisions in public database		X	X	X
Internal complaint-handling mechanism	X		X	X
Out-of-court dispute settlement	X		X	X
Trusted flaggers	X		X	X
Notification of suspicions of criminal offences			X	X
Traceability of traders (know your business customer)	X	X	X	X
Yearly report on out-of-court dispute cases, suspensions misuse, use of automatic decision-making content moderation			X	X
Report every 6 months to Digital Services Coordinator of establishment on number of active users			X	X
Online advertising transparency	X		X	X
Annual risk assessment				X
Implement risk mitigation measures				X
Annual independent audit				X
Transparency recommender systems in terms & conditions				X
Additional transparency online advertising (repository)				X
Access to data on request COM or DSC				X
Appoint compliance officer				X
6-monthly transparency report: number of active users + content moderation			X	X
Yearly transparency report: risk assessment, risk mitigation measures, audit report, audit implementation report (when applicable)				X

The implementation of certain rules under the DSA is subordinated to the adoption of implementing and delegated acts by the European Commission (i.e. secondary legislation planned on or envisaged by the Commission under the DSA). Depending on the wording in the DSA text, the Commission can be bound to adopt certain acts (i.e., the Commission shall adopt) or it might only consider coming forward with such acts (i.e., the Commission may adopt).

Figure 7. Timeline and upcoming DSA implementation milestones.



**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** remove the barriers to trade in services; establish the general conditions under which information society service providers cannot be held liable (liability limitations) for the detection and removal of illegal content online, transparency and reporting obligations, obligations for B2B and B2C marketplaces and related enforcement stay informed of the possible legal acts related to the Digital Service Act .

*Digital Markets Act<sup>103</sup>*

The Digital Markets Act (DMA) establishes a set of narrowly defined objective criteria for qualifying a large online platform as a so-called “gatekeeper<sup>104</sup>”. This allows the DMA to remain well targeted to the problem that it aims to tackle as regards large, systemic online platforms. These criteria will be met if a company:

- has a strong economic position, significant impact on the internal market and is active in multiple EU countries
- has a strong intermediation position, meaning that it links a large user base to a large number of businesses
- has (or is about to have) an entrenched and durable position in the market, meaning that it is stable over time if the company met the two criteria above in each of the last three financial years

The DMA will be applicable as of beginning of May 2023. Within two months, companies providing core platform services will have to notify the Commission and provide all relevant information. The Commission will then have two months to adopt a decision designating a specific gatekeeper. The designated gatekeepers will have a maximum of six months after the Commission decision to ensure compliance with the obligations foreseen in the DMA.

The Digital Markets Act ensures that:

- business users who depend on gatekeepers to offer their services in the single market will have a fairer business environment;

<sup>103</sup> Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act) (Text with EEA relevance); <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1925&from=EN>

<sup>104</sup> DMA, Art 2(1): “gatekeeper” means an undertaking providing core platform services, designated pursuant to Article 3(1) -> “An undertaking shall be designated as a gatekeeper if: (a) it has a significant impact on the internal market; (b) it provides a core platform service which is an important gateway for business users to reach end users; and (c) it enjoys an entrenched and durable position, in its operations, or it is foreseeable that it will enjoy such a position in the near future.

- innovators and technology start-ups will have new opportunities to compete and innovate in the online platform environment without having to comply with unfair terms and conditions limiting their development;
- consumers will have more and better services to choose from, more opportunities to switch their provider if they wish so, direct access to services, and fairer prices;
- gatekeepers will keep all opportunities to innovate and offer new services. They will simply not be allowed to use unfair practices towards the business users and customers that depend on them to gain an undue advantage.

Figure 8. Provisions applying to retail, wholesale, online marketplaces and very large online marketplaces

the “do’s” – for Gatekeeper platforms	the “don’ts” – for Gatekeeper platforms
allow third parties to inter-operate with the gatekeeper’s own services in certain specific situations	treat services and products offered by the gatekeeper itself more favourably in ranking than similar services or products offered by third parties on the gatekeeper’s platform
allow their business users to access the data that they generate in their use of the gatekeeper’s platform	prevent consumers from linking up to businesses outside their platforms
provide companies advertising on their platform with the tools and information necessary for advertisers and publishers to carry out their own independent verification of their advertisements hosted by the gatekeeper	prevent users from un-installing any pre-installed software or app if they wish so
allow their business users to promote their offer and conclude contracts with their customers outside the gatekeeper’s platform	track end users outside of the gatekeepers’ core platform service for the purpose of targeted advertising, without effective consent having been granted

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** defined objective criteria for qualifying a large online platform as a so-called “gatekeeper”. This to tackle systemic online platforms with a strong economic position, significant impact on the internal market and activities in multiple (EU) countries, as well as a strong intermediation position, meaning that it links a large user base to a large number of businesses, or has (or is about to have) an entrenched and durable position in the market, meaning that it is stable over time if the company met the two criteria above in each of the last three financial years.

### Electronic payments

The Directive (EU) 2015/2366 (Payment Service Directive 2 — PSD 2)<sup>105</sup> provides the legal foundation for the further development of a better integrated internal market for electronic payments within the EU. It puts in place **comprehensive rules for payment services**<sup>106</sup>, with the goal of making **international payments (within the EU) as easy, efficient and secure** as payments within a single country. It seeks to open-up payment markets to new entrants leading to more competition, greater choice and better prices for consumers. It also provides the necessary legal platform for the Single Euro Payments Area (SEPA)<sup>107</sup>. It repealed Directive 2007/64/EC (PSD) from 13 January 2018.

<sup>105</sup> DIRECTIVE (EU) 2015/2366 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L2366&from=EN>

<sup>106</sup> Art. 4 (3) and ANNEX I of DIR (EU) 2015/2366: "Payment services": services enabling cash to be placed on or withdrawn from a payment account, as well as all the operations required to operate the account. This can include transfers of funds, direct debits, credit transfers and card payments. Paper transactions are not covered by the directive.

<sup>107</sup> The single euro payments area (SEPA) harmonises the way cashless euro payments are made across Europe. It allows European consumers, businesses and public administrations to make and receive the following types of transactions under the same basic conditions: (i) credit transfers; (ii) direct debit payments; (iii) card payments. This makes all cross-border electronic payments in euro as easy as domestic payments.

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





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

- Improves the existing EU rules for electronic payments. It takes into account emerging and innovative payment services, such as internet and mobile payments;
- Sets out rules concerning:
  - **strict security requirements** for electronic payments and the protection of consumers' financial data, guaranteeing safe authentication and reducing the risk of fraud;
  - the **transparency of conditions and information requirements** for payment services;
  - the **rights and obligations** of users and providers of payment services;
- Is complemented by Regulation (EU) 2015/751<sup>108</sup> which puts a cap on interchange fees charged between banks for card-based transactions. This is expected to drive down the costs for merchants in accepting consumer debit and credit cards.

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

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

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

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

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

In line with the Directive (EU) 2015/2366, it is the role of the European Banking Authority (EBA) has been strengthened<sup>109</sup> to:

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

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** establish general rules for an integrated national market for safe electronic payments; define security requirements; transparency and information requirements; rights and obligations for providers of payment services; reduced liability for payer and unconditional refund right in case of unauthorised transactions; removal of surcharges for the use of credit cards and debit cards; develop technical standards on strong customer authentication and secure communication channels with which all payment service providers must comply.

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

<sup>108</sup> REGULATION (EU) 2015/751 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2015 on interchange fees for card-based payment transactions.

<sup>109</sup> The Commission has adopted the following implementing and delegated acts: Regulation (EU) 2017/2055 on regulatory technical standards for the cooperation and exchange of information between competent authorities relating to the exercise of the right of establishment and the freedom to provide services of payment institutions; Regulation (EU) 2018/389 on regulatory technical standards for strong customer authentication and common and secure open standards of communication; Regulation (EU) 2019/410 laying down implementing technical standards with regard to the details and structure of the information to be notified, in the field of payment services, by competent authorities to the EBA; Regulation (EU) 2019/411 on regulatory technical standards setting technical requirements on development, operation and maintenance of the electronic central register within the field of payment services and on access to the information contained therein.



### Platform-to-business relations regulation (P2B regulation)<sup>110</sup>

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

The Regulation on platform-to-business relations (P2B regulation), lays down rules to ensure that business users of **online intermediation services<sup>111</sup> and corporate website users<sup>112</sup> in relation to online search engines<sup>113</sup>** are granted appropriate transparency, fairness and effective redress possibilities.

This Regulation shall apply to online intermediation services and online search engines provided, or offered to be provided, to business users<sup>114</sup> and corporate website users, respectively, that have their place of establishment or residence in the Union and that, through those online intermediation services or online search engines, offer goods or services to consumers located in the Union, **irrespective of the place of establishment or residence of the providers of those services** and irrespective of the law otherwise applicable.

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

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

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

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

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

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<sup>110</sup> Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R1150&from=EN>

<sup>111</sup> Art. 2(2); "online intermediation services" means services which meet all of the following requirements: (a) they constitute information society services within the meaning of point (b) of Article 1(1) of Directive (EU) 2015/1535 of the European Parliament and of the Council (>"service" means any Information Society service, that is to say, any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.<); (b) they allow business users to offer goods or services to consumers, with a view to facilitating the initiating of direct transactions between those business users and consumers, irrespective of where those transactions are ultimately concluded; (c) they are provided to business users on the basis of contractual relationships between the provider of those services and business users which offer goods or services to consumers.

<sup>112</sup> Art. 2 (7); "corporate website user" means any natural or legal person which uses an online interface, meaning any software, including a website or a part thereof and applications, including mobile applications, to offer goods or services to consumers for purposes relating to its trade, business, craft or profession.

<sup>113</sup> Art. 2 (5); "online search engine" means a digital service that allows users to input queries in order to perform searches of, in principle, all websites, or all websites in a particular language, on the basis of a query on any subject in the form of a keyword, voice request, phrase or other input, and returns results in any format in which information related to the requested content can be found.

<sup>114</sup> Art. 2 (1); "business user" means any private individual acting in a commercial or professional capacity who, or any legal person which, through online intermediation services offers goods or services to consumers for purposes relating to its trade, business, craft or profession.



relevance of those characteristics for those consumers; (c) as regards online search engines, the design characteristics of the website used by corporate website users.

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

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

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

To resolve potential conflicts related to the service provision, Article 11 establishes an **Internal complaint-handling system**<sup>115</sup>; Article 12 a **mediation**, out-of-court settlement scheme (to be included in the terms and conditions), when complaints cannot be resolved by means of the internal complaint-handling system referred to in Article 11.

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** establish terms and conditions of providers of online intermediation services with quality requirements; rule to provide reasons in case of restriction or refusal to provide services; requirement for special contractual terms for intermediation services to explain ranking on their platforms; requirement to explain any differentiated treatments in the terms and conditions; requirement to explain in the terms and conditions access to personal data or other data on a platform; requirement to have an internal complaint-handling system

#### *eCommerce and the EU Green Deal*<sup>116</sup>

Over the last ten years, eCommerce has consistently exhibited significant growth rates. The eCommerce share of the turnover of all EU-27 enterprises (except financial) increased from 13% in 2010 to 18% in 2019 before jumping to 20% in 2020 and 2021<sup>117</sup>. As part of this rise, cross-border transactions also increased. Furthermore, in 2020, 22% of consumers made a purchase from sellers in a non-EU country. This evolution accelerated with the covid-19 pandemic as a lot of EU retail shifted from physical stores to online.

The increasing importance of eCommerce has highlighted the importance of information provision regarding the **environmental footprint of consumer choices**, including: what information is made available to consumers; the personalisation of offers to consumers; and how information is presented to consumers.

With rising interest in the climate crisis, consumers have become more interested in sustainable consumption choices. While some traders have responded to this trend by offering more eco-friendly choices, there are concerns about misleading claims being used as an advertising strategy (i.e., greenwashing). This has also involved some companies using interface design to steer consumers towards potentially harmful choices.

A study commissioned by the European Parliament, Requested by the IMCO committee – “E-commerce and the EU Green Deal: Analysis of the environmental footprint of online sales in the context of the circular economy” – concluded that from a legislative perspective, there is no overarching, integrated EU policy instrument covering

<sup>115</sup> Art. 11(5) The rules for internal complaint-handling system shall not apply to providers of online intermediation services that are small enterprises within the meaning of the Annex to Recommendation 2003/361/EC. -> Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10 million.

<sup>116</sup> More at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734013/IPOL\\_STU\(2022\)734013\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734013/IPOL_STU(2022)734013_EN.pdf); “E-commerce and the EU Green Deal Analysis of the environmental footprint of online sales in the context of the circular economy”, Policy Department for Economic, Scientific and Quality of Life Policies Directorate-General for Internal Policies Authors: Luena COLLINI, Pierre HAUSEMER, et al. PE 734.013 - December 2022

<sup>117</sup> More at: [https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/740061/IPOL\\_ATA\(2023\)740061\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/740061/IPOL_ATA(2023)740061_EN.pdf)



the sustainable production and consumption of all products nor the availability and reliability of information on these products to consumers.

Considering these issues, the study puts forward the following recommendations:

- Ensure that existing legislation is complied with in the digital space: this would entail supporting national authorities in enforcing existing legislation, monitoring online practices with digital tools and providing support to businesses to comply with existing rules.
- Improve information provision and transparency of offers to consumers to enable them to make better decisions: in particular, harness digital innovation to make it easier for the consumer to access information on the sustainability of their purchase while ensuring consumer protection.
- Incentivise consumers and businesses to be more sustainable, including by supporting eCommerce's role in fostering repair and reuse over replacement and fostering the emergence of independent repairer's network.
- Ensure information on sustainability impacts is reliable: by harmonising methodologies for assessing the environmental footprint of eCommerce and making sure that they are communicated to consumers in a transparent and easy way.

### Sustainability and CO<sup>2</sup> neutrality in parcel delivery, in Europe and worldwide (UPU)

More than four billion courier, express and parcel items (CEP) were sent in Germany in 2020, around eleven percent more than in the previous year: this represents a major challenge for the logistics industry, because customers have also become more aware of the dangers of climate change. Customers demand sustainability in the transport of their B2C supplies. The methodologies for calculating and reporting greenhouse gas emissions and air pollutants in parcel delivery are an important basis for implementing and demonstrating compliance with climate protection targets.

How can digitalisation in modern trade, the growth of online retail and the associated increase in parcel volumes be reconciled with the ambitious international climate protection goals? And what contribution can standardisation projects make to this?

#### Digitisation of the retail sector enables sustainability

Digital retail (ecommerce) with its consumers and its delivery in the form of parcels enables sustainability. Data on each parcel, its contents and packaging are digitally collected and linked to information on the receipt, transport, freight, storage, depots and delivery of parcels.

In addition, international organisations, such as the Universal Postal Union, have developed a sector-specific solution dedicated to the measurement and reporting of the environmental footprint on postal item level. OSCAR (Online Solution for Carbon Analysis and Reporting) is an interactive online platform. Postal operators in UPU member countries, including Germany, can use it to analyse and report their greenhouse gas emissions and identify opportunities to reduce them. This enables end-to-end measurement at the individual item level: locally, regionally and globally.

#### Allocation of CO<sub>2</sub> and greenhouse gas emissions to single parcels

Harmonized European and global rules and principles for quantifying, allocating, and reporting the environmental impact of parcel logistics delivery services at single parcel level are essential if we are to achieve zero net emissions of greenhouse gases (GHG) and other in/direct air pollutants.

Whenever individual B2C supplies (single parcels containing goods/merchandise) are collected (i.e., warehousing and fulfilment), consolidated for freight and transport (i.e., global multi-modal supply chains), received for sortation, and dispatched for final delivery according to the preferences of the end recipient, mandatory electronic data elements are available and exchanged in advance (i.e., UPU's Global Data Model, EU's Customs Data Model or IATA's Preloading Advance Cargo Information (PLACI)). These minimum electronic advanced data elements will be used but need to be supplemented by additional data elements in order to allocate, quantify, and report the environmental impact of parcel logistics and delivery operations on item level.

#### New fuels – energy efficient operations – route optimization – re-usable packaging

The adoption of new fuel technologies, energy efficient operations, route optimization, packaging classification, supplier engagement, and many other measures will need to be adapted in order to mitigate the environmental impacts of the end-to-end parcel delivery value chain. Solid monitoring methodologies, datasets and standard accounting and reporting approaches are essential for choosing the most effective mitigation strategies and fully disclosing the environmental impact of parcel logistics and delivery services.



Standardisation as the basis for business activity

Sustainability reports and verifications follow legal and normative requirements. OSCAR is based on the measurement methodology of the Greenhouse Gas Protocol and is also aligned with the international standard **ISO 14001 for environmental management systems and the Global Reporting Initiative**. Standards enable certification and audits, but also political steering measures such as subsidies, quota registration and re-financing.

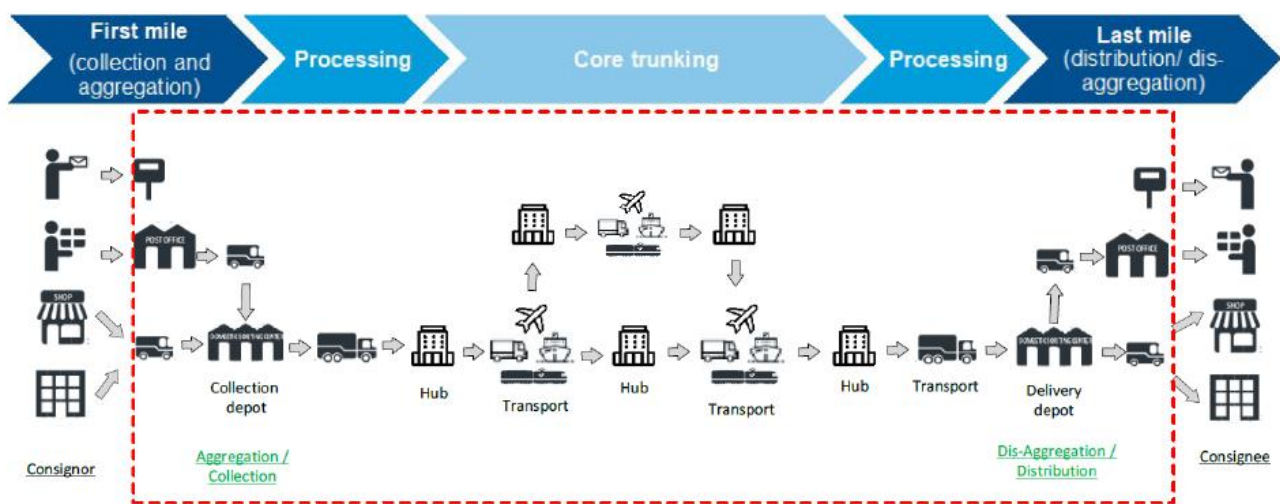
"Lighthouse example" of standardisation for consumers

With binding, postal sector-specific measurement standards on the ecological footprint in parcel delivery, the CO<sup>2</sup> or GHG impact per parcel can be presented and will also be taken into account in competition.

The EU Commission has also recognised the importance of the postal and CEP parcel delivery market. In October 2022, in implementation of the Postal Services Directive, a fifth mandate will be given to the European standardisation organisation CEN with corresponding specifications.

The European standard preCEN/EN 17837 "Parcel Delivery Environmental Footprint – Methodology for calculation and declaration of GHG emissions and air pollutants of parcel logistics delivery services" was developed as a basis for this.

Figure 9. Overview of end-to-end CO<sub>2</sub> & GHG emission measurement according to preCEN/EN 17837

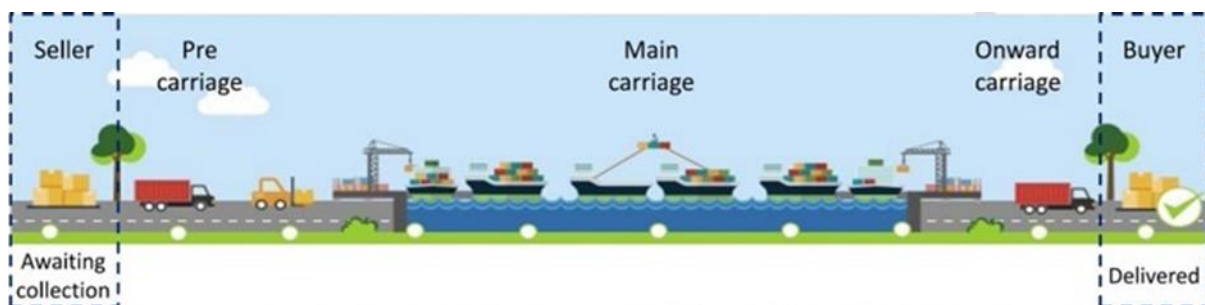


After publication, the standard will be published in the Official Journal of the EU Commission as a "state of the art" European Norm for the EU postal market in accordance with the requirements of EU law.

Inclusion of all transport modalities in parcel delivery

Given the growth of B2C (ecommerce) deliveries and the associated shift from B2B to B2C, as well as the ongoing challenges in trade and transport-related supply chains due to the crisis, UN/CEFACT, ISO, UPU and CEN experts are currently working to overcome the separation between the retail and freight transport worlds in order to ensure end-to-end unique, digitally-supported and harmonised identification and traceability of shipments and freight transport.

Figure 10. Sample supply chain requiring track & trace for shipments from seller to buyer of goods



Source: UN/CEFACT: INTEGRATED TRACK AND TRACE FOR MULTI-MODAL TRANSPORTATION BUSINESS REQUIREMENTS SPECIFICATIONS DOCUMENT

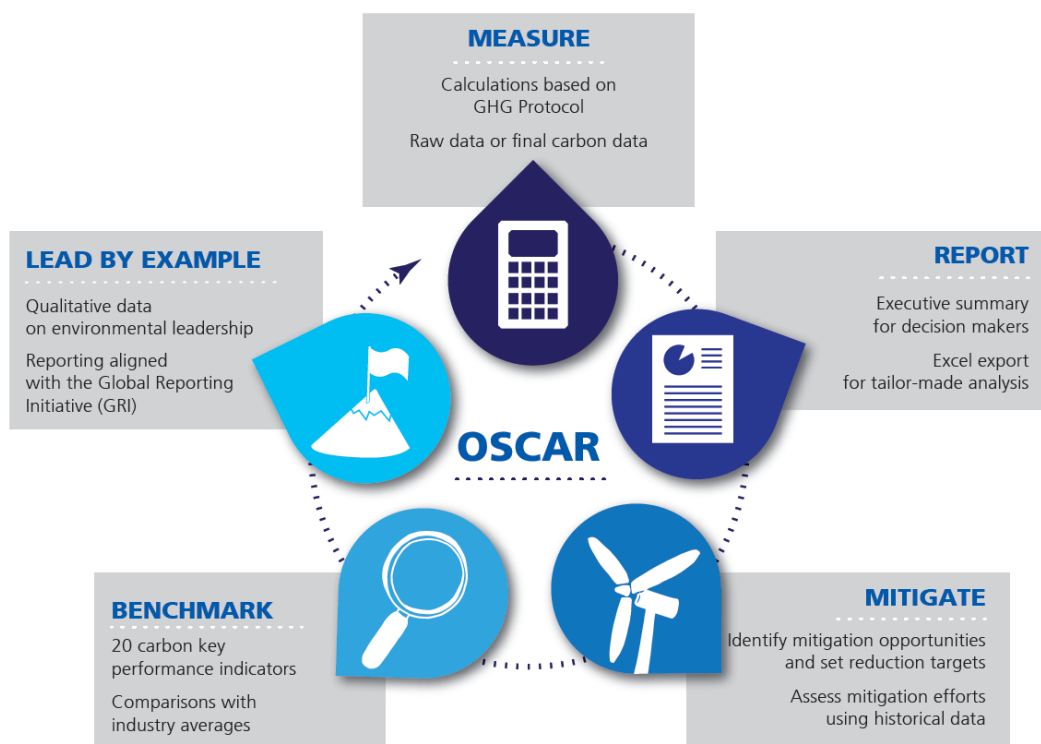
The tracking of items (so-called track-and-trace systems) are key. Mandatory data with defined status events are linked along the supply chain of each shipment (trade-related goods) or freight (transportation time associated with a transportation service contract).

Europe (CEN) has developed draft EN 17837 (Parcel Delivery Environmental Footprint - Methodology for calculation and declaration of GHG emissions and air pollutants of parcel logistics delivery) to align the methodology for calculating and declaring GHG emissions and air pollutants from parcel logistics delivery services with existing worldwide and European standards (i.e., ISO/DIS 14083: Quantification and reporting of greenhouse gas emissions arising from transport chain operations; EN 16258: Methodology for calculation and declaration of energy consumption and GHG emissions of transport services). This results in a parcel-specific approach covering the entire parcel delivery value chain, from collection to final delivery.

### Harmonizing measurement of global postal carbon and GHG emissions at UPU level

The UPU's 192 Member Countries have agreed the harmonized measurement and reporting of carbon and greenhouse gas (GHG) emissions across the entire postal sector using OSCAR, the UPU's Online Solution for Carbon Analysis and Reporting platform for the global postal sector.

Figure 11. UPU's OSCAR.post Platform – Online Solution for Carbon Analysis and Reporting



Finally, given that the UPU establish its own platform, it is most likely that the UPU will conduct carbon accounting through the OSCAR tool. The UPU International Bureau supports carbon accounting through OSCAR (Online Solution for Carbon Analysis and Reporting). OSCAR is available for use by all UPU members at no charge. Users can estimate Scope<sup>118</sup> 1, 2 and 3 CO<sub>2</sub> and GHG emissions using the OSCAR platform.

**Aspects to be considered by the Eastern partner countries:** ensure that electronic data on any postal (incl. courier-, express-, and parcel items) generated in advance of sending is used for the measuring, allocating and reporting of CO<sub>2</sub> and greenhouse gas emissions in line with European and international norms and standards, as well as the globally established platforms (such as UPU's OSCAR platform) are accessible for those engaging in cross-border B2C supply (ecommerce) services including the delivery of such supplies.

<sup>118</sup> Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

## 3 Standards

### 3.1 Introduction

#### 3.1.1 European Committee for Standardisation (CEN)

The EU Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service<sup>119</sup> (Postal Service Directive (PSD)) as well as the Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services<sup>120</sup> states that the European Committee for Standardisation (CEN)<sup>121</sup> shall be entrusted with drawing up technical standards applicable in the postal sector on the basis of standardisation requests adopted by the Commission. Such work should take account of the harmonisation measures adopted at international level and in particular those decided upon within the Universal Postal Union<sup>122</sup>.

Since 1996 the European Commission has entrusted the CEN/TC331 "Postal Services"<sup>123</sup> with five standardisation requests M/240<sup>124</sup>, M/312<sup>125</sup>, M/428<sup>126</sup>, M/548<sup>127</sup> and M/590<sup>128</sup>.

While the EU focused in 1996 on standards for postal services and equipment, by 2008 the establishment of tools for the measurement of the quality of postal services and the facilitation of interoperability between the actors in the postal value chain became the focus for the "side regulation"<sup>129</sup> based on the Postal Service Directive and mandates given to CEN/TC331.

#### 3.1.2 Ecommerce and the growth of cross-border parcel volumes

The European Commission identified ecommerce as one of the main drivers of a more prosperous and competitive Europe, with a significant potential for contributing to economic growth and employment<sup>130</sup>. In its action point 5, of the Communication of the Commission "A roadmap for completing the Single Market for parcel delivery - Build trust in delivery services and encourage online sales" the EU Commission stated to give a standardisation request to the CEN to develop inter alia voluntary standardisation tools for measuring complaints concerning damaged, delayed or lost parcels.

The Report on the application of the Postal Services Directive<sup>131</sup> concludes that technical standards are not sufficiently used which could negatively impact interoperability. The interconnection of postal networks is becoming increasingly relevant to promote quality of service, innovative services and European interoperability of letter and parcel delivery operations.

The European Commission identifies in its "2022 annual Union work programme for European standardisation"<sup>132</sup> Postal Services as an action for the development and revision of European standards or European standardisation deliverables which are necessary and suitable for the support of Union legislation and policies<sup>133</sup>.

<sup>119</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01997L0067-20080227&from=EN>

<sup>120</sup> <http://data.europa.eu/eli/reg/2018/644/oj>

<sup>121</sup> According to the CEN/CENELEC Internal Regulations, the national standards organisations of the following countries are involved in this work: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Former Yugoslav Republic of Macedonia, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

<sup>122</sup> To assure such a harmonisation and to avoid that the UPU specifications (NOTE: the UPU is not an internationally recognised standardisation authority) divert from CEN postal standardisation, CEN and the UPU have established a Memorandum of Understanding.

<sup>123</sup> More at: <https://www.cen331.eu/>

<sup>124</sup> M/240, Mandate to CEN for standardisation in the field of postal services and equipment, 15.3.1996.

<sup>125</sup> M/312, Standardisation mandate to CEN for standardisation in the field of postal services and equipment, 4.5.2001.

<sup>126</sup> M/428, Standardisation mandate to CEN for standardisation in the field of postal services and equipment, 9.10.2008.

<sup>127</sup> M/548, Standardisation mandate to CEN for standardisation in the field of postal services and equipment, 1.8.2016.

<sup>128</sup> COMMISSION IMPLEMENTING DECISION of 18.1.2023 on a standardisation request to the European Committee for Standardisation as regards postal services and the improvement of quality of service in support of Directive 97/67/EC of the European Parliament and of the Council and Regulation (EU) 2018/644 of the European Parliament and of the Council

<sup>129</sup> "side regulation": the European Union Postal Service Directive establishes the legal and regulatory framework, whereas CEN/TC331 and its experts appointed by the national standardisation authorities develop and adapt technical and message standards under mandates of the EU Commission.

<sup>130</sup> COM (2013) 886 final: COMMUNICATION FROM THE COMMISSION A roadmap for completing the single market for parcel delivery Build trust in delivery services and encourage online sales.

<sup>131</sup> COM(2021) 674 final of 8 November 2021.

<sup>132</sup> <https://ec.europa.eu/docsroom/documents/48601/attachments/2/translations/en/renditions/native>

<sup>133</sup> <https://ec.europa.eu/docsroom/documents/48601/attachments/3/translations/en/renditions/native>



### 3.1.3 Standardisation activities (ongoing)

In accordance with Article 20 of Directive 97/67/EC, as well as Regulation (EU) 2018/644 of the European Parliament and of the Council<sup>134</sup>, the European Committee for Standardisation (CEN) is to be entrusted with drawing up technical standards applicable in the postal sector based on standardisation requests adopted by the Commission. Such work is to take into account the harmonisation measures adopted at international level and, in particular, those decided upon within the Universal Postal Union. EU Member States are to ensure that universal service providers refer to the standards (i.e. European Commission mandated “European Norms” (EN)) published in the Official Journal of the European Union<sup>135</sup> where necessary in the interests of users.

Due to the international nature of the postal and parcel sector, the further development of European and international technical standards is important in order to benefit users and the environment, and to broaden market opportunities for businesses. Furthermore, users often report quality of service issues when sending, receiving or returning cross-border parcels. There is, therefore, an equal need for further improvements in the quality of service standards and in the interoperability of cross border parcel delivery services. Both should be prioritised further for the purposes of Directive 97/67/EC and Regulation (EU) 2018/644 through CEN.

**Important explanation of the CEN and the UPU standards:** CEN technical and messaging standards are applied by the designated operators in the EU. Other postal operators in the EU may use CEN or the UPU technical and messaging standards. For postal operators from third countries – both designated and non-designated – it means that they should be able to switch between CEN and the UPU messaging standards. E.g. if the postal operator in the EU uses CEN standards, postal operator in the third country should also use these standards.

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

- CEN/TC331 “Postal Services” standardisation activities<sup>136</sup> – as one of the major stakeholders working on standards in the EU. The section covers specific areas of focus including:
  - o Quality of services
  - o Interoperability
  - o Digital postal services
  - o Physical process and associated data
- European Telecommunication Standards Institute (ETSI) – as another key stakeholder working on the EU standards.
- Electronic Advanced Data exchanges on item level – the section explains the standards in data exchange between eCommerce stakeholders (e.g. postal operators, couriers and other logistics business). These standards will be implemented in 2021 as the result of eCommerce package.
- Stakeholder and information exchanges based on WCO/UPU flowchart and messaging model – as the model to be used inside the UPU network (i.e. by designated postal operators) since 2021 according to the UPU Global Postal Model. It includes the UPU standards to exchange data and technical standards.
- Other EU eCommerce-related standards – this section describes other standards that support the eCommerce area, including trustmarks, product safety and goods labelling.
- Terms and definitions – this section introduces the key terms and definitions relevant to parcel delivery.

## 3.2 EU baseline

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

### 3.2.1 CEN/TC331 “Postal Services” standardisation activities

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

<sup>134</sup> Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on crossborder parcel delivery services (OJ L 112, 2.5.2018, p.19).

<sup>135</sup> COMMISSION IMPLEMENTING DECISION (EU) 2021/1827 of 18 October 2021 on standards for postal services and the improvement of quality of service in support of Directive 97/67/EC of the European Parliament and of the Council; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021D1827&from=EN>

<sup>136</sup> More at: <https://centc331.eu/>



### Quality of services

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

- method for transit time measurement for crossborder postal items;
- new method(s) of measurement of transit time for crossborder mail flows based on the real mail;
- standardised tools for measuring and handling complaints concerning damaged, delayed or lost postal items;
- The new, 5<sup>th</sup> mandate<sup>137</sup> asks CEN to revise European standards and European standardisation deliverables in the field of “Quality of Service” within the next 48 months. The following new standardisation deliverables have been mandated by the European Commission to the European Committee for Standardization:
  - Harmonisation of Track & Trace Events.
  - Use of technology for the tracking of postal items.
  - Digitalisation of postal transport documents.
  - Digital identification of postal operators.
  - Solutions to achieve effective and environmentally sound delivery.
  - Definition of a methodology to calculate and report the environmental impact (greenhouse gas emissions and air pollutant emissions) of end-to-end parcel transportation and handling from the original collection point to the point of final delivery, in alignment with the principles of recognized environmental accounting frameworks, standards and guidance.
  - Safe, secured and contactless delivery of postal items.
  - Secured electronic postal services (SePS) interface specification.
  - Concepts, schemas and operations.
  - Electronic Postal Certification Mark (EPCM) service.
  - Functional Specification for postal registered electronic mail.
  - Quality of Service.
  - Digitization of postal information.

These are described below.

[CEN/EN13850:2020; Postal services – Quality of services – Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail<sup>138</sup>](#)

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

The standardised Quality of services (QoS)-measurement method provides a uniform way for measuring the end-to-end transit time of postal items. Using a standardised measurement method will assure that the measurement will be done in an objective and equal way for all operators in accordance with the requirements of the Directive 97/67/EC and its amendments. The European Commission decided<sup>139</sup> to make this standard mandatory.

**Aspects to be considered for adoption by the Eastern partner countries:** apply / increase awareness of methods for measuring the end-to-end transit time of domestic and cross-border Single Piece Priority Mail (SPPM); standardised QoS-measurement method.

<sup>137</sup> COMMISSION IMPLEMENTING DECISION of 18.1.2023 on a standardisation request to the European Committee for Standardisation as regards postal services and the improvement of quality of service in support of Directive 97/67/EC of the European Parliament and of the Council and Regulation (EU) 2018/644 of the European Parliament and of the Council

<sup>138</sup> More at: <https://centc331.eu/portfolio/measurement-of-the-transit-time-priority-mail/>

<sup>139</sup> See also: “Letter to all Members of the Postal Directive Committee, 21.03.2005, Brussels, Markt/E4/JR/DS/HM D(2005) – 2346”.



### [CEN/EN14012:2019; Postal services – Quality of service – Complaints handling principles<sup>140</sup>](#)

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

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

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

**Aspects to be considered for the Eastern partner countries:** enforce / increase awareness of complaints handling principles; guidance for compensation and redress procedures.

### [CEN/TS15472:2016; Postal services – Method for measurement of parcel transit time for cross-border parcels within the European Union and EFTA using Tracking and Tracing<sup>141</sup>](#)

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

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

**Aspects to be considered for adoption for the Eastern partner countries:** provide / increase awareness of technical specifications for quality of service measurement for transit time of cross-border parcels, based on track & trace events applicable to all postal operators.

### [CEN/TR16894:2015; Postal services – Quality of delivery: Re-forwarding<sup>142</sup>](#)

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

**Aspects to be considered for adoption for the Eastern partner countries:** specify / increase awareness of methods to measure quality of service of re-forwarding services to an address that deviates from the one presented on the postal item.

### [CEN/TR15735:2008; Postal services – Quality of service – Distance to access points<sup>143</sup>](#)

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

**Aspects to be considered for adoption for the Eastern partner countries:** specify methods to measure quality of service of access to postal access points countrywide.

### [CEN/TS15511:2008; Postal services – Quality of service – Information available on postal services<sup>144</sup>](#)

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

<sup>140</sup> More at: <https://centc331.eu/portfolio/complaints-handling-principles-2/>

<sup>141</sup> More at: <https://centc331.eu/portfolio/method-for-measurement-of-parcel-transit-time/>

<sup>142</sup> More at: <https://centc331.eu/portfolio/quality-of-delivery-reforwarding/>

<sup>143</sup> More at: <https://centc331.eu/portfolio/distance-to-access-points/>

<sup>144</sup> More at: <https://centc331.eu/portfolio/information-available-on-postal-services/>



**Aspects to be considered for adoption for the Eastern partner countries:** specify / increase awareness of methods to measure quality of service of information available on postal services and conditions of access to such information.

[CEN/TS14773:2004; Postal services – Quality of service – Measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test letters](#)<sup>145</sup>

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

**Aspects to be considered for adoption for the Eastern partner countries:** specify / increase awareness of methods to measure quality of service of loss and substantial delay in priority and first-class single piece mail.

### *Interoperability*

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

- review of the existing standards (EN 14615, CEN/TS 15130) for the digital postal marks to adapt them to the new requirements of secured data printing;
- requirements for the operability for the use of reverse envelopes in postal operations;
- review the existing EN 14142-1 and CEN/TR 14142-2 to adapt them to the new ISO 19160-4 on addressing being developed;
- standardisation of digital, optional online connected, parcel boxes with free access for the transport provider and the consumer;
- requirements to connect, access, participate and further develop open global networks and systems, for postal operators and the wider postal sector players<sup>146</sup>.

These are described below.

[CEN/EN13724:2016; Postal services – Apertures of private letter boxes and letter plates – Requirements and test methods](#)<sup>147</sup>

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

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

**Aspects to be considered for adoption for the Eastern partner countries:** specify / increase awareness of 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.

[CEN/TS16819: 2015; Postal services – Parcel boxes for end use – Technical features](#)<sup>148</sup>

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

**Aspects to be considered for adoption for the Eastern partner countries:** provide / increase awareness of specifications for the technical features of parcel boxes for end use, so that unattended delivery of eCommerce parcels is standardised throughout the country.

[EN ISO 19160-4:2017; Postal Services – Addressing – Part 4: International postal address components and template language \(ISO 19160-4:2017\)](#)<sup>149</sup>

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

<sup>145</sup> More at: <https://centc331.eu/portfolio/measurement-of-loss-and-substantial-delay/>

<sup>146</sup> The mandated work item is a guidance specification on how to apply "electronic advanced data for customs and transport security".

<sup>147</sup> More at: <https://centc331.eu/portfolio/apertures-of-private-letter-boxes-and-letter-plates/>

<sup>148</sup> More at: <https://centc331.eu/portfolio/parcel-boxes-for-end-use/>

<sup>149</sup> More at: <https://centc331.eu/portfolio/international-postal-address-components/>



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

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

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

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

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

[CEN/TS17457: Postal services – Digital, optional online connected, opening and closing systems for parcel receptacles for home use with free access for the delivery and collection operators and consumers<sup>150</sup>](#)

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

**Aspects to be considered for adoption for the Eastern partner countries:** provide / increase awareness of technical specifications for unattended delivery solutions (parcel locker systems/ parcel boxes) for home use with free access for the delivery and collection operators.

[CEN/TR17535; Postal services — Requirements to connect, access, participate and further develop open global networks and systems, for postal operators and the wider postal sector players<sup>151</sup>](#)

This document is based on be the Technical Report CEN/TR17536: "Postal Services — **Electronic advanced data (EAD)** in postal operations compliant to security and customs requirements" and **provides the necessary implementation guidance**. The document is based on the semantic mapping description of information on the characteristics or attributes of Low Value Consignments (LVC) which parties in the digital commercial value chain across-borders are called upon to handle, compliant to the EU VAT Ecommerce Package as well as the UPU-WCO customs model. It gives guidance by defining the use of unique transport identifiers, unique transaction identifiers and the IOSS VAT Identification number.

**Aspects to be considered for adoption for the Eastern partner countries:** define / increase awareness of requirements for EAD in postal operations as a pre-requisite for digital customs or transport security related declaration.

[CEN/TS17523:2020; Postal services – Packaging for boxable items - Characteristics for packaging of small and light weight items to be delivered into the consumer's letterbox<sup>152</sup>](#)

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

**Aspects to be considered for adoption for the Eastern partner countries:** define / increase awareness of physical properties and characteristics for packaging of boxable items to be delivered directly into private letter boxes; environmental requirements of packaging.

<sup>150</sup> More at: <https://centc331.eu/portfolio/online-connected-opening-systems-for-parcel-receptacles/>

<sup>151</sup> More at: <https://centc331.eu/portfolio/open-global-networks-and-systems/>

<sup>152</sup> More at: <https://centc331.eu/portfolio/packaging-for-boxable-items/>



### Digital Postal Services

As mentioned in the introduction to this section of the report, one of the focuses of CEN is Digital Postal Services. CEN provides standards in the following area: requirements for electronic advanced data (EDA) in postal operations, in particular compliant to security and customs requirements<sup>153</sup>. It is described below.

#### [CEN/TR 17536; Postal services – Requirements for electronic advanced data \(EAD\) in postal operations, in particular compliant to security and customs requirements<sup>154</sup>](#)

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

**Aspects to be considered for adoption for the Eastern partner countries:** define / increase awareness of semantic mapping of information on the characteristics or attributes of commercial single items compliant to the UPU-WCO customs model.

#### [Physical process and associated data](#)

As mentioned in the introduction to this section of the report, one of the focuses of CEN is physical process and associated data. CEN provides standards in the following area: labelling and exchange of data between e-merchant and logistic operators for cross border parcels. This is described below.

#### [CEN/TS17073:2020; Postal services – Interfaces for cross border parcels<sup>155</sup>](#)

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

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

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

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

**Aspects to be considered for adoption for the Eastern partner countries:** specify / increase awareness of technical specifications of physical label, electronic exchanges, and data formats for an interface between the e-merchant and logistic operators; harmonise transport identifiers and parcel barcodes to provide a unique identification of the transport unit.

### 3.2.2 European Telecommunication Standards Institute (ETSI)<sup>156</sup>

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

The postal environment needs technical specification to maintain secure and stable interoperability<sup>157</sup>. This becomes even more the case, as eCommerce related commercial postal items will need secured electronic postal communication means to exchange information on item level when postal items (up to 31,5 KG) are send cross-border. Intra- and extra-EU related duties, taxes and customs fees, but transport security as well, requires

<sup>153</sup> This mandated work item is directly related to the EU VAT Ecommerce Package.

<sup>154</sup> More at: <https://centc331.eu/portfolio/electronic-advanced-data-ead/>

<sup>155</sup> More at: <https://centc331.eu/portfolio/interfaces-for-cross-border-parcels/>

<sup>156</sup> More at: More at: <https://www.etsi.org/>

<sup>157</sup> CEN/TS15121-1:2011; Postal Services – Hybrid Mail – Part 1: Secured electronic postal services (SePS) interface specification – Concepts, schemas and operations (and its UPU Specification equivalent: UPU S43a-4: Secured electronic postal services (SePS) interface specification - Part A: Concepts, schemas and operations); CEN/TS15121-2:2011; Postal Services – Hybrid Mail – Part 2: Secured electronic postal services (SePS) interface specification – EPCM Service (and its UPU equivalent: UPU S43b-4: Secured electronic postal services (SePS) interface specification - Part B: EPCM Service); CEN/TS16326:2013; Postal Services – Hybrid Mail – Functional Specification for postal registered electronic mail (and its UPU equivalent: UPU S52-2: Functional specification for postal registered electronic mail).



digital communication in advance, before those items cross borders. The EU VAT eCommerce package, put into force in Dec 2017 - (OJ L 348 of 29.12.2017<sup>158</sup>), set the legal and regulatory framework, implementing acts and related technical standardisation are the result.

Technical specifications and Technical Reports will make use of e-Document related communication building blocks, established by the eIDAS Regulation (EU) No 910/2014<sup>159</sup>, in particular Electronic Registered Delivery Services and Registered Electronic Mail.

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

### 3.2.3 Electronic Advanced Data exchanges on item level

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

- from 1 July 2021<sup>160</sup> for all courier-, express-, parcel operators and customs agents concerning the clearance of consignments. This model was introduced with the VAT eCommerce package in 2021. The *Stakeholders and Information Exchanges based on UN/EDIFACT / EU Customs Data Model* messaging (Figure 12) model are specified below.
- from 1 January 2021 for all postal items sent within the UPU postal network containing goods. This model has been developed in cooperation with the WCO and UPU (UPU Global Postal Model). The *Stakeholder and Information Exchanges based on UPU Global Postal Model flowchart and messaging model* (Figure 12) are specified below.

**Important explanation of the EU Customs Data Model** (according: EU VAT eCommerce package) **and the UPU Global Postal Model models**: for national designated postal operators in each Eastern partner country the UPU Global Postal Model applies, as well as the mandatory implementation of EAD for any commercial postal item exchanged within the UPU postal network. Once commercial items are sent into the EU, postal items exchanged with the EU designated postal operators will require a UPU-WCO compliant EAD pre-declaration on item level.

However, it may be required for the Eastern partner countries postal operators to switch to the UN/EDIFACT (EU VAT eCommerce package) model. If the EU designated operators wish to use the import scheme according to the EU VAT eCommerce package on behalf of its users in the EU, switching from the UPU Global Postal Model data model into the EU Customs Data Model becomes necessary.

### 3.2.4 Stakeholders and Information Exchanges based on UN/EDIFACT (EU Customs Data Model)

For any designated postal operator, courier-, express- and parcel operator, as well as any customs agent or handler, it became mandatory to pre-lodge electronic customs declaration for B2C supplies (eCommerce items) below a value of €150 sent from third countries into the EU will be by 1 July 2021. The necessary data-elements for digital customs pre-declarations on item level are specified in Article 143a UCC DA, ANNEX B, Column H7, so called "super-reduced dataset".

Figure 12 shows the sematic process flow based on the UN / EDIFACT syntax (United Nations Electronic Data Interchange for Administration, Commerce and Transport), the EU Customs Data Model. The **message types** mentioned are depending on the content of the required data fields.

The displayed message flows / arrows are not necessarily all exchanged by UN / EDIFACT syntax. In some cases, it could be **possible and senseful to use other syntaxes** for special message flows. As an example, national customs messages created by different systems used by the national customs authorities (like "ATLAS" for any digital communication with German customs authorities) could be used. However, while all 27 EU Member States use national customs infrastructures, the common denominator is the EU VAT eCommerce package and the EU Customs Data Model.

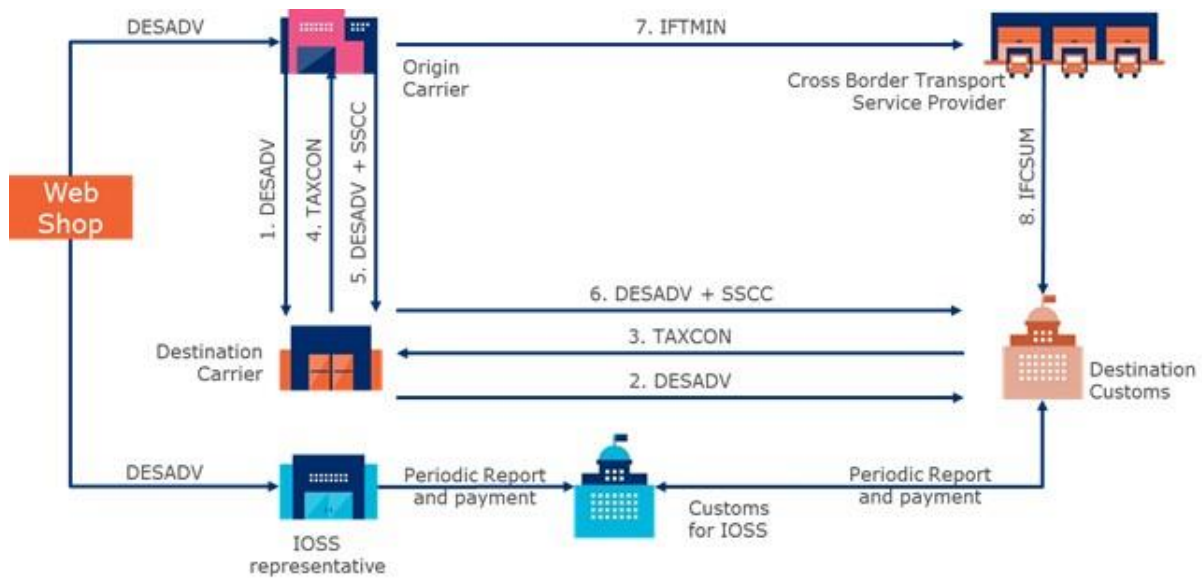
<sup>158</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2017:348:FULL&from=EN>

<sup>159</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0910&from=EN>

<sup>160</sup> More at: [https://ec.europa.eu/taxation\\_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis\\_en](https://ec.europa.eu/taxation_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis_en)



Figure 12. Stakeholders and Information Exchanges based on UN/EDIFACT



Source: GS1 & CEN/TR 17535: Information Exchanges: UN / EDIFACT

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

Figure 13 shows the message types that are exchanged between the stakeholders.

Figure 13. The message types that are exchanged between the stakeholders

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

Source: CEN/TR 17535; EDIFACT messages: From-To information exchange flows

These message types are described in the following section.

[UN / EDIFACT<sup>161</sup> Exchange Specification](#)

[DESADV - DESpatch ADvice message](#)

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

<sup>161</sup> The United Nations rules for Electronic Data Interchange for Administration, Commerce and Transport comprise a set of internationally agreed standards, directories, and guidelines for the electronic interchange of structured data, between independent computerised information systems.

### IFCSUM - Information Forwarding and Consolidation Summary Message<sup>162</sup>

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

### IFTMIN<sup>163</sup>

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

### TAXCON - TAX CONTROL message<sup>164</sup>

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

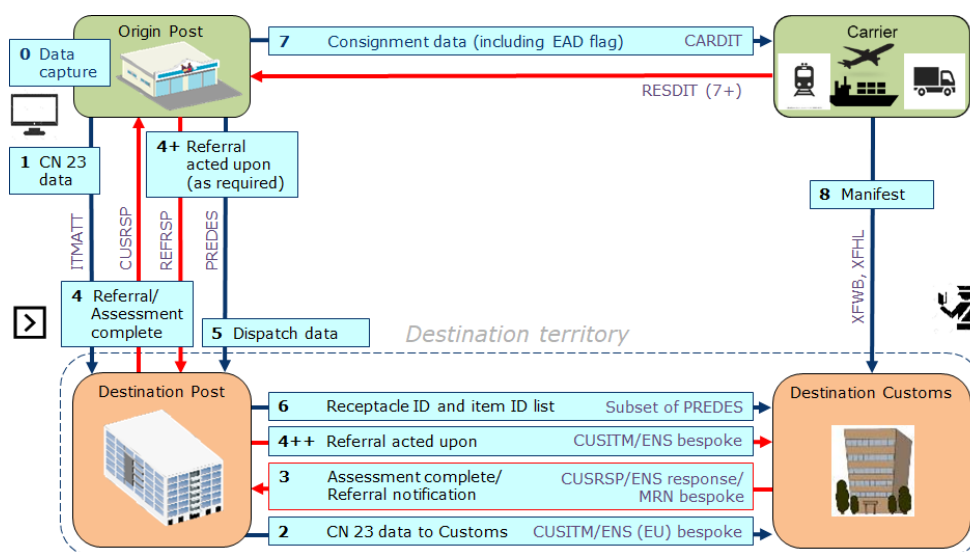
It enables the recipient to ensure the completeness of messages, the prevention of duplication, and the generation of control values and reports.

**Aspects to be considered for adoption for the Eastern partner countries:** introduce / increase awareness of requirement for national courier, express, parcel operators and customs agents that transport eCommerce items from/into the EU to prepare the necessary electronic data lodging of digital customs pre-declarations on item level; ensure connection and interoperability of the related IT systems with the systems used in the EU.

### 3.2.5 Stakeholder and Information Exchanges based on UPU Global Postal Model flowchart and messaging model

The figure below (Figure 14) provides a more detailed look at the components. It allows the postal sector to comply with emerging requirements providing electronic advanced data (EAD) for fiscal and security purposes.

Figure 14. World Customs Organisation (WCO) and Universal Postal Union (UPU) flow chart and messaging model, the UPU Global Postal Model



Source: UPU

This model is developed in cooperation with the WCO and UPU for all postal items sent within the UPU postal network containing goods.

Each component data flow of the UPU Global Postal Model is shown in Figure 15 below. The key goals are to standardise understanding of the operational protocols supporting this model and the data flows, ensure uniformity of messaging, and pave the way for a practical integration of the electronic systems of the different postal partners in each part of the postal supply chain.

<sup>162</sup> More at: [https://service.unece.org/trade/untidd/d05b/trmd/ifcsum\\_c.htm](https://service.unece.org/trade/untidd/d05b/trmd/ifcsum_c.htm)

<sup>163</sup> More at: [https://service.unece.org/trade/untidd/d11a/trmd/iftmin\\_c.htm](https://service.unece.org/trade/untidd/d11a/trmd/iftmin_c.htm)

<sup>164</sup> More at: [https://service.unece.org/trade/untidd/d00a/trmd/taxcon\\_c.htm](https://service.unece.org/trade/untidd/d00a/trmd/taxcon_c.htm)



Figure 15. WCO-UPU based from-To information exchange flow

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

DOs (Designated Operators, Postal Operators designated by UPU member countries to fulfil the Universal Postal Obligation)<sup>165</sup>, airlines, and customs administrations are the parties involved in EAD. The UPU Global Postal Model (UPU GPM) has eight data flows, with the flows taking place between these parties. The model was developed in collaboration with the WCO, the International Civil Aviation Organisation (ICAO), the International Air Transport Association (IATA).

Description of the mandatory data exchange flows according the UPU GDM (the related UPU specification are mentioned in the footnote):

- Flow 0: Initiation = CN 23 data captured electronically in transmittable format;
- Flow 1: UPU Standard M33 V1 “ITMATT”<sup>166</sup> (item attribute 7+1 data<sup>167</sup>) provided via CN 23 / “Customs declaration” (data from origin DO to destination DO);
- Flow 2: CUSITM V2<sup>168</sup> (CN 23 data transmitted by destination DO to associated customs partner for security evaluation);
- Flow 3: CUSRSP<sup>169</sup> (assessment results transmitted by associated customs partner to destination DO. Associated code lists: 213 – Item assessment; 214 – Request for information; 215 – Request for screening; 217 – RFRSP; 218 – Data elements; European Commission code lists 724 – HRCM; 735 – Referral request; 752 – Additional information requested);
- Flow 4: ITMREF V1 – M53<sup>170</sup> (destination DO provides customs assessment result to origin DO);

<sup>165</sup> Designated operator (DO) is the UPU term often used when referring to the postal operator.

<sup>166</sup>: UPU EDI messaging standard M33-13: “ITMATT V1 – Electronic communication of item information”. For process management and control purposes, postal handling organisations need information on the characteristics or attributes of mail items which they are called upon to handle. M33 specifies how item information is encoded for electronic communications purposes and defines ITMATT, a message that supports such communications.

<sup>167</sup> More: <https://www.icao.int/Security/aircargo/Documents/Joint%20WCO-ICAO%20Guiding%20Principles%20for%20PLACI%20EN.pdf>

<sup>168</sup> UPU EDI messaging standard M55 CUSITM Message specification, Version 2. The CUSITM (CUSToms ITeM) V2 is an enhancement to CUSITM V1 which supports the communication from the destination postal operator to the destination customs authority of data that can be used to perform an assessment of the potential risk represented by the consignment, i.e. to carry out pre-loading advance cargo information (PLACI) analysis.

<sup>169</sup> UPU EDI messaging standard M56 CUSRSP Message specification, Version 2. The CUSRSP (CUSToms ReSPonse) V2 is an enhancement to CUSRSP V2 through which a customs authority/border agency can send information to a postal operator regarding mail items. It supports the communication from the destination customs authority to the destination postal operator of data in response to a CUSITM V2 message in which a postal operator provided detailed information on mail items. It can be sent with or without any physical treatment by the customs authority of the time or as a result of pre-loading advance cargo information (PLACI) analysis

<sup>170</sup> UPU EDI messaging standard M53 ITMREF message specification, Version 1. The ITMREF V1 (item referral) message provides the logical definition of an electronic message which supports the communication from the destination postal operator to the origin postal operator of information on the pre-loading advance cargo information (PLACI) risk assessment carried out by the destination customs authority or the destination postal operator assessment of ITMATT data.



- Flow 4+: REFRSP V1 – M54<sup>171</sup> (origin DO provides information regarding any actions taken to destination DO);
- Flow 4++: Destination DO provides information received on origin actions to customs partner;
- Flow 5: PREDES<sup>172</sup> – Pre-advice dispatch (generated by the DO preparing the dispatch and sent to the DO receiving the dispatch at the destination location, initially designed for planning and tracking purposes). A dispatch can be represented as a structure with three levels:
  - The dispatch, having an identifier conforming to UPU standard S8;
  - The receptacles in the dispatch, having an identifier conforming to UPU standard S9;
  - The mail items in each receptacle; identified mail items have an identifier conforming to UPU standard S10.
- Flow 6: Destination DO provides receptacle ID and item ID list to customs partner.
- Flow 7: CARDIT<sup>173</sup> – Carrier documents international transport advice (M48 – origin DO provides consignment data (CN 37/CN 38/CN 41/CN 47), including the EAD flag, to transport provider).
- Flow 7+: RESDIT<sup>174</sup> – Response documents international transport advice (M49) – a response/confirmation EDI message, sent by the transport provider to the DO of origin, to provide status on various transportation events. As each of these transportation events are completed, individual RESDIT messages are to be sent.
- Flow 8: Air carrier provides manifest data to destination Customs.

The data content required for the exchange of data in advance according the UPU treaties and regulations follows a reduced data set for the postal sector, which subsequently also found its way into the EU VAT eCommerce package as “super-reduced data set (SRDS)”. It serves as a basic data set for data exchange of “electronic freight and transport information” applicable for all transport modalities according to the EU eFTI Regulation (2020/1056)<sup>175</sup>, fully applicable in the EU by 2025.

Figure 16. PRE-LOADING AIR CARGO SECURITY DATA

No	WCO ID	Name	Description
1	R020*	Consignee, name	Name of the party consigning goods as stipulated in the transport contract by the party ordering transport.
2	04A	Consignor, address	Detail relating to an address [to be associated with Consignor information].
3	R014	Consignee name	Name [and address] of party to which goods are consigned.
4	04A	Consignee, address	Details relating to an address [to be associated with Consignee information].
5	144	Number of packages	Number of individual items packaged in such a way that they cannot be divided without first undoing the packing.
6	131	Total gross weight (incl. Measure unit qualifier)	Weight (mass) of goods including packing but excluding the carrier’s equipment for a declaration.

<sup>171</sup>UPU EDI messaging standard M54 REFRSP message specification, Version 1. The REFRSP V1 (referral response) message is sent in response to an ITMREF message. The standard provides the logical definition of an electronic message which supports the communication from the origin postal operator to the destination postal operator of information on action taken and/or information required subsequent to the receipt of an ITMREF message.

<sup>172</sup>UPU EDI messaging standard M41 PREDES Message specification, Version 2.1. The PREDES version 2.1 message contains information about a despatch of mail which has been prepared by an origin office of exchange for transportation to a destination office of exchange, typically in another country. It describes the despatch-level information such as the despatch identification data and the planned transport, the individual receptacles of the despatch and the individually identified (track-able) items in each receptacle.

<sup>173</sup> UPU EDI messaging standard M48 CARDIT Message specification, Version 2.1. The CARDIT message contains information about a consignment of mail which is handed over to a carrier. It is a consignment-level message. CARDIT V2.1 is based on EDIFACT directory D96.A and is a true subset of the IFCSUM (Forwarding and consolidation summary message) standard EDIFACT message. It can be considered as an enhancement of M20 CARDIT V2.0.

<sup>174</sup>UPU EDI messaging standard M49 RESDIT Message specification, Version 1.1. The RESDIT message (carrier/confirmation of receipt or current exception) contains information about a consignment of mail as it is received by the carrier. With Version 2 of the CARDIT and RESDIT dataflows it is no longer required to receive a CARDIT message in order to send a RESDIT message. It can be considered as an enhancement of M22 RESDIT V1.0.

<sup>175</sup> REGULATION (EU) 2020/1056 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 July 2020 on electronic freight transport information; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1056&from=EN>

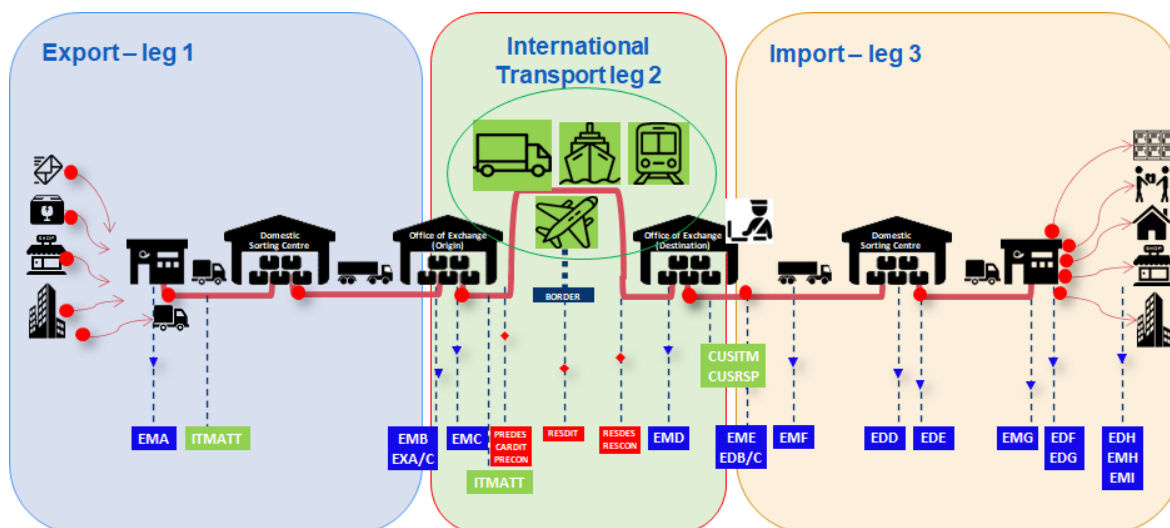


7	138	Brief cargo description	Plain language description of the cargo of a means of transport, in general terms only.
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Source: “Joint WCO-ICAO Guiding Principles for Pre-Loading Advance Cargo Information (PLACI)”. \*R020: is a data element of WCO Class ID 30A, namely : “the party which, by contract with a carrier, consigns or sends goods with the carrier, or has them conveyed by him”

In order to get a better overview of how the different data components interact during the provision of services along the value chain, we refer to Figure 17.

Figure 17. Postal cross-border EDI exchange mode



Source UPU; Explanation: BLUE: tracking events, specified; GREEN: electronic advanced data exchange, mandatory on postal item (containing goods/merchandise) level, linked to a unique item ID (Barcode); RED: EDI data exchange in advance with freight and transport modes (carriers).

The UPU GPM and the EU Customs Data Model (EU CDM) are not identical but similar, as the UPU specified its Model for designated Postal Operators developing UPU specific data models following the UPU EDI Messaging specifications as shown in Figure 6. However, to map the UPU GPM and the EU CDM, in particular in the area of low value consignments (postal items below an intrinsic value of 150 EUR), the European Commission had mandated work to develop standards for that purpose<sup>176, 177</sup>.

**Aspects to be considered for adoption for the Eastern partner countries:** prepare the necessary specifications, procedures, IT systems for electronic data lodging of digital customs pre-declarations on item level according to the EU Customs Data Model; ensure connection and interoperability of the related IT systems with the systems used in the EU.

**NOTE:** without EAD compliant pre-declaration on item level, crossing into the EU is prohibited by 1 July 2021<sup>178</sup>.

### 3.2.6 UPU electronic exchange standards<sup>179</sup>

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

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

<sup>176</sup> CEN/TR17535: „Postal Services - Requirements to connect, access, participate and further develop open global networks and systems, for postal operators and the wider postal sector players”

<sup>177</sup> CEN/TR17536: „Postal Services - Requirements for electronic advanced data (EAD) in postal operations, in particular compliant to security and customs requirements”

<sup>178</sup> More at: [https://ec.europa.eu/taxation\\_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis\\_en](https://ec.europa.eu/taxation_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis_en)

<sup>179</sup> More at: [http://www.upu.int/uploads/tx\\_sbdownloader/AnIntroductiontopostalEDIexchanges.pdf](http://www.upu.int/uploads/tx_sbdownloader/AnIntroductiontopostalEDIexchanges.pdf)



**Important explanation of the CEN and the UPU standards:** CEN standards are applied by the designated operators in the EU. Other postal operators in the EU may use CEN or the UPU messaging standards. For the postal operators from the third countries – both designated and non-designated – it means that they should be able to switch between CEN and the UPU messaging standards. E.g. if the postal operator in the EU uses CEN standards, postal operator in the third country should also use these standards. In the case of the EU VAT eCommerce package, the complementary Import Control Systems 2, the data models of the UPU Global Postal Model and the EU Customs Data Model are similar, but not identical. Mapping is therefore possible and used.

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

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

**Aspects to be considered for adoption for the Eastern partner countries:** suggest postal operators to establish the necessary electronic data interchange interfaces to third party data applications, which can be involved in the electronic exchange of data (e.g. applications of the EU authorities and authorised economic operators).

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

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

Item messaging attributes on postal commercial item level are the core of content related information. This messaging exchange standard links the transport unit identification to the content in the transport unit.

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal information systems can use ITMATT postal EDI message standard for the communication of information about postal commercial item with a unique item identifier.

#### *UPU M39, Electronic exchange standards – CARDIT/RESDIT – Data flow version 2: Introduction and examples*

The CARDIT message contains information about a consignment of mail which is handed over to a carrier. The RESDIT message contains information about a consignment of mail as it is received by the carrier. With Version 2 of the CARDIT and RESDIT dataflows, it is no longer required to receive a CARDIT message in order to send a RESDIT message.

This document provides a general introduction to and examples for CARDIT and RESDIT data flow version 2. It also outlines their definition and interconnectivity.

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

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

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

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use CARDIT and RESDIT postal EDI messaging standard for the communication of information about a consignment of mail.

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

This specification defines a means of **exchanging information about key events in the movement** of an item from posting/collection through to final delivery. It can be used to track identified items, e.g. EMS, parcels, registered and/or insured letter post, and express letter post, as they move through the postal network. It is



broadly based on design principles consistent with those for M17, EMSEVT V1, particularly in regard to the use of a single EDI message segment to refer to a specific tracking point.

**Aspects to be considered for adoption for the Eastern partner countries:** Increasingly item level tracking events are linked to data along the delivery supply chain, therefore it is important to verify that postal operators can use EMSEVT postal EDI messaging standard for tracking.

#### *UPU M41, EDI Messaging Standards - PREDES V2.1*

The PREDES version 2.1 message contains **information about a despatch** of mail which has been prepared by an origin office of exchange for transportation to a destination office of exchange, typically in another country. The message describes the despatch-level information such as the despatch identification data and the planned transport, the individual receptacles of the despatch and the individually identified (trackable) items in each receptacle.

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use PREDES v2.1 postal EDI messaging standard.

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

This standard describes CUSITM, through which a postal operator can send **mail item detailed information to its local customs authority/border agency**. CUSITM (CUSToms ITeM) is a message for a postal operator to transmit mail item information to the local customs. It covers the electronic representation of existing UPU paper forms CN 22/CN 23 and CP 72, agreed standards between the UPU and the WCO (the World Customs Organization), plus additional attributes.

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use CUSITM postal EDI messaging standard.

#### *UPU M44, Electronic exchange standard – CUSRSP, Customs Response*

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

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use CUSRSP EDI messaging standard.

#### *UPU M48, Electronic exchange standards – CARDIT V2.1*

This standard provides a detailed description of the CARDIT message, which contains **information about a consignment** of mail which is handed over to a carrier. It is a consignment-level message. CARDIT V2.1 is based on EDIFACT directory D96.A and is a true subset of the IFCSUM (Forwarding and consolidation summary message) standard EDIFACT message. It can be considered as an enhancement of M20 CARDIT V2.0

**NOTE:** for details and the key aspects see the previous section, UPU M39, Electronic exchange standards – CARDIT/RESDIT – Data flow version 2: Introduction and examples.

#### *UPU M49, Electronic exchange standards – RESDIT V1.1*

This standard provides a detailed description of the RESDIT message (carrier/confirmation of receipt or current exception), which contains **information about a consignment of mail as it is received by the carrier**.

**NOTE:** for details and the key aspects see the previous section, UPU M39, Electronic exchange standards – CARDIT/RESDIT – Data flow version 2: Introduction and examples.

#### *UPU M53, Electronic exchange standards – ITMREF V1 – Item referral*

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

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use ITMREF EDI messaging standard.

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

This specification provides the logical definition of an electronic message, REFRSP V1 (referral response), which supports the communication from the origin postal operator to the destination postal operator of



**information on action taken and/or information required** subsequent a request following the risk assessment carried out by the destination customs authority of pre-loading advance cargo information or destination postal operator assessment of ITMATT data. REFRSP V1 is sent in response to an ITMREF message.

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use REFRSP EDI messaging standard.

#### *UPU M55, Electronic exchange standards - CUSITM Message specification, Version 2*

CUSITM (CUSToms ITeM) V2 is an enhancement to CUSITM V1 which supports the communication from the destination postal operator to the destination customs authority of data that can be used to perform an assessment of the potential risk represented by the consignment, i.e. to carry out preloading advance cargo information (PLACI) analysis.

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use CUSTIM EDI messaging standard.

#### *UPU M56, Electronic exchange standards - CUSRSP Message specification, Version 2*

CUSRSP (CUSToms ReSPonse) V2 is an enhancement to CUSRSP V1 through which a customs authority/border agency can send information to a postal operator regarding mail items. It supports the communication from the destination customs authority to the destination postal operator of data in response to a CUSITM V2 message in which a postal operator provided detailed information on mail items. It can be sent with or without any physical treatment by the customs authority of the time or as a result of pre-loading advance cargo information (PLACI) analysis.

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use CUSREP EDI messaging standard.

### 3.2.7 UPU technical standards<sup>180</sup>

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

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

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

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

Recognising the need for all commercial cross-border commercial items (within the UPU postal network and outside the UPU network) to carry a unique transport identifier when entering into the EU /EEA, the UPU S10 is an option for both. Other unique transport identifier may be compliant to CEN/TS17073 (which is also referring to ISO/IEC 15549<sup>181</sup>).

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use the UPU S10 technical standard specification for 13-character identification of postal items.

#### *UPU S26, Physical encoding standards - Unique identification of postal items*

This document defines a UPU implementation of the ISO 15459 unique item identifier and associated label for the identification of postal items. It provides an open international standards based identification for postal items and allows all parties (e.g. customers, Customs, and private transport providers) which handle a particular item to use the same identifier for automatic reading and tracking purposes. This common identity is useful as an alternative to a more limited identifier assigned by a postal operator.

<sup>180</sup> More at: <https://www.upu.int/en/Postal-Solutions/Programmes-Services/Standards#documents-&-publications> |

<sup>181</sup> More at: <https://www.iso.org/standard/54779.html>



**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use the UPU S26 technical standard for the identification of postal items, when handed over to non-designated postal operators (of direct injection in a third country for delivery, administered using UPU systems and bi-lateral agreements).

#### *UPU S31; Identification/Codification Standards - Issuing Agency – Assignment of issuer codes*

Several UPU standards make use of the concept of an identifier for individual postal operators/users of the standard concerned. These and any similar future standards should utilise a common identification system for these organisations. This document provides for assignment of issuer codes for use in association with the UPU issuing agency code.

**Aspects to be considered for adoption for the Eastern partner countries:** verify that wider postal sector players providing supply chain services to postal operators can use the UPU S31 technical standard to identify themselves in the supply chain (i.e. freight and transport, customs handling, etc.), when issuing codes on postal items / consignments and receptacles.

#### *UPU S32, Identification/Codification Standards – Postal Consignments*

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

**Aspects to be considered for adoption for the Eastern partner countries:** verify that postal operators can use a standard for the unique identification and codification of postal consignments.

#### *UPU S35; Identification/Codification Standards -UPU Issuing Agency – Assignment and use of party identifiers*

This document defines the allocation and use of identification codes which may be used to identify parties of interest to postal operators and other mail service contractors. The mechanism chosen supports a system of global identification for any type of party, including customers and suppliers.

**Aspects to be considered for adoption for the Eastern partner countries:** verify that wider postal sector players providing supply chain services to postal operators can use the UPU S31 technical standard to identify themselves in the supply chain (i.e. freight and transport, customs handling, etc.).

### 3.2.8 EU eCommerce websites trust marks

The Ecommerce Europe Trustmark<sup>182</sup> on the website of an online shop means that the company has made a commitment to work in compliance with the Ecommerce Europe Code of Conduct, **guaranteeing ethical standards in the digital marketplace**. Online shops that carry the Ecommerce Europe Trustmark link directly to the Ecommerce Europe Trustmark Certificate. The Ecommerce Europe Trustmark shows that the online shop is certified by the national eCommerce association or has made a commitment to work in compliance with the Ecommerce Europe Code of Conduct, guaranteeing ethical standards in the digital marketplace.

The European Regulation No 524/2013 on **online dispute resolution** for consumer disputes<sup>183</sup> states that traders established within the European Union engaging in online sales or service contracts have to provide on their websites an electronic link to the European Online Dispute Resolution platform (<http://ec.europa.eu/odr>). Furthermore, for consumers with a problem for an online purchase, they can file complaints on the European ODR platform.

**Aspects to be considered for adoption for the Eastern partner countries:** make available (if not available) a national eCommerce Trustmark certification scheme which authenticates that an eCommerce company established on the national territory has made a commitment to work in compliance with the national Code of Conduct, guaranteeing ethical standards in the digital marketplace.

### 3.2.9 eCommerce and product safety

Product safety is one of the most expensive and complex aspects of cross-border online sales. Mutual recognition in standards in product safety, specifically the EU **enforcement and early warning mechanisms** (RAPEX, CPC, etc.) have important consequences for online traders and enforcement authorities. A product deemed safe in the EU could then be considered unsafe in the Eastern partner countries and vice versa.

<sup>182</sup> More at: <https://www.ecommercetrustmark.eu>

<sup>183</sup> More at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0001:0012:EN:PDF>



Absence of coordinated warnings can leave both sides potentially unaware of dangerous products circulating on the market.

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

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

Harmonised standards confer presumption of conformity with:

- **Essential requirements for products** (health & safety, environment, etc.) covered by the harmonised standards. References of relevant EU harmonised standards are published in OJEU;
- **Requirements for accreditation bodies and notification bodies** (list of relevant harmonised standards published in OJEU C 348, 28.11.2013, p. 1);
- Implementation of **coordinated market surveillance activities**<sup>184</sup>.

### CE marking

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

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

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

- **Businesses** know that products bearing the CE marking can be traded in the EEA without restrictions.
- **Consumers** enjoy the same level of health, safety, and environmental protection throughout the entire EEA.

Comprehensive guidance on the implementation of EU product rules can be found in the so-called Blue Guide<sup>185</sup>. The website hosting the "Blue Guide" provides information for manufacturers<sup>186</sup>, importers<sup>187</sup> and distributors<sup>188</sup> on their responsibilities when placing a product on the EEA market. It also informs consumers<sup>189</sup> about the rights and benefits that CE marking brings them.

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

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

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

<sup>184</sup> Cross-border cooperation between market surveillance authorities in different EU countries is essential to ensure efficient, comprehensive, and consistent market surveillance. Regulation (EC) 765/2008, sector specific EU harmonisation legislation aligned to Decision 768/2008/EC, Directive 2001/95/EC provide tools for the pooling of information and cooperation at EU level.

<sup>185</sup> More at: <http://ec.europa.eu/DocsRoom/documents/18027/>

<sup>186</sup> More at: [https://single-market-economy.ec.europa.eu/single-market/ce-marking/manufacturers\\_en](https://single-market-economy.ec.europa.eu/single-market/ce-marking/manufacturers_en)

<sup>187</sup> More at: [https://single-market-economy.ec.europa.eu/single-market/ce-marking/importers-and-distributors\\_en](https://single-market-economy.ec.europa.eu/single-market/ce-marking/importers-and-distributors_en)

<sup>188</sup> More at: [https://single-market-economy.ec.europa.eu/single-market/ce-marking/importers-and-distributors\\_en](https://single-market-economy.ec.europa.eu/single-market/ce-marking/importers-and-distributors_en)

<sup>189</sup> More at: [https://single-market-economy.ec.europa.eu/single-market/ce-marking/eu-consumers\\_en](https://single-market-economy.ec.europa.eu/single-market/ce-marking/eu-consumers_en)



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

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

**Aspects to be considered for adoption for the Eastern partner countries:** make available (if not available) independent conformity assessment and certification mechanisms for CE marking of products manufactured by local manufacturers.

## Terms and Definitions

### Postal Item<sup>190</sup>

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

### Postal Service

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

### Postal Service Provider

Undertaking that provides one or more postal services.

### Universal Service Provider

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

### Parcel<sup>191</sup>

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

### Parcel Delivery Service Provider

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

### Parcel Delivery Service

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

**NOTE 1:** *In the context of the Cross-border parcel delivery service Regulation, the definitions in Article 2 of Directive 97/67/EC, amended by Directive 2002/39/EC<sup>192</sup> and Directive 2008/6/EC<sup>193</sup> apply.*

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

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

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

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

<sup>190</sup> Postal Services Directive (PSD); Directive 97/67/EC amended by Directive 2002/39/EC and Directive 2008/6/EC.

<sup>191</sup> Cross-border parcel delivery services Regulation; 2018/644. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0644&from=EN>

<sup>192</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32002L0039#:~:text=Directive%202002%2F39%2FEC%20of%20the%20European%20Parliament%20and%20of,further%20opening%20to%20competition%20of%20Community%20postal%20services>

<sup>193</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32008L0006#:~:text=Directive%202008%2F6%2FEC%20of%20the%20European%20Parliament%20and%20of,NL%2C%20PL%2C%20PT%2C%20RO%2C%20SK%2C%20SL%2C%20FI%2C%20SV%29>



**Aspects to be considered for the Eastern partner countries:** align with the European terms and definitions for commercial postal item.

## 4 Ecosystem

### 4.1 Introduction

The eCommerce ecosystem analysis covers the EU baseline.

For the details of the approach in the eCommerce ecosystem analysis, please, see section 2.1. Introduction.

The baseline of the EU eCommerce ecosystem consists of two parts: the process of cross-border sale and key areas influencing the ecosystem.

### 4.2 EU baseline

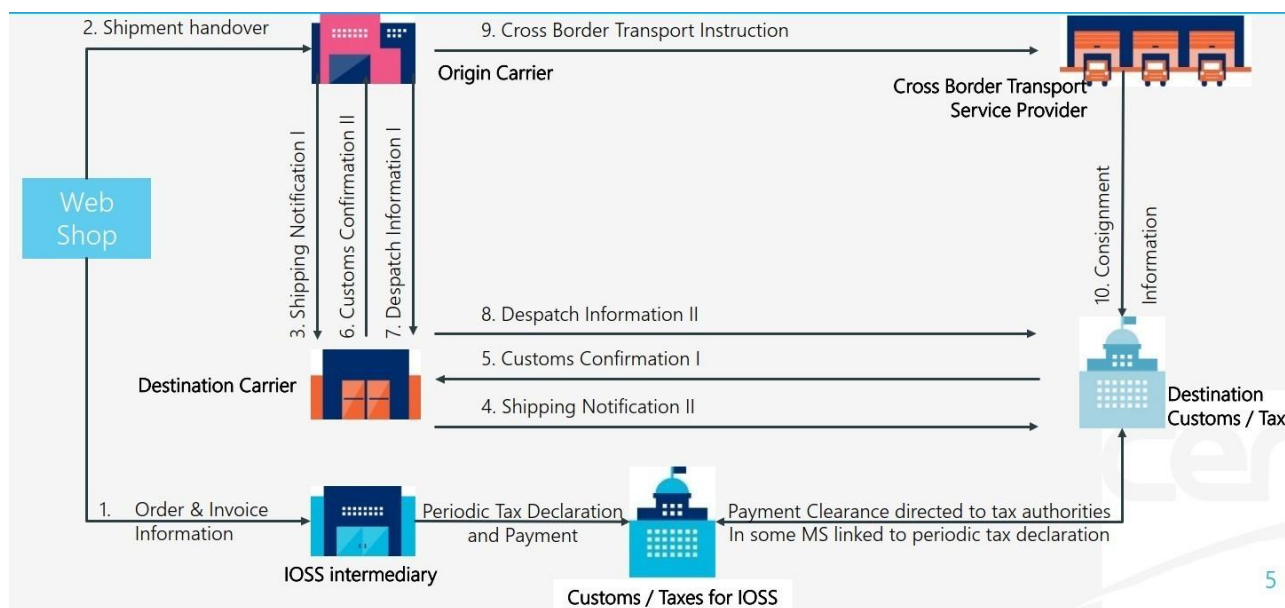
#### 4.2.1 The process of cross-border sale in the EU

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

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

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

Figure 18. The process of cross-border parcel supply chain and involved economic operators and authorities (including the simplified "Import scheme" in the EU)<sup>194</sup>



Source: GS1 & CEN/TR 17535: Information Exchanges: UN / EDIFACT

This process has been fully implemented in July 2021 and is aimed to enable fair cross-border eCommerce. It is supported by CEN/TR 17535 through published standards ISO/IEC 15459-1:2014<sup>195</sup> and ISO/IEC 15459-6:2014<sup>196</sup> and EU Member States are required to follow these standards after it is implemented. The process:

- Is a standard process to **exchange information between stakeholders in advance**, i.e. before purchased goods are transported;
- Is based on an **Electronic Advanced Data** flow of information;
- Happens **on item level**;
- Is enabled by the **global ID** (which is explained in detail in the following section);

<sup>194</sup> GS1 & CEN/TR 17535: Information Exchanges: UN / EDIFACT

<sup>195</sup> More at: <https://www.iso.org/standard/54779.html>

<sup>196</sup> More at: <https://www.iso.org/standard/54786.html>

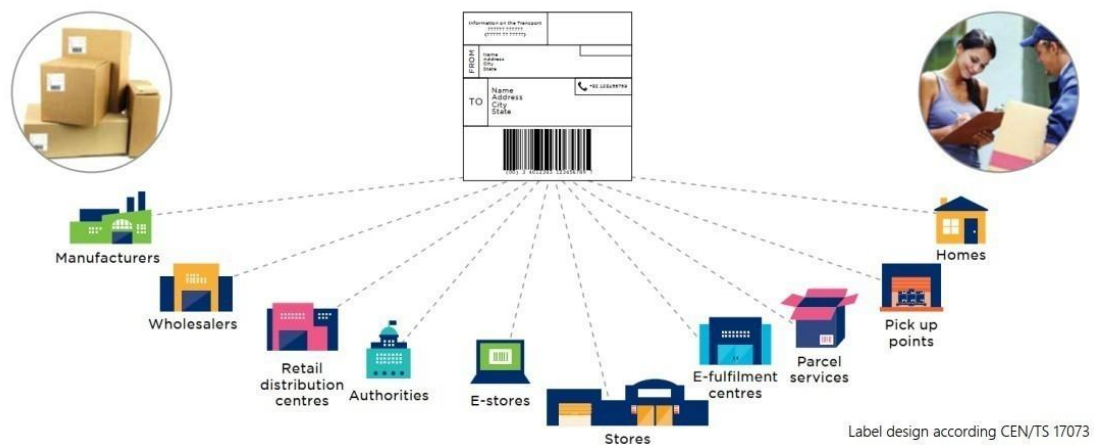
- Has been fully implemented in July 2021. It is mandatory to send electronic advanced data for each postal or express item containing goods / merchandise, prior to any border crossing into the EU / EEA for customs, fiscal and transport security purposes.

More information on this process is available in chapters **Error! Reference source not found.** and **Error! Reference source not found.**

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

This process will be enabled by a unique transport ID represented on a harmonised label, which is created by the shipper at origin and used by all eCommerce stakeholders end-to-end. The European Committee for Standardisation (CEN) developed this label for the stakeholders in line with the existing UPU specification for the global postal network (only accessible for the designated postal operators, that is the mandatory UPU S10 13-character identifier). Such unique transport identification on consignment (parcel) level will be used to identify each consignment<sup>197</sup>. The following diagram below shows the model of eCommerce stakeholders who operate around the harmonised label (based on the commercial view).

Figure 19. The key stakeholders involved in the process cross-border parcel supply chain in the EU



Source: GS1 & CEN/TR 17535: Information Exchanges: UN / EDIFACT

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

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

The IDs are generated and maintained using specialised solutions, such as GS1<sup>198</sup> formerly known as EAN or UPC. Another common solution is HS code developed by the World Customs Organisation. By July 2021, the IDs are exchanged and stored in Import Control System 2 (for transport unit ID and transaction ID number) and the EU IOSS database (for IOSS VAT identification number).

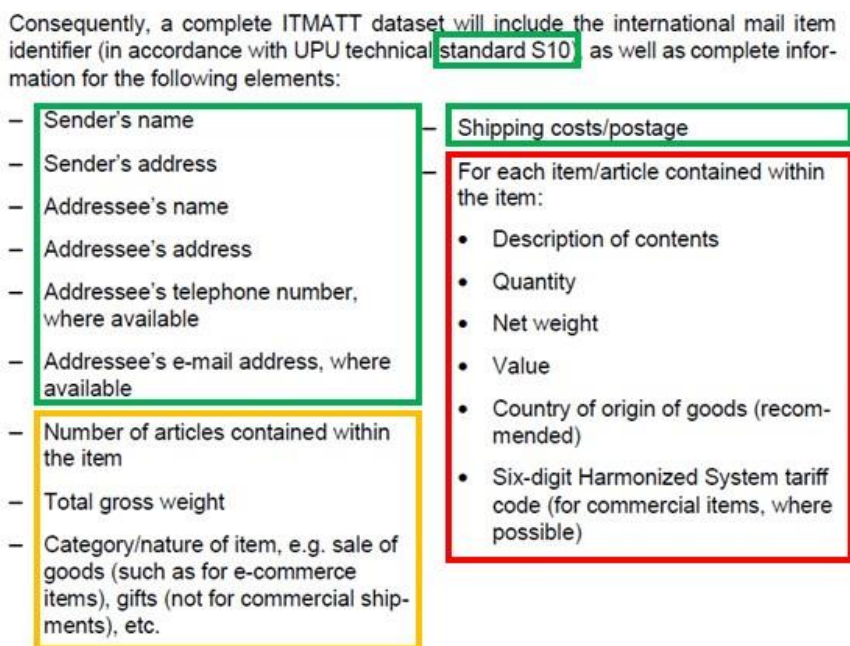
<sup>197</sup> The EU will further enhance this principle: The unique transport ID issued by a digitally identifiable carriers, will be linked to the underlying transaction and the VAT ID number. Both for supplies into the EU from third countries or territories, or intra-Community.

<sup>198</sup> More at: <https://www.gs1.org/>

### 4.2.2 Harmonised data representing the goods / merchandise on electronic interfaces (marketplaces) is a pre-requisite for collection by Post

Data available in advance for each consignment are generated at the point of sale, the related fulfilment and through the “first logistic operator” (postal or express operator). This data can be divided into different areas of responsibility as shown in Figure 20. One area of responsibility is data generated by the “electronic interface” to the consumer during the sales process (red and yellow boxes in Figure 20) and the data attached by the first logistics operator when collecting the consignment for shipping:

Figure 20. Mandatory data elements compliant to the UPU Global Postal Model (UPU GPM), UPU specification M33-ITMATT, as well as the EU Customs Data Model (EU CDM) following the Multi-Modal Transport Data Model, UN/EDFACT.



Source: UPU IB; Explanation: below a short introduction regarding the three boxes (“red“, “yellow“, “green“).

### 4.2.3 Area of responsibility "electronic interface"

The harmonization of the data to be shared in advance leads to a worldwide standardisation when such data is presented to third parties – this in particular when the data is used to present retail goods to end consumers planning to purchase online. Goods / merchandise (with or without value) that are subsequently to be dispatched (B2X supplies) must be presented in standardized data format. Each good / merchandise that is subsequently shipped must be described in advance by harmonised data elements:

- Description of the good/merchandise as precisely as possible;
- quantity;
- individual net weight;
- value, including indication of the currency used;
- country of origin of the good / merchandize;
- 6-digit 'harmonized system' (HS) code number (for all commercial items).

The digital description is the prerequisite for bringing commercial goods into circulation and requires their administration in the warehouse and supply chain management systems of the suppliers. Without correspondingly correct data available – and thus in the highest possible quality –, there are already challenges and additional costs when the goods are accepted by the CEP<sup>199</sup> service provider (the data must be of highest quality in order to be able to carry out the shipping at all), or but the collection must be rejected.

Subsequently, the correct specification of the HS code is necessary to:

<sup>199</sup> CEP service provider: Courier-, Express-, Parcel delivery operator



- ensure transport security – errors here lead to further costs and shipping delays, or to a refusal of transport (“Do Not Load” / DNL) generated automatically by the Import Control System 2 (ICS2) of the EU, et all.;
- collect import duties applicable, or other customs related fees;
- provide necessary additional information on goods /merchandise in order to comply with regional or national product safety regulations (statements of conformity or compliance).

*Note: Since unattended delivery locations (e.g. parcel boxes, parcel stations, drop-off locations) are increasingly being used, several countries and territories (e.g. Germany) are already demanding the collection of precise data in advance when dispatching such consignments.*

**Aspects to be considered for adoption by the Eastern partner countries:** ensure that all entities wishing to place or sell goods and merchandise using electronic interfaces (i.e. marketplaces, portals, websites, etc.) understand and use harmonised data to describe their goods, merchandise or services, to avoid unnecessary retention or dependencies on electronic interfaces.

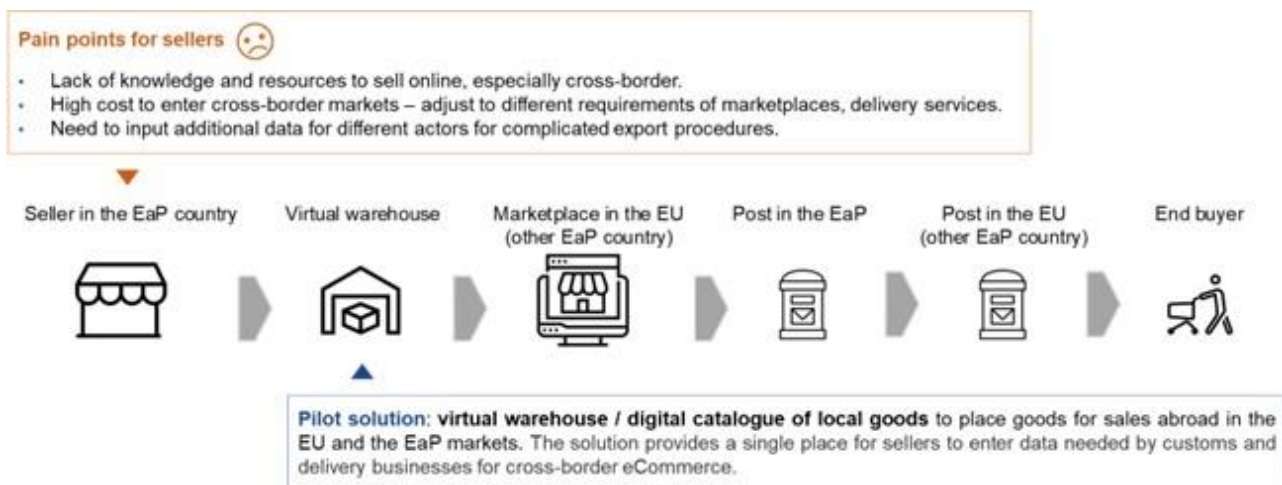
#### 4.2.4 Data sovereignty in the digital presentation of commercial goods (example “virtual warehouse project”)

Businesses and customers are moving online to buy and sell goods and services, a trend accelerated and increasingly critical in the face of the COVID-19 pandemic. When businesses move online, they face two major challenges: the additional investments required to introduce goods online and lack of know-how and skills to operate online.

At the same time, the EU introduced the EU VAT eCommerce package in 2021, which changes eCommerce processes of which businesses and governments have limited awareness. In this new reality, the EU has supported the Eastern partner countries, through a pilot facilitated at their “EU4DIGITAL” facility, to move and adapt to electronic commerce.

The European Commission supported the implementation of the pilot in Q2 2021 in Eastern European Partner Countries (AM, AZ, GE). While during the pilot the designated postal operators have been chosen to conduct the physical cross-border delivery of ecommerce to the EU, during roll-out all Courier-, Express- and Parcel delivery operators willing to participate shall be included.

Figure 21. Concept of the ecommerce pilot – virtual warehouse, to ensure data sovereignty of (M)SMEs digital retailers.



The involvement of other cross-border deliver operators has been prepared during the development and piloting of the virtual warehouse pilot<sup>200</sup>. After 1 July 2021, when the EU VAT eCommerce package created a level playing field for postal and CEP delivery operators, the European Commission is interested that all delivery operators are treated the same, when it comes to importing postal eCommerce consignments into the EU.

#### 4.2.5 Area of responsibility "fulfilment" (Figure 20: “yellow”)

After commercial goods / merchandise has been pre-lodged via electronic interfaces, the goods will be picked & packed and made ready for dispatch. In doing so, the data available in advance, which led already to the presentation of the goods / merchandise in inventory management systems, are used. Data in advance leads

<sup>200</sup> More at: <https://eufordigital.eu/e-commerce-pilot-between-armenia-azerbaijan-georgia-and-germany-how-eu4digital-activity-seeks-to-increase-volumes-of-e-commerce/>



the fulfilment – picking of the goods and the packing. This creates the mandatory data associated with the final consignment to be dispatched. That is additional:

- Number of goods / merchandise in the consignment to be dispatched;
- total weight of the consignment (including packaging);
- Category / type of commercial consignment - "Ecommerce / retail" (commercial consignment), "Gift" (not suitable for commercial consignments / merchandise), etc.

**Aspects to be considered for adoption by the Eastern partner countries:** ensure that all entities wishing to place or sell goods and merchandise using electronic interfaces (i.e. marketplaces, portals, websites, etc.) understand and use harmonised data to describe their goods, merchandise or services, so that fulfilment providers can seamlessly engage.

#### 4.2.6 Area of responsibility "CEP operator" (Figure 20: "green")

Only when data mandatory on goods / merchandise level, picked and packed in a consignment (final parcel, EMS, packet, commercial letter post item) are available, the data has been established to the digital documentation concerning the content in a consignment can be linked to transport related information. The consignment related digital documents that must be linked to the data related to the content in the consignment "first CEP service provider" include:

- Sender address;
- Sender – related additional information (such as phone number, email address, etc.);
- Recipient address;
- Recipient-related additional information (such as phone number, email address, etc.);
- Shipping Rate / insurance;
- Unique transport identification<sup>201</sup> linked to the consignment (usually a barcode that is uniquely assigned to a CEP service provider and his right to allocate such transport ID)

Authorities responsible for the postal sector / CEP sector – legislator and regulators – are aware that:

- the adaptation of applicable technology requires a completely new systems along the supply chain:
  - new actors are involved;
  - mandatory data elements in high quality have to be made available in advance; and
  - work-sharing and exchange of data between all actors involved is necessary.
- customs business processes require mandatory pre-lodging of data in advance:
  - pre-loading;
  - pre-arrival;
  - at arrival;
  - presentation at customs
- risk management and controls:
  - Real time (in the case of EU: pan-European) risk analysis;
  - Co-ordinated / co-orchestrated controls.

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

**Aspects to be considered for adoption by the Eastern partner countries:** ensure that logistic operators refer to a common data set used by authorities (i.e. the UPU Global Postal Model, or the EU Customs Data Model, or the EU Common Transport Data Model, or UN/CEFACT)

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

<sup>201</sup> Unique allocation of a transport ID (most likely in the format of a licence plate) assigned to a CEP service provider licenced to do so. The transport ID (Barcode) shall be compliant to harmonised technical specifications (ISO 15459, UPU S10, UPU S26) and shall be issued by a licenced issuing agency (i.e. authorised CEP operator)



Below, the process of cross-border supply chain (Figure 21) is described based on the use of the IOSS (Import One Stop Shop) facility enabled by the EU VAT ecommerce regulations package.

#### 4.2.7 Order & Invoice Information

The process starts when an online customer enters, logs into the **Webshop**<sup>202</sup> and creates an order. The customer can be a returning or a new customer, which defines if any pre-submitted information is available for the Webshop.

After the **customer** creates a new order, the Webshop **generates an ID for this sales transaction** (compliant with the ISO standard ISO 15459-6; e.g. GSIN-123456). This ID is labelled as ID1 in the **Error! Reference source not found.** for clarity.

As the customer continues shopping in the Webshop, they can select multiple goods. These **goods, which are added to the order, receive a unique global ID** (i.e. HS number<sup>203</sup> or the Global Trade Item Number (GTIN), developed and maintained by GS1, e.g. GTIN-123). For example, GS1 is one solution that provide this unique global ID. It is important to note that when multiple quantity of the same good is added to the order, they are stacked together and receive one unique global ID for the whole stack. This ID is labelled as ID2 in the **Error! Reference source not found.** for clarity.

The customer indicates a delivery location (which may appear automatically if this is a returning customer). Based on this information appropriate VAT and other taxes are calculated. It is important to note that VAT is applied not in all cases as there are exempts.

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

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

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

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

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

- the ID Key for the sales transaction (compliant with ISO 15459-6). This ID was generated by the Webshop above;
- the IOSS number assigned by the EU when registering for the IOSS facility. This ID is labelled as ID3 in the Figure 22 for clarity.

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

At this stage the Webshop prepares for shipment to customer. The Webshop through order system releases instructions to **warehouse**<sup>204</sup> that the goods are to be shipped from. The instructions include the transaction and goods ID generated during the ordering process.

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

The goods are placed into transport units that receive their own IDs (compliant with CEN/TS17073 and ISO 15459-1, e.g. SSCC-1). This is guided by the standards defined in ISO 15459-1. The Warehouse may generate these additional IDs to the transport units. This ID is labelled as ID4 in the Figure 22 for clarity. However, all newly assigned IDs are **linked to the original IDs** assigned by the shipper. For example, goods with IDs are placed in a box, which also gets own ID.

<sup>202</sup> "Webshop" here is used as an acronym for the term "electronic interface". An electronic interface should be understood as a device or program which allows two independent systems or the system and the end user to communicate. An electronic interface is a broad concept and could encompass a website, portal, gateway, marketplace, application program interface (API), etc.

<sup>203</sup> HS stands for Harmonised System. It was developed by the WCO (World Customs Organisation) as a multipurpose international product nomenclature that describes the type of good that is shipped. Today, customs officers must use HS code to clear every commodity that enters or crosses any international borders.

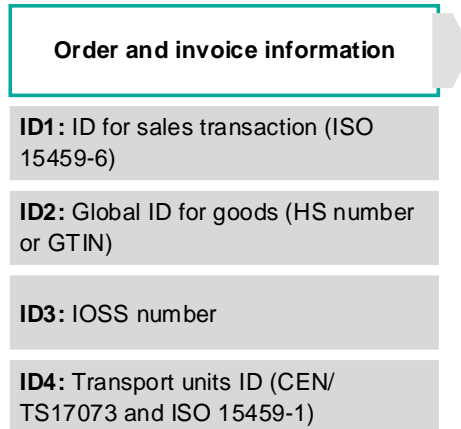
<sup>204</sup> This party could be a warehouse or storage facility. Sometimes, webshops do not have dedicated storage facility and act as warehouses themselves.



The warehouse shares this information with the Webshop. The Webshop then shares this information with a **declarant**<sup>205</sup> in the EU.

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

Figure 22. IDs generated when order and invoice information are prepared.



#### 4.2.8 Shipment is passed to origin carrier

The Webshop (or the warehouse depending on arrangements) sends transport instructions to origin carriers. These instructions include all the linked IDs (ID1 – ID4) that are presented on the Figure 22.

#### 4.2.9 Shipping notification I

Based on this information the **origin carriers** collect the goods with all the associated IDs mentioned above. The carriers may assign additional IDs based on how the goods will be transported (e.g. on a transport pallets). This is called transport grouping.

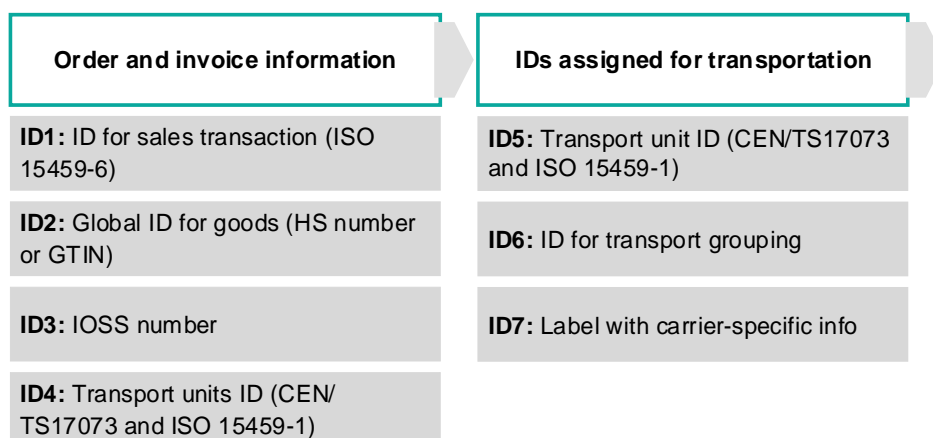
As mentioned above, **the alternate identifiers that the carrier may decide to assign are entirely based on the IDs assigned by the Webshop and/or the shipper**. It may include:

- Transport unit ID (e.g. S10-5432), in addition to transport unit ID assigned in the Warehouse (ID4);
- ID for this transport grouping. This ID is labelled as ID6 in Figure 23.
- Label with carrier-specific info. This ID is labelled as ID7 in Figure 23.

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

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

Figure 23. IDs generated when order and invoice information are prepared and goods are prepared for transportation



<sup>205</sup> This is a party that periodically submits export declaration to origin country customs. This process is described in detail in the section Taxation of this chapter.

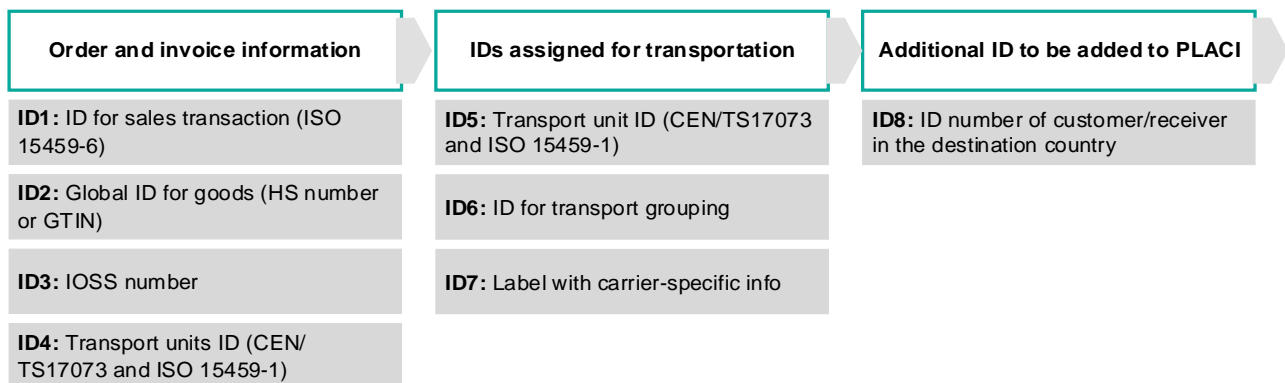
### 4.2.10 Shipping notification II

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

PLACI information is provided to destination authorities<sup>206</sup> by the destination carrier<sup>207</sup> with the following information:

- Sales transaction IDs assigned by the Webshop (ID1);
- The IOSS number assigned by the EU to the Webshop/shipper when registering for the IOSS facility (ID3);
- Transport unit IDs assigned by the shipper/Webshop (ID4);
- Identification number of the customer/receiver in the destination country (not generated by the involved parties relevant to eCommerce). This ID is labelled as ID8 in the Figure 24 for clarity.

Figure 24. IDs generated when order and invoice information are prepared and goods are prepared for transportation; and identification number of receiver to be added to PLACI



### 4.2.11 Customs Confirmation I

The **destination country authority**<sup>208</sup> uses the received data to performs security risk assessment.

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

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

### 4.2.12 Customs Confirmation II

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

### 4.2.13 Despatch Information I

The origin carrier may consolidate multiple transport groupings into bigger transport units (labelled as ID9 in the Figure 26) and groupings (labelled as ID10 in the Figure 26). It is done to make transportation convenient. In this case, consolidated consignment ID should be assigned.

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

<sup>206</sup> Customs and other authorities responsible for cross-border regulations and processes in the origin country.

<sup>207</sup> These are delivery operators in the destination country, i.e. the country to which purchased goods are imported.

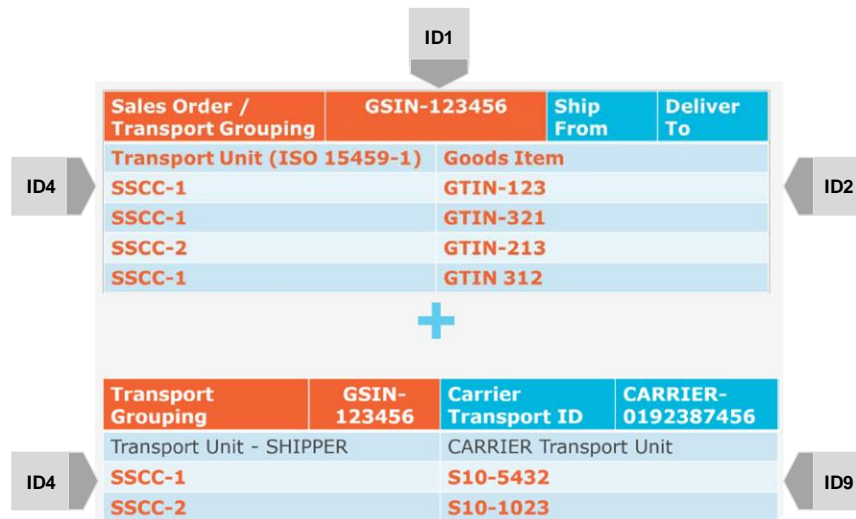
<sup>208</sup> Customs and other authorities responsible for cross-border regulations and processes in the destination country.

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

- Originally assigned:
  - ID for sales transaction (ID1), which is contained within this new transport grouping. These are assigned by the Webshop originally;
  - Transport unit ID (ID4 and 5), which is contained within this new transport grouping. These are assigned by the warehouse and origin carriers originally;
- Newly assigned IDs explained in this step – transport unit (compliant with ISO 15459-1 or UPU S9 and S10) and transport grouping (compliant with ISO 15459-6 or UPU S8). These IDs are labelled as ID9 and 10 on the Figure 26 as explained below.

There are existing IDs that are not submitted specifically to the destination carrier, but they are linked to the newly assigned IDs explained in this step. This linkage helps to assess any information about transported goods. See a visual representation below about how IDs assigned during the process are linked to the initial IDs assigned by the seller. The Figure shows how additional ID assigned by the carrier (ID9) is linked to the original ID assigned by the seller (ID4), which can indicate the content of the consignment (ID1 and ID2).

Figure 25. Link between the IDs assigned during the process of cross-border supply chain.

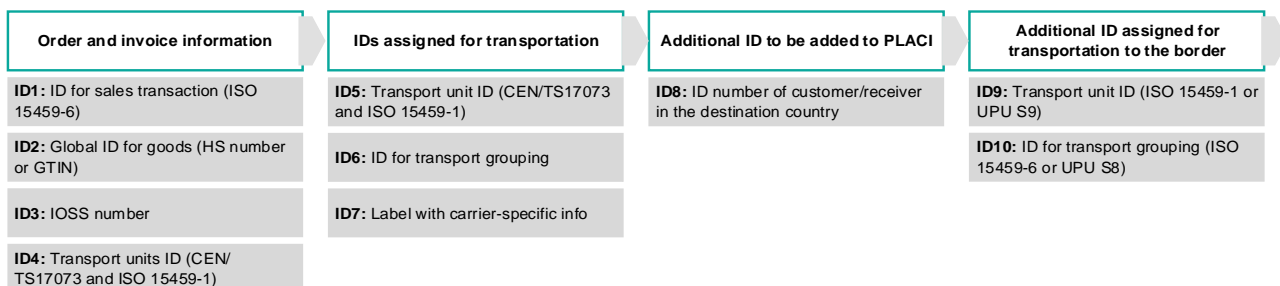


Source: GS1 & CEN/TR 17535: Information Exchanges: UN / EDIFACT

These IDs that are not submitted, but collected during the previous steps include:

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

Figure 26. IDs generated when order and invoice information are prepared and goods are prepared for transportation; and identification number of receiver to be added to PLACI; and additional IDs assigned by the origin carrier



### 4.2.14 Despatch Information II

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

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

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

### 4.2.15 Cross-Border Transport Instruction

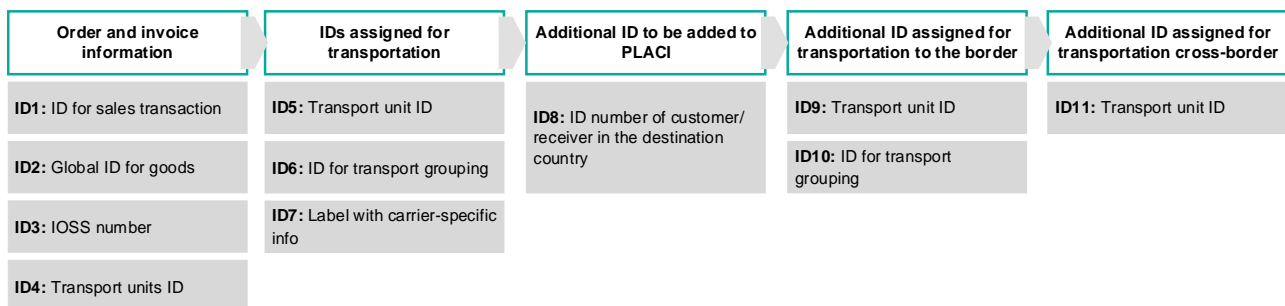
In parallel to the despatch information process, the origin carrier arranges the transportation from the origin country to the destination country with the **help of an international transport service provider<sup>209</sup> (TSP)**.

The origin carrier may assign additional IDs for further optimisation of transportation. All newly assigned IDs should be linked to originally assigned IDs. These IDs are labelled as ID11 on the Figure 27.

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

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

Figure 27. IDs assigned and exchanged during the process of cross-border parcel supply chain



### 4.2.16 Consignment Information

The TSP delivers the consignment to the destination country.

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

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

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

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

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

<sup>209</sup> This is the carrier that transports consignments cross-border. It is important to understand that not all original carriers are able to transport goods cross-border. In this case, TSP is providing these services.



- Stakeholders must **exchange electronic data in advance**, i.e. before goods are transported.

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

#### 4.2.17 Key areas influencing how eCommerce ecosystem is functioning

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

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

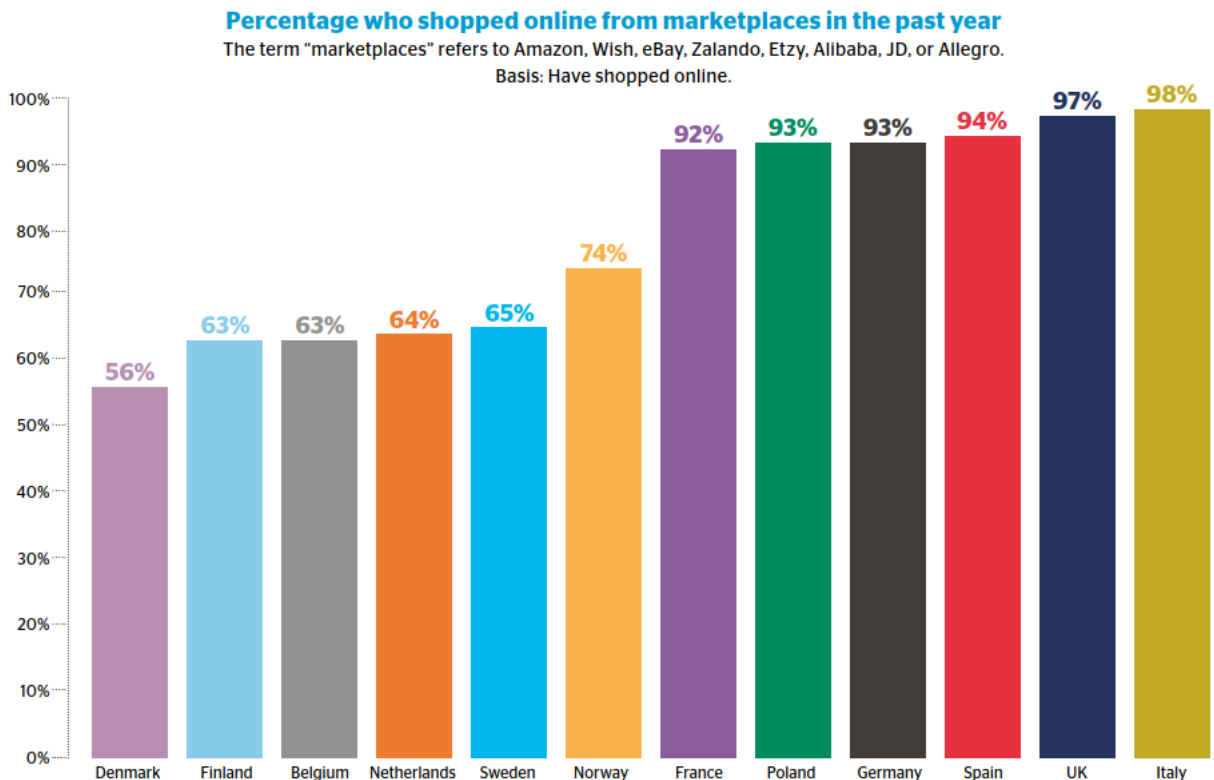
- eCommerce platforms
- Payments
- Taxation
- Logistics and supply chain
- Security and trust
- Digital marketing

#### eCommerce platforms

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

The EU has a variety of eCommerce related platforms, which emerged with the uptake of eCommerce. It includes marketplaces, webshops, online supermarkets and related platforms. The majority of purchases happen on marketplaces, which is demonstrated on the following Figure 28.

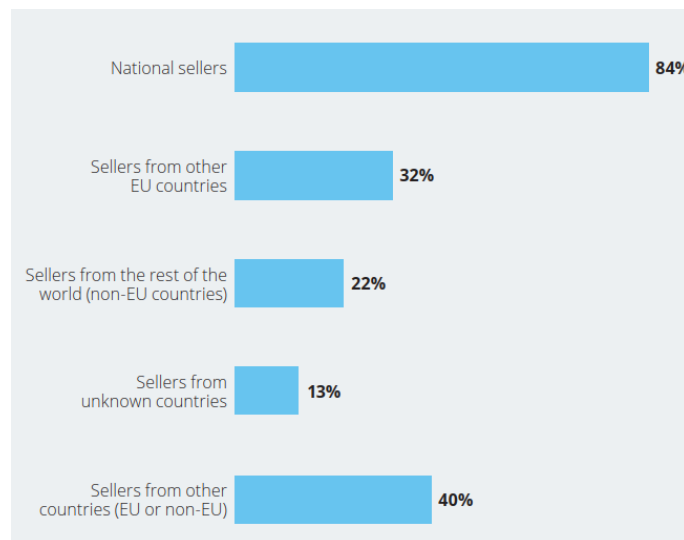
Figure 28. Percentage of consumers who bought goods through marketplaces in a year.



Source: eCommerce in Europe 2019

Continued growth of these platforms is expected as eCommerce is growing and the domestic market of the EU is considerable to diversify online businesses and the types of goods they offer. Also, the outbreak of COVID-19 facilitated the process of moving online even more. Data from EU-27 cross-border online purchase of individuals, who purchased online in the last three months research shows that eCommerce market still growing.

Figure 29. EU-27 cross-border online purchase



Source: *European e-commerce report 2022*

The EU is the second biggest in the world cross-border buyer of goods and around 62% of businesses report no major difficulties selling cross-border, according to The Digital Economy and Society Index<sup>210</sup>. The rate of cross-border purchases reaches 85% in Macedonia and followed by Luxembourg, Switzerland and Iceland<sup>211</sup>. Global marketplaces have significant market share in cross-border eCommerce. They continue to expand in the EU market through cooperation with other global eCommerce services.

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

eCommerce marketplaces in the EU can be classified as global, continental and local. The ecosystem of these marketplaces may be influenced by the upcoming changes, public assessments and consulting mentioned in the section Service Directive<sup>212</sup>.

### Global

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

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

Out of 100 biggest marketplaces in the world, **15 are headquartered in the EU and the number of retailers moving online is increasing**<sup>213</sup>. When local platforms develop into global players, they facilitate growth even further and increase profitability. The EU citizens also benefit from global cross-border platforms as they may access a bigger product portfolio at a wide range of prices.

<sup>210</sup> More at: <https://ec.europa.eu/digital-single-market/en/desi>

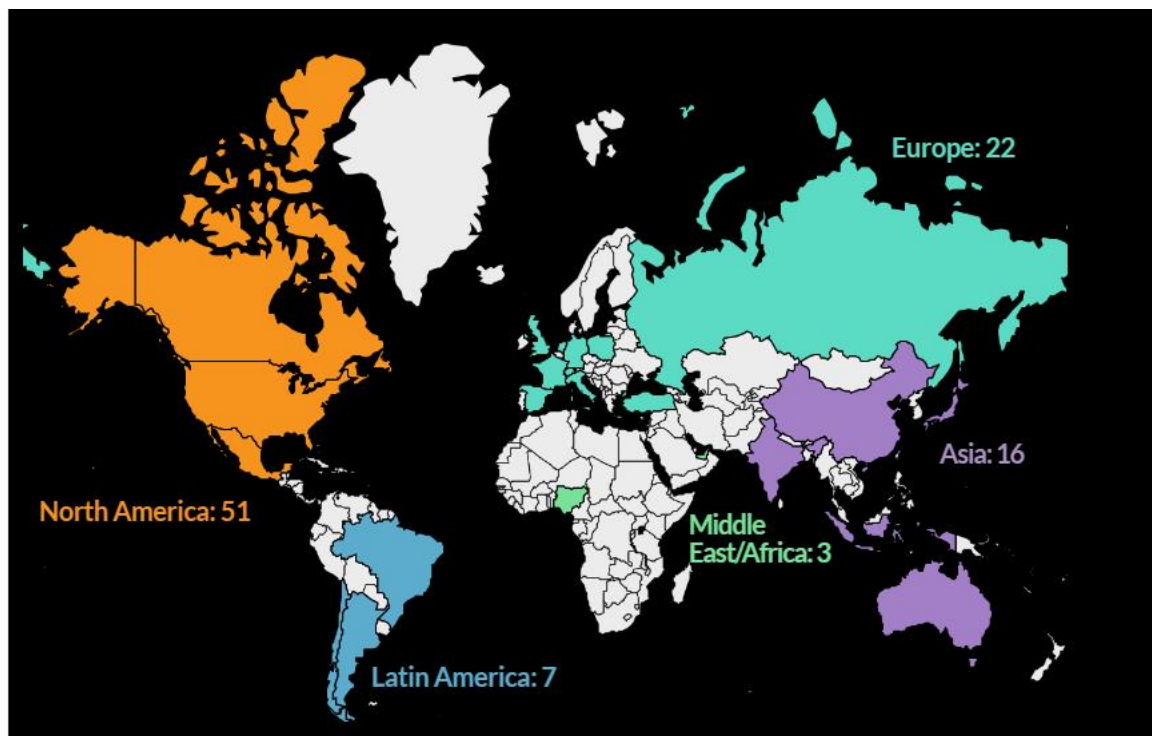
<sup>211</sup> More at: <https://ecommercenews.eu/e-commerce-in-europe-was-worth-e534-billion-in-2017/>

<sup>212</sup> More at: <https://ec.europa.eu/digital-single-market/en/news/consultation-digital-services-act-package>

<sup>213</sup> More at: <https://www.digitalcommerce360.com/article/infographic-top-online-marketplaces/>



Figure 30. Where are the top marketplaces located.



Source: Digitalcommerce360, <https://www.digitalcommerce360.com/article/infographic-top-online-marketplaces/>

Global eCommerce marketplaces generate around 80% of cross-border sales, which is led by the global platform, Amazon<sup>214</sup>.

The EU market has **international eCommerce retailers that have significant shares of the market** (e.g. Amazon, Alibaba, eBay, WISH<sup>215</sup>). SMEs in the EU that start leveraging eCommerce often select such online marketplaces as this is a way to present to consumers trusted, localised and transparent experience at relatively low risk. Also, such platforms often **help to manage logistics, including cross-border delivery**.

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

#### Continental

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

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

For example, Swedish company IKEA enables customers to shop in 28 languages, including Catalan and Basque. French retailer La Redoute supports 10 EEA languages and five currencies used in the EU. Spanish Zara enables shoppers to pay in 10 currencies and browse webshop in 20 languages.

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

<sup>214</sup> More at: <https://thepayers.com/e-commerce/23-percent-of-e-commerce-in-europe-is-cross-border-research-shows/777886-25>

<sup>215</sup> More at: <https://ecommercenews.eu/e-commerce-in-europe-was-worth-e534-billion-in-2017/>



Aspects to be considered for enriching the eCommerce ecosystem by the Eastern partner countries: Increase the awareness of the importance for cross-border eCommerce to personalise and localise eCommerce platforms with languages and currencies familiar for audiences.

### *Local*

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

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

Aspects to be considered for enriching the eCommerce ecosystem by the Eastern partner countries: Increase the awareness of the buyers' preference to use domestic eCommerce platforms. Depending on audience, it may be the most effective to engage with buyers on local platforms.

### *Availability of global, continental and local marketplaces to sellers and buyers*

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

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

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

In case a platform is not represented in a country with fulfilment centres and logistics, sellers can still use this platform to sell goods and buyers can still buy these goods. For example, a buyer in Estonia can still access the German Amazon website and complete a purchase; and a seller may list goods on Amazon without having representation of it in the country. However, as Amazon doesn't offer own delivery methods to Estonia, sellers and buyers use **alternative delivery methods** to complete the transaction. These services include mail forwarding and consolidator businesses like myGermany<sup>216</sup> and EshopWeDrop<sup>217</sup>, or global logistics service providers like UPU, DPD, FedEx.

Such ecosystem of developing value networks is presented on the following Figure 31.

*Figure 31. eCommerce ecosystem of developing value networks*

<sup>216</sup> More at: <https://mygermany.com/package-forwarding-company/>

<sup>217</sup> More at: <https://eshopwedrop.it/en>





Source: GS1, [https://gs1ni.org/downloads/gs1\\_customer-centric\\_logistics\\_wp\\_a4\\_081018\\_hi-res.pdf](https://gs1ni.org/downloads/gs1_customer-centric_logistics_wp_a4_081018_hi-res.pdf)

The figure illustrates that marketplaces cooperate with logistics platforms and collaboration platforms, where multiple logistics service providers (LSP) work together to optimise transportation and logistics processes by bundling flows<sup>218</sup>.

*Limitation 2: historic customer preferences.* In the EU, the likelihood of buyers purchasing goods from a certain platform and country may also depend on historic customer preferences. The biggest countries in the EU, such as Germany, France, Italy and Spain, offer **extensive choice of local eCommerce platforms**, where buyers purchase goods with fast delivery<sup>219</sup>. In addition, during the COVID-19 pandemic period, the awareness of domestic local shops increased. However, in the smaller countries, such as Belgium and Denmark, buyers prefer to get access to a wide variety of goods offered by international eCommerce platforms.

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

### Payments

The EU consumers benefit from a variety of electronic payment enablers. As the EU has a defined regulatory environment for electronic payments.

### Other areas of eCommerce EU legal framework, in the section The Digital Markets Act (DMA)

The Digital Markets Act (DMA) establishes a set of narrowly defined objective criteria for qualifying a large online platform as a so-called “gatekeeper”. This allows the DMA to remain well targeted to the problem that it aims to tackle as regards large, systemic online platforms. These criteria will be met if a company:

- has a strong economic position, significant impact on the internal market and is active in multiple EU countries
- has a strong intermediation position, meaning that it links a large user base to a large number of businesses
- has (or is about to have) an entrenched and durable position in the market, meaning that it is stable over time if the company met the two criteria above in each of the last three financial years

The DMA will be applicable as of beginning of May 2023. Within two months, companies providing core platform services will have to notify the Commission and provide all relevant information. The Commission will then have two months to adopt a decision designating a specific gatekeeper. The designated gatekeepers will have a maximum of six months after the Commission decision to ensure compliance with the obligations foreseen in the DMA.

The Digital Markets Act ensures that:

- business users who depend on gatekeepers to offer their services in the single market will have a fairer business environment;

<sup>218</sup> More at: [https://www.gs1.org/sites/default/files/04\\_-\\_crc\\_collaborative\\_routing\\_centres.pdf](https://www.gs1.org/sites/default/files/04_-_crc_collaborative_routing_centres.pdf)

<sup>219</sup> European eCommerce report, 2019, available at: <https://www.ecommerce-europe.eu>



- innovators and technology start-ups will have new opportunities to compete and innovate in the online platform environment without having to comply with unfair terms and conditions limiting their development;
- consumers will have more and better services to choose from, more opportunities to switch their provider if they wish so, direct access to services, and fairer prices;
- gatekeepers will keep all opportunities to innovate and offer new services. They will simply not be allowed to use unfair practices towards the business users and customers that depend on them to gain an undue advantage.

Figure 32. Provisions applying to retail, wholesale, online marketplaces and very large online marketplaces

the “do’s” – for Gatekeeper platforms	the “don’ts” – for Gatekeeper platforms
allow third parties to inter-operate with the gatekeeper’s own services in certain specific situations	treat services and products offered by the gatekeeper itself more favourably in ranking than similar services or products offered by third parties on the gatekeeper’s platform
allow their business users to access the data that they generate in their use of the gatekeeper’s platform	prevent consumers from linking up to businesses outside their platforms
provide companies advertising on their platform with the tools and information necessary for advertisers and publishers to carry out their own independent verification of their advertisements hosted by the gatekeeper	prevent users from un-installing any pre-installed software or app if they wish so
allow their business users to promote their offer and conclude contracts with their customers outside the gatekeeper’s platform	track end users outside of the gatekeepers’ core platform service for the purpose of targeted advertising, without effective consent having been granted

**Aspects to be considered for transferring to national legislation by the Eastern partner countries:** defined objective criteria for qualifying a large online platform as a so-called “gatekeeper”. This to tackle systemic online platforms with a strong economic position, significant impact on the internal market and activities in multiple (EU) countries, as well as a strong intermediation position, meaning that it links a large user base to a large number of businesses, or has (or is about to have) an entrenched and durable position in the market, meaning that it is stable over time if the company met the two criteria above in each of the last three financial years.

**Payment methods**

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

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

However, it is important to highlight local preferences as well. For example, Germans are likely to pay with invoices or bank transfers and French consumers use debit cards Carte-Blue, MasterCard, American Express. In the Benelux Union, iDeal and Bancontact are the common ways to pay. In the Eastern Europe countries (e.g. Slovakia) cash-on-delivery payment method is predominant, where buyers pay as soon as they get the purchased goods.

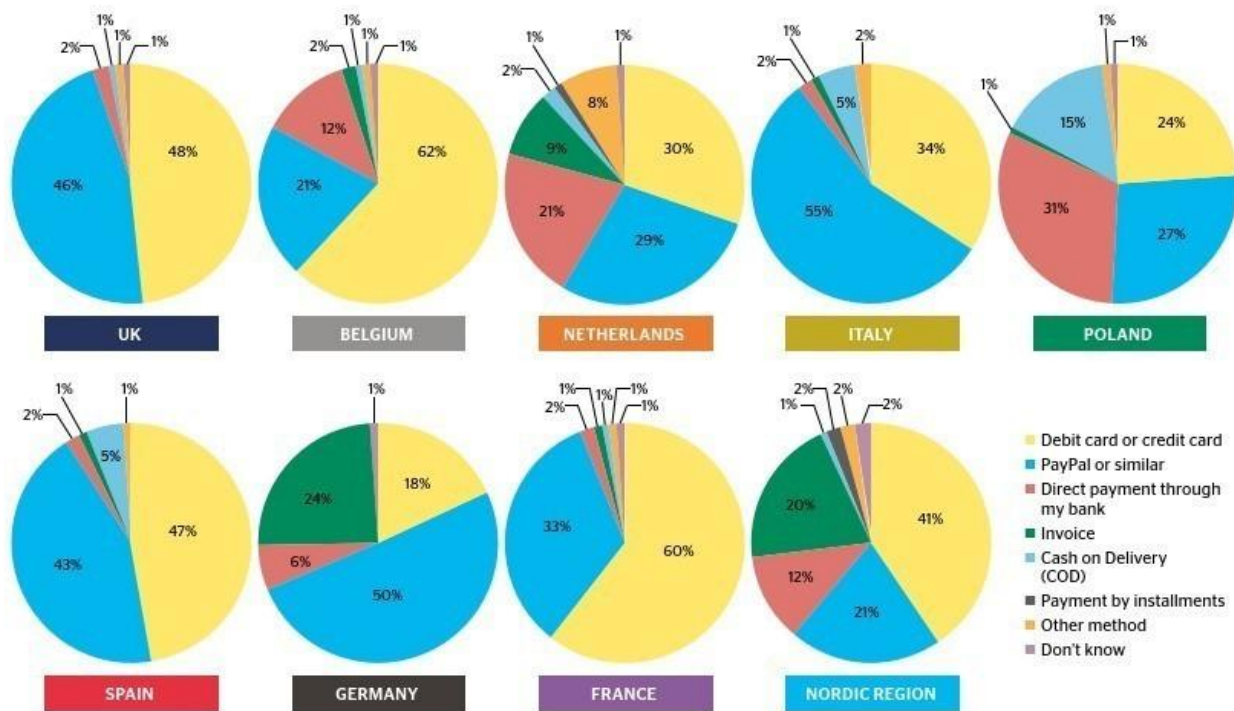
The following payment methods are common to be found on the EU eCommerce platforms:

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

This is demonstrated on the following image.



Figure 33. Most popular online payment methods.



Source: eCommerce in Europe 2019, in summary highly diverse payment solutions on EU country level.

These payment methods can be used by eCommerce platforms in the EU and outside the EU. Similarly, customers in the EU and outside the EU can use one of the payment methods to pay for goods.

**Aspects to be considered for enriching the eCommerce ecosystem in 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.
- Assess and negotiate adjusting bank cards charges: when paying with bank cards issued outside the EU, Visa and MasterCard charge between 0.2-0.3% of transaction.

**Gateways and electronic payments service providers**

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

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

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

Such global service providers offer trusted ways to get the money back in case purchased items are to be returned.

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

Consider implementing the most common and trusted payment gateways that are available on the EU eCommerce marketplaces. These solutions include Amazon payments, WePay, PayPal payments standard, Authorize.net, 2Checkout, Stripe, eWay, Payment Express, SecurePay.

## Taxation

One of the most important aspects for cross-border trade that influences the stakeholders are EU taxes and duties.

### Process to pay cross-border taxes

Looking back to 40 years ago, the EU consumers were able to buy goods in small local shops. Later, small local shops moved to shopping malls. During the last 5-10 years, the EU businesses are moving online. As the result of this shift to online, the EU is concerned to keep taxes associated with purchased goods in the Member States of consumption. This means that the taxes should be paid to the Member State, where purchased goods are consumed by end-users (Member State of Consumption rule). This is critical for the EU to have the same tax rules for all the Member States as they want to keep their income from taxes. For example, Netherlands and Luxembourg are the countries that have their own tax system causing other countries to get less income from tax during trade. To set the same fair rules for all the Member States, the EU introduces three common ways to pay taxes in the EU, while abolishing thresholds (end of the “de-minimis” rule) and making electronic data in advance mandatory for any B2C supply entering the EU (pre-lodging of customs declaration for every consignment containing goods or merchandise):

1. Import-One-Stop-Shop (IOSS) that has been implemented in July 2021. Making it not the baseline but an operational change that stakeholders must consider as option when supplying B2C goods from outside the EU. Adjusting to these changes is critical to trade in the EU market;
2. Delivery-Duty-Paid (DDP);
3. Delivered-At-Place (DAP), where the EU introduces special procedures for delivery operators, allowing deferred payment of import duties for low value consignments, only when recipients are paying at receipt.

Details about the legal aspects on VAT are described in the chapter Parcel delivery.

### Import-One-Stop-Shop (IOSS) (has been implemented in 2021)

If the remote seller selects to use the IOSS facility offered within the EU VAT eCommerce package, the webshop collects the import duties for each sales order that should be delivered to the EU Member State of consumption (MSC), this is where the addressee / final recipient is located.

This method to pay applicable VAT of the MSC is only applicable when selling low value goods (B2C consignments not exceeding an intrinsic value of €150<sup>220</sup>). Details about the legal aspects on VAT are described in the chapter Parcel delivery.

For businesses it is important to understand the difference between selling through own websites or marketplace / platform. When **selling through own website, businesses opting for the IOSS scheme need to appoint an EU intermediary** to obtain an EU IOSS VAT Identification 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** (deemed supplier model<sup>221</sup>).

The process to pay taxes using IOSS is the following:

1. The purchaser buys goods and pays taxes to the seller (e.g. the electronic interface<sup>222</sup>);
2. The seller transfers VAT to the IOSS representative. For businesses selecting the optional IOSS facility, it is important to note that the IOSS representative for the remote seller has to register in one EU Member State for all EU, this is the Member State of Identification (MSI). So, businesses must have an IOSS representative in the EU with a contract with the (deemed) supplier, acting as its fiscal representative, liable for the payment of VAT in the MSI.

Also, the remote supplier sends to the representative the basic data that have been used to calculate VAT when the sales order was recorded / confirmed.

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<sup>220</sup> Intrinsic value: (a) for commercial goods -> the price of the goods themselves when sold for export to the customs territory of the Union, excluding transport and insurance costs, unless they are included in the price and not indicated separately on the invoice (in the structured data of the pre-lodged customs declaration), and excluding any other taxes and charges as ascertainable by the customs authorities from any relevant document(s); (b) for goods of a non-commercial nature -> the price which would have been paid for the goods themselves if they were sold for export to the customs territory of the Union.

<sup>221</sup> Deemed supplier – is the taxable person who is deemed to receive the goods from the underlying supplier and to supply the goods to the final consumer. Thus a deemed supplier has the same rights and obligations for VAT purposes as the supplier. In the context of these Explanatory Notes the deemed supplier is the taxable person facilitating supplies through an electronic interface as laid down in Article 14a of the VAT Directive

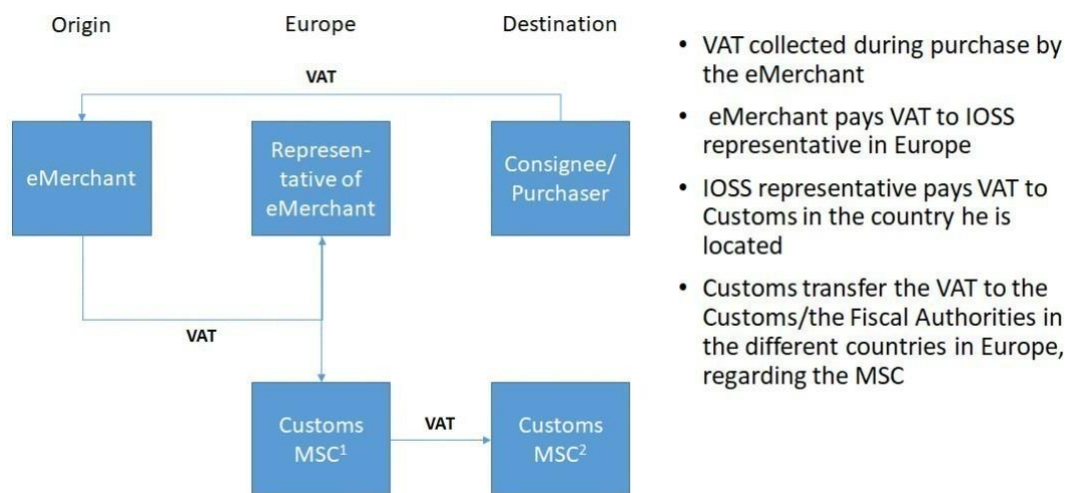
<sup>222</sup> Electronic interface – should be understood as a broad concept which allows two independent systems or a system and the end user to communicate with the help of a device or programme. An electronic interface could encompass a website, portal, gateway, marketplace, application program interface (API), etc.



3. The IOSS representative periodically submits the data and VAT to the tax / customs authorities, where the supplier is registered (MSI). The submission intervals to MSI VAT authorities are complementary to the VAT reporting according to national VAT law for VAT return statements. According to European VAT regulation, such global payment must be done by the 16th day of the following month to the competent tax / customs authorities.
4. The tax / customs authorities, where the supplier is registered (MSI), periodically transfer VAT to the tax / customs authorities of the MSC, i.e. the country where the purchaser is located.

The process is presented on the following diagram:

Figure 34. The process of paying taxes using IOSS facility.



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

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

So, this process of payment of taxes defines another stakeholder of the eCommerce ecosystem – IOSS representative of the supplier, acting as its fiscal representative, liable for the payment of Import-VAT for low value consignments.

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

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

**Delivery-Duty-Paid (DDP)**

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

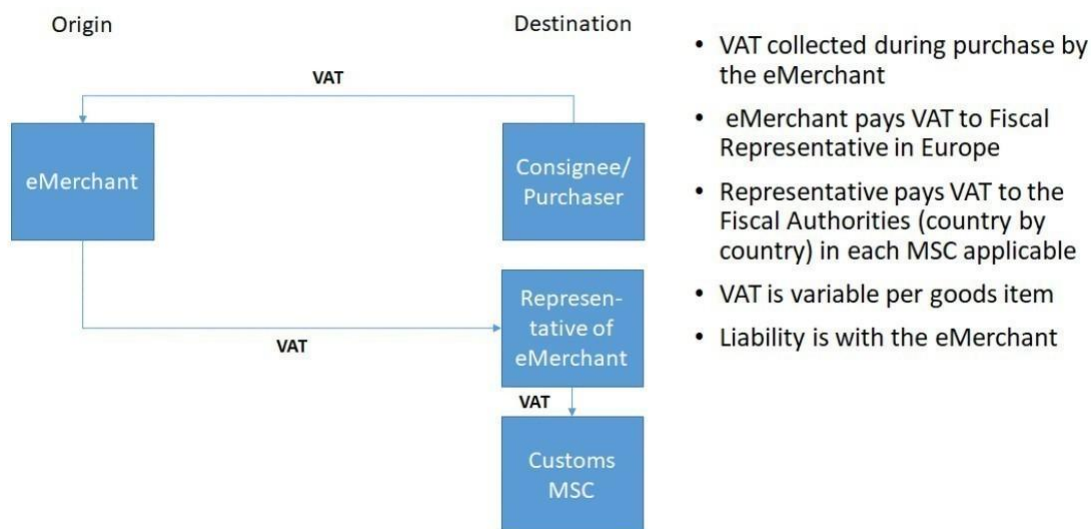
The process to pay taxes using DDP is the following:

1. The purchaser buys goods and pays taxes to the seller (e.g. webshop, marketplace);
2. The supplier transfers VAT to the tax / customs authorities of the MSC, i.e. the country where the purchaser is located. It can be done directly by the seller or by appointing a representative in the EU.

As in the previously described method, the remote supplier also sends the basic data that have been used to calculate VAT when the sales order was recorded / confirmed. This data is sent to the tax / customs authorities of the MSC or to the representative in the EU.

The process is presented on the following diagram in Figure 35.

Figure 35. The process of paying taxes using DDP facility



There is no standardised system to transfer VAT using DDP facility. It is common for the Member States of the EU to have a system on a national level.

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

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

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

**Delivered-At-Place (DAP)**

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

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

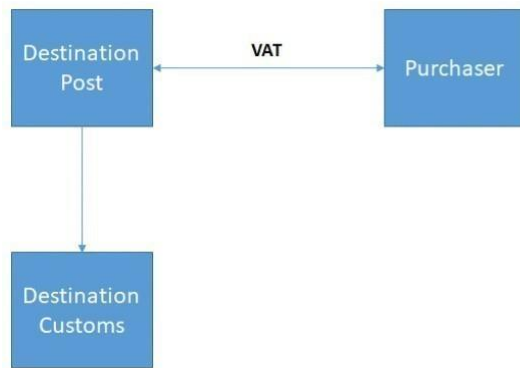
The process to pay taxes using DAP is the following:

1. After the purchaser buys goods, the purchaser transfers VAT to the post in the destination country, i.e. the country where the purchaser is located.
2. The post in the destination country, which is delivering the purchased goods, transfers VAT to the tax / customs authorities in the destination country. In this case, when low value consignments have been delivered, the EU VAT eCommerce packages allows for Posts and Express carriers to use “Special Procedures”, allowing the collection of applicable VAT in the MSC. The payment is deferred until the taxable person has paid the applicable VAT. Such VAT has to be cleared by the Post or Express carrier once per monthly quarter. When the taxable person denies the payment, the Post or Express carrier is not liable, but has to proof that the B2C supply has not been delivered but sent back to the supplier.

The process is presented on the following diagram in Figure 36.



Figure 36. The process of paying taxes using DAP facility.



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

Problem:

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

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

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

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

### Logistics and supply chain

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

The transport system of the EU receives significant investments and is enhanced by the **global eCommerce and logistics businesses operating in the market**. In the EU, it is a developed network of services that supports physical movement of goods and provides fast and reliable delivery that the EU buyers expect, when they buy online. Out of five leading countries with the **highest Logistics Performance Index (LPI), four are within the EU<sup>223</sup>**. They are Germany, Sweden, Belgium and Austria. It means that the cost to deliver goods may be low as the process of delivery is optimised, as well as competition provides choice for users of delivery operators.

### Involvement of the Universal Postal Union

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

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

*Based on its convention the UPU is maintaining and further enhancing a mutually beneficial system that distributes shipments (postal items) around the world in a fair and equitable way. It is achieved by **providing an infrastructure (POST\*NET) based on ICT messaging and process orientated technical specifications**, mandatory exclusively for all designated postal operators to adopt and use, when providing services and products in line with applicable postal legislation and regulations.*

Businesses, customs authorities and parcel services in the EU follow the rules developed by the UPU, including messaging model and other technical standards relevant to parcel delivery. These standards are introduced in the chapter 3 Standards.

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

<sup>223</sup> More at: <https://lpi.worldbank.org/>





to designated postal operators provided by the UPU via POST\*NET such as the UPU IPS, Customs Declaration System (CDS) or even already interconnectivity to ASYCUDA (WCO compliant interconnectivity to national customs authorities) would be a benefit.

### Delivery

The most common delivery method in the EU is the **Post**. As mentioned above, about 75% of all parcels sent across borders are enabled through the UPU or non-designated postal operator directly connected to designated postal operators.

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

The key players in eCommerce are getting in areas of logistics and supply chain. For example, Amazon is becoming one of the biggest logistics companies in the world as the company sets up its own logistics processes and systems. Asian marketplaces and express operators have developed an interconnected overseas warehouse system, to store merchandise close to end recipients, so that B2C supplies can reach consumers in Europe and North-America within 24 – 48 hrs. These systems are built on harmonised data (compliant to the UPU Global Postal Model or the EU Customs Data Model).

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

About 75% 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<sup>224</sup>.

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

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

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

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

- Increase awareness of possible fulfilment models that retailers must consider. Depending on volume of sales, consider one of the fulfilment models:
  - Ship purchased goods from the third countries: In the case of B2C supplies (Ecommerce) this documents gives a comprehensive overview.
  - Cooperate with logistics business in the EU (as described in the section above – outsourcing delivery).
  - Cooperate with multiple logistics business in the EU to ensure fast delivery. It is common for the EU businesses to cooperate with multiple service providers, because only a few international logistics companies have infrastructure on both sides of the border to cover the full cycle of delivery. Nevertheless, large companies, such as DPD, are capable to do so.
  - Own warehouse facilities in the EU to manage the delivery (see below the section on B2B2C).
  - Enable cross-border eCommerce through the global marketplaces, Amazon or Alibaba, to leverage their own delivery networks.
- Enable the same or next-day delivery to get purchased goods to buyers.

<sup>224</sup> More at: <https://www.digitalcommerce360.com/2019/05/09/the-delivery-preferences-of-european-online-shoppers/>



## B2B2C model

In recent years since the pandemic, a decline has been observed in relation to postal B2C supply volumes (Ecommerce) collected transported and delivered by designated postal operators, in particular with regard to letter post and items containing goods (E format) weighing less than 2 kilogrammes.

Early analysis shows that one of the primary drivers of this decline is the shift to other delivery models and, in particular, to the B2B2C (and, to some extent, the business-to-consumer-to-consumer (B2C2C)) model.

International mail containing goods (whether parcels or packets) is increasingly being shipped across borders for warehousing in destination countries, to be delivered to the consumer upon an eCommerce order being placed (warehousing and drop delivery models).

In this connection, it should be noted that most designated operators are not involved in the cross-border B2B eCommerce segment (this is freight and cargo and not post). In other words, goods (small packets and parcels) are shipped in containers outside the postal network by cargo carriers and are injected into the postal network only once in the destination country or region for last-mile delivery.

Nevertheless, some designated operators operate their own cargo/freight shipping services, while others have subsidiaries that handle these services. In this sense, they are already implementing a basic B2B2C model for the transportation of items containing goods. Therefore, the experience of these designated operators should serve as a valuable reference for the development of the operational models (transportation of goods) and freight models (transportation of goods with financial elements) associated with the aim of this study.

B2B2C is often used to enable time sensitive and speedy delivery of purchased supplies.

NOTE: The EU VAT eCommerce package has been created for B2C supplies, and the voluntary IOSS scheme only applies to B2C supplies up to an intrinsic value of €150. When goods / merchandise is imported into the EU this would be a B2B supply, that follows the EU customs rules upon import. Further, when stock is stored for delivery in the Union the OSS is applicable. However, once goods are managed in a warehouse other than the EU MS where the supplier has been registered for VAT purposes, an additional VAT registration is necessary.

## Delivery to remote and rural areas

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

As the EU market includes a variety of local and international delivery services, they provide high quality service with relatively short **delivery time to large, mid-sized and small cities** across the EU area.

In addition, as mentioned above, the major retailers, Amazon and Alibaba, deployed their own warehousing and delivery processing facilities to fulfil growing eCommerce needs for high quality delivery to remote areas.

However, in the EU, the delivery to **remote areas is dependent on the road availability**. For Norway, Denmark and other island countries it is common that consumer must pick up purchased goods on the mainland, if there is no road to drop locations. So, consumers may have additional costs to pick up goods (e.g. ferry ticket expenses).

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

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.

## Customs clearance

Currently, customs clearance procedures within the UPU global network, conducted for cross-border commercial items by the national designated postal operators in each EU member state are based on the existing UPU practices and the use of the mandatory digital equivalent of the UPU CN22 and CN23 forms. This is the setup, because the "postal customs channel" enjoys a customs privilege, allowing the UPU designated postal operators in the EU to use the UPU forms (CN 22 for postal consignments up to a value of SDR<sup>225</sup> 300, and the CN 23 for a value higher than SDR 300). An example of it is shown on the following image.

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<sup>225</sup> SDR: means "special drawing rights", available at: <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR>

Figure 37. An example of CN 22 used in the EU for customs clearance

 9 999 999 999 99				
<b>CUSTOMS DECLARATION</b>		May be opened officially		<b>CN 22</b>
Designated operator			<b>Important!</b> See instructions on the back	
<input type="checkbox"/> Gift	Commercial sample			
<input type="checkbox"/> Documents	Returned goods			
<input type="checkbox"/> Sale of goods	Other (please specify):			
Quantity and detailed description of contents (1)	Net weight (2)	Value and currency (3)	H S tariff number* (4)	Country of origin* (5)
Total weight (in kg) (6)		Total value (7)		
I, the undersigned, whose name and address are given on the item, certify that the particulars given in this declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations				
Date and sender's signature (8)				

Size 74 x 105 mm, white or green

CN 22 (Back)

**Instructions**

To accelerate customs clearance, you must complete all applicable fields, and fill in this form in English, French or in a language accepted by the destination country. If the value of the contents is more than 300 SDR, you must use a CN 23 form. You must give the sender's full name and address on the front of the item.

For commercial items, it is recommended that you complete the fields marked with an asterisk (\*), and attach an invoice to the outside, as it will assist Customs in processing the items.

Select a reason for export. ("Gift" is not an acceptable reason for export for commercial items.)

(1) Give a detailed description (generic descriptions such as "clothes" are not acceptable), quantity and unit of measure for each article, e.g. two men's cotton shirts.

(2), (3) Give the weight and value with currency for each article, e.g. CHF for Swiss francs.

(4\*) The HS tariff number (6 digits) is based on the Harmonized Commodity Description and Coding System developed by the World Customs Organization.

(5\*) Country of origin means the country where the goods originated, e.g. were produced, manufactured or assembled.

(6), (7) Give the total value and weight of the item.

(8) Your signature and the date confirm your liability for the item.

Note. – It is recommended that designated operators indicate the equivalent of 300 SDR in their national currency

Optional. Must meet S10 standard, including barcode height

One of the aims of the July 2021 EU VAT eCommerce package was to **eliminate traditional or physical documentation**. This initiative is improving efficiency and certainty in the customs clearance process.

Also, this initiative influences most of the stakeholders of eCommerce. Further, all logistics businesses will need to adjust and use the – **Import control system 2** – to exchange pre-arrival information about goods<sup>226</sup>.

One more big change for the stakeholders was that from July 2021 all businesses are able to benefit from **simplified customs procedures**. It makes it possible to import B2C supplies below an intrinsic value of €150 into the EU using a simplified dataset to be shared with customs authorities in advance. From July 2021 businesses may expect all logistics service providers to leverage simplified customs procedures. More details on this change are provided in the chapter Parcel Delivery, in the section **Error! Reference source not found.**

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

- Increase awareness and communicate that retailers, parcel delivery services and tax / customs authorities will have to use electronic advanced data instead of physical documentation;
- Retailers, parcel delivery services and tax / customs authorities should consider integrating with the IT system – Import Control System 2 – to exchange pre-arrival information about goods now for air freight, and by 31 March 2024 for all transport modes;
- Increase awareness and communicate that parcel delivery services and tax / customs authorities can benefit from simplified customs procedures, where a reduced dataset sent in advance can be used to declare goods to customs in the EU.

**Returns**

The EU buyers are used to having protected consumer rights. This area is regulated as described in the chapter Legal framework analysis, the section Customer protection, of the subchapter EU baseline in legislation. Therefore, consumers may refuse buying on any eCommerce platform that does not offer return possibilities. In the EU, not all eCommerce transactions end with a successful delivery of goods. Goods may be wrong or damaged, which launch the reverse process of logistics.

The rate of returns in the EU varies from less than 6% to almost 15% depending on the region and the industry<sup>227</sup>. Several marketplaces have used the "return option for free" for their business model (shoes, fashion). Some of the requirements for returns include **preservation of the original product** (or control of usage) and **compliance with deadlines**.

<sup>226</sup> More at: [https://ec.europa.eu/taxation\\_customs/general-information-customs/customs-security/ics2\\_en](https://ec.europa.eu/taxation_customs/general-information-customs/customs-security/ics2_en)

<sup>227</sup> More at: <https://ecommercenews.eu/online-returns-in-europe/>



In the EU, consumers are given **14 days** to decide whether to keep purchased goods. This period of 14 days **starts from the day when consumers receive goods**. So, businesses trading with the EU market can expect customers to use this rule, if returning purchased items.

In case of return, consumers **do not have to provide reasons**, but retailer has to be informed. The retailer gives a refund after receiving evidence of the return. The return process is in principle similar as described in the process of parcel delivery but happens backwards. However, the cheapest services provided by the sender can be used for return services. Normally, costs of returns are covered by retailers, but they can ask consumers to cover it.

When it comes to **cross-border returns, not all logistics companies manage** this process. Established operators, such as DPD, can do that by often collecting returned goods in a warehouse and transporting back to the EU as a single consignment. This practice reduces costs but makes the process of return longer.

In addition, business and consumers in the EU have access to **returns software providers and companies**, such as B2C Europe, ZigZag and Rebound. Such software provides platforms and integration possibilities to manage return operations between the EU countries and globally.

When it comes to returning items, **pick-up drop-off (PUDO)** points is a common way to send back purchased goods to retailers. Several courier-, express-, and parcel operators provide these services, mainly also in combination with "unattended delivery options" (such as parcel locker systems).

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

Introduce awareness campaign to communicate to consumers, businesses and parcel delivery services the key requirements of the return procedure:

- 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, such as DPD, provide the cross-border return services. Businesses may consider cooperating with such or domestic stakeholders to manage the cross-border return. Also, they may consider cooperating with the EU or domestic return software.

### Security and trust

**Disclaimer:** *this section of the report provides a general overview of how security and trust is enabled in the EU. The section is included for informative purpose.*

#### Identification

Barcoding on transport unit identification level (e.g. through GS1 compliant solutions, or the UPU designated postal operators products and services) is used in the EU as a control system to track and trace the parcels goods. Such identification systems are used by authorities (both customs and regulators), traders and consumers in the EU to address security issues. For the content in the parcels, authorities as well all interested parties (including consumers) can use identification systems to identify the content of parcels to verify compliance to, or conformity to the EU safety, health and environmental protection requirements. Customers and traders can use widely implemented GTIN barcodes on the products to verify the origins of goods and related information. Conformity has to be declared for each product traded in the EU / EEA market by its manufacturer, represented by the "CE" mark on the product.

This is a major challenge for cross-border trade in the EU as around 66% of products from non-EU marketplaces fail to pass safety tests .

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

- Increase awareness and communicate that identification of goods and transport units is important to move goods cross-border. One of the enablers is GTIN barcodes, which businesses should consider leveraging;
- Manufacturers and parties importing goods in the EU market should consider getting "CE" certification.

#### Payments security

Online payments, regardless of involved businesses and customers, involves a certain set of risks related to online payments.

Retailers in the EU have access to trusted and secure providers of electronic payments. They are mentioned in the section Payments of this report.



In addition, retailers can use **advanced security services**, such as 3D Secure, Signifyd or ACI Worldwide, to minimise the risks of frauds and errors.

Another way to secure payments is escrow services. However, this method is popular in B2B transactions or large volume transactions in industries such as real estate. Escrow service providers are trusted third parties who hold paid money and pay out only after buyers and sellers are satisfied with the transaction. Some of the key marketplaces, such as Alibaba, provide escrow services, where paid amounts are locked until goods are delivered to buyers. Some of the key payment gateways, such as Stripe, do that as well. Alternatively, there are specialised providers of such services, including Escrow.com, Mangopay, Braintree.

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

Introduce awareness campaign to highlight to retailers and buyers the importance of advanced payment security services. Retailers should consider implementing these services on their eCommerce platforms. In addition to possible domestic services, these services are provided in the EU by some of the stakeholders indicated in the section 3 of this report, Stakeholders of eCommerce in the EU.

#### Returns

Consumers in the EU are confident of ways to return goods if needed after delivery. This is enabled by **logistics companies that manage return procedures and dedicated software solutions**. Key stakeholders in these areas are mentioned in the section Returns of this report.

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

The biggest logistics operators, such as DPD, provide the cross-border return services. Businesses may consider cooperating with such or domestic stakeholders to manage the cross-border return. Also, they may consider cooperating with the EU or domestic return software.

#### Trustmarks

One of the key stakeholders in the EU is **The Ecommerce Europe Trustmark**<sup>228</sup>. This organisation constantly checks online platforms to verify safe and secure environment. eCommerce business that get the trust mark should implement and follow the **code of conduct, which expects businesses to follow rules:**

- Name: provide clear information on business and how to contact representatives.
- Availability of information: products and services are adequately described.
- Transparent pricing: provide clear and transparent on price to be paid by consumers.
- Transparent order processes: provide ability for consumers to check and edit order at any time.
- Transparent contract terms: provide clear contracts in plain language.
- Safe payment methods: provide transparent, convenient, widely accepted and safe payment methods.
- Safe delivery: provide transparent, convenient, widely accepted and safe delivery systems.
- Clear communication of rights: provide transparent information about legal rights and obligations of consumer.
- Accessible ways to contact business: accessible customer service and complaints handling system.
- Respected privacy and protected data: being transparent and inform customers about the collecting and processing of their data.

When the EU customers see the Ecommerce Europe Trustmark on eCommerce platforms, they understand that business works in compliance with the Ecommerce Europe Code of Conduct.

To receive this trustmark, businesses must be members of the National Associations<sup>229</sup>. The national Associations can be joined by associations from EU Member States, EFTA countries and official EU candidate countries.

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

- Increase awareness and highlight to retailers and buyers the importance of national trustmarks supported by the code of conduct aligned with The Ecommerce Europe Trustmark;
- Explore possibilities to integrate or cooperate with the EU Ecommerce Europe Trustmark.

#### Control by public bodies

Another key stakeholder is **The Consumer Conditions Scoreboard**. It **monitors the eCommerce environment from consumers' perspective**. This public organisation tracks the market through three key

<sup>228</sup> More at: <https://www.ecommerce-trustmark.eu/#>

<sup>229</sup> More at: <https://www.ecommerce-europe.eu/members-of-ecommerce-europe/national-ecommerce-associations/#>

dimensions: knowledge and trust; compliance and enforcement; complaints and dispute resolution<sup>230</sup>. It ensures that consumers know their rights, can rely that traders comply with consumer laws and can use dispute resolution mechanisms.

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

- Support national research bodies to assess the eCommerce area from consumers' perspective aligned with the EU methodology, including three dimensions: knowledge and trust; compliance and enforcement; complaints and dispute resolution;
- Explore possibilities to integrate or cooperate with the EU Consumer Conditions Scoreboard.

**Online dispute resolution (ODR)**

To resolve disputes related to online purchases, the EU developed the Online dispute resolution system<sup>231</sup>. This system is used by **consumers and traders to discuss issues or agree on dispute resolution body** to handle cases. These bodies are third parties helping to resolve cases, which are normally less expensive than court.

Online dispute resolution system is not available to parties outside the EU.

In the EU, buyer may select one of the multiple carriers (which is common) to complain to. The selected carrier remains the main point of contact for the buyers and may forward the complaint to another responsible carrier.

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

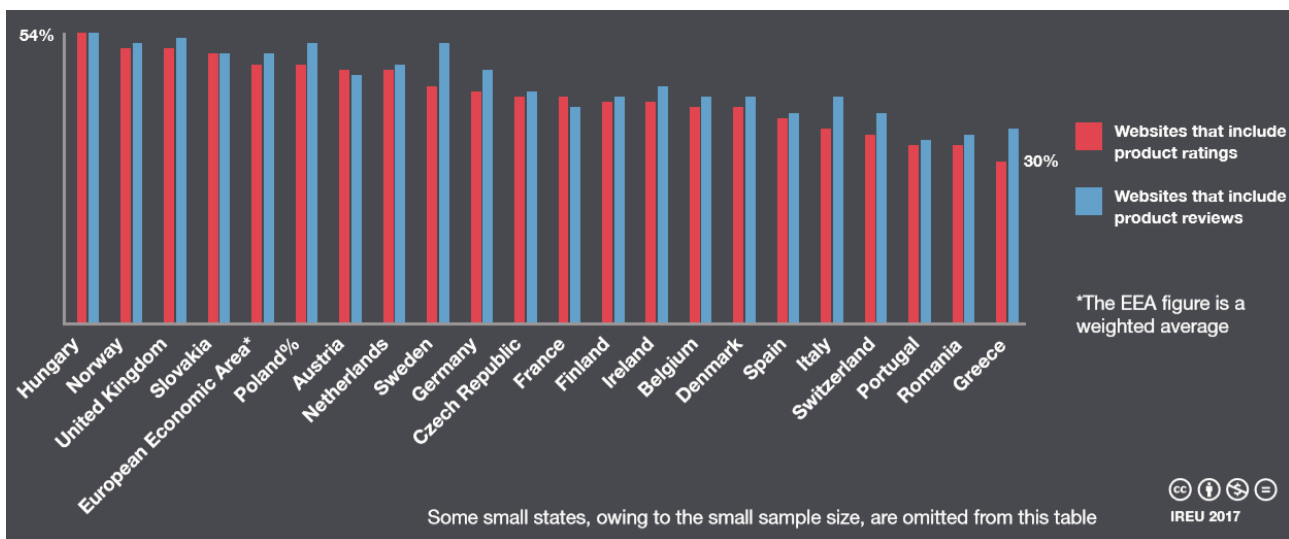
- Ensure possibility to resolve eCommerce related disputes remotely by using an online system;
- Explore possibilities to integrate or cooperate with the EU Online dispute resolution system.

**Reviews platforms**

eCommerce platforms for reviews are used in the EU. International platforms, such as Trustpilot and Tripadvisor, exist allowing consumers to share experience of engaging with businesses. This influences consumer willingness to purchase on certain platforms.

**Product ratings and reviews** are also common on retailers' platforms as well. Between 30 to 50% of businesses operating in the EU include product ratings and reviews on webshops and platforms.

Figure 38. Share of the EU businesses that include product ratings and reviews on their platforms



Source: [internetretailiq.net](http://internetretailiq.net)

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

- Increase awareness and highlight to retailers and buyers the importance to leverage review platforms to share experience of engaging with businesses;
- Consider promoting international review platforms, such as Trustpilot and Tripadvisor, to share experience of engaging with businesses.

<sup>230</sup> More at: [https://ec.europa.eu/info/sites/info/files/consumer-conditions-scoreboard-2019-factsheet\\_en.pdf](https://ec.europa.eu/info/sites/info/files/consumer-conditions-scoreboard-2019-factsheet_en.pdf)

<sup>231</sup> More at: <https://ec.europa.eu/consumers/odr/main/index.cfm?event=main.home2.show&lng=EN>



## Social media

**Disclaimer:** this section of the report provides a general overview of how security and trust is enabled in the EU. The section is included for informative purpose.

It is common for the EU consumers to use social media. Social media is used in the EU for eCommerce, because this is a platform that is used by a wide range of generations.

Social media is often used by the EU consumers to research products and make purchase decisions. It is also used to leave reviews and leverage word-of-mouth advertising, which is an influential factor in the EU.

The major social media platforms that have influence on eCommerce are **Facebook** (with Instagram as part of it) and TikTok. Social media platforms have over 4.9 billion<sup>232</sup> users and 200 million users visit a business page daily on Instagram<sup>233</sup>. With new developments, such as chatbots helping to manage support and tap to click functionality, social media is becoming a major stakeholder in the EU eCommerce.

Selling through influencers is becoming popular in the EU. Platforms like mentioned above allow influencers, who have thousands or following users, can tag their products in a piece of media content. This allows users to identify products and navigate to checkout. This is called **one-click-shop-solutions**. An example of such practice in the EU can be Cristiano Ronaldo who has 216 million of following users. Due to this reach of audience, businesses are willing to offer contracts around €1 million for a paid post that this influencer shares on his Instagram page<sup>234</sup>.

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

Increase awareness and highlight to retailers the importance to track what consumers are sharing on social media about their brand and try to have a positive influence on it. Highlight the possibility to leverage Facebook social media platform to buy and sell goods.

## Digital Marketing Strategies

In the digital age, eCommerce has become an increasingly competitive space, with businesses vying for consumers' attention in a crowded online marketplace. As such, having an effective digital marketing strategy has become essential for eCommerce businesses to stand out and succeed. Digital marketing encompasses a range of strategies and tactics designed to reach and engage with target audiences online. Below, we will explore several key digital marketing strategies that can be used to boost eCommerce sales and drive business growth.

### Social Media Marketing

As mentioned, social media users number above, social media is a vital platform for eCommerce businesses to reach potential customers. A report by RetailDive found that 90%<sup>235</sup> of people buy from brands they follow on social media, highlighting the importance of social media marketing for eCommerce businesses. By creating and sharing engaging content on social media platforms such as Facebook, Instagram, and Twitter, eCommerce businesses can reach a broader audience and increase brand awareness. Social media advertising can also be used to target specific demographics and interests, which can help drive traffic to the online store and generate leads.

### Email Marketing

Email marketing<sup>236</sup> has been shown to have a high return on investment (ROI), with an average ROI of \$42 for every dollar spent, according to a report by Litmus. By sending targeted and personalized email campaigns to subscribers, eCommerce businesses can showcase their products or services and encourage customers to make a purchase. According to the 2022 CampaignMonitor Email marketing Report<sup>237</sup>, the average open rate for eCommerce emails in Europe is 22.1%. This highlights the importance of creating engaging and relevant email content that resonates with the target audience.

### Influencer Marketing

Influencer marketing is an increasingly popular strategy for eCommerce businesses to reach a wider audience and increase brand awareness. According to a study by The Social Shephard, businesses earn an average of \$5.20 for every dollar spent on influencer marketing, making it a cost-effective strategy for eCommerce businesses. The top 13% of businesses are seeing revenue of \$20 or more per every \$1 spent<sup>238</sup>. By

<sup>232</sup> More at: [Number of worldwide social network users 2027 | Statista](#)

<sup>233</sup> More at: <https://business.instagram.com/getting-started/#why-instagram>

<sup>234</sup> More at: <https://www.statista.com/chart/19728/cristiano-ronaldo-makes-more-from-instagram-than-soccer/>

<sup>235</sup> More at: [90% of people buy from brands they follow on social media, study says | Marketing Dive](#)

<sup>236</sup> More at: [Email Marketing ROI Statistics: The Ultimate List in 2023 \(luisazhou.com\)](#)

<sup>237</sup> More at: [Email Marketing Benchmarks and Statistics for 2022 | Campaign Monitor](#)

<sup>238</sup> More at: [28 Essential Influencer Marketing Statistics You Need to Know in 2023 \(thesocialshepherd.com\)](#)



collaborating with influencers who have a large social media following, eCommerce businesses can promote their products or services to a new audience. Influencers can create various types of content, such as social media posts, blog posts, or videos, that showcase the eCommerce business's products or services and drive traffic to their online store. Important to keep in mind the Directive 2000/31/EC on Electronic Commerce (art. 6)<sup>239</sup> as well as the Directive (EU) 2018/1808 „Audiovisual Media Services“<sup>240</sup> require all influencers in Europe to **mention their commercial partnership** as well as **the company for which this communication is made**. This **information** and a **transparency** obligation are applicable in **every** EU Member state<sup>241</sup>.

### Search Engine Optimization (SEO)

In Europe, SEO is a critical digital marketing strategy for eCommerce businesses to increase their online visibility on search engines like Google and drive traffic to their websites. According to a study by BrightEdge, organic search accounts for 53% of website traffic<sup>242</sup>, making SEO an essential component of any digital marketing strategy. By optimizing their website content, creating high-quality backlinks, and improving website speed and performance, eCommerce businesses can improve their search engine ranking and drive more traffic to their online store. This can lead to increased sales and revenue.

### Pay-per-click (PPC)

Pay-per-click (PPC) advertising is another effective way for eCommerce businesses to drive traffic to their online store and generate leads. According to a report by Google, businesses earn an average of \$2 for every dollar spent on Google Ads. According to Google Ads Industry Benchmarks for 2021, the average click-through rate (CTR) for Google Ads in Europe is 1.89%.<sup>243</sup> This highlights the importance of creating compelling ads that resonate with the target audience and drive clicks. By creating targeted ads that appear at the top of search engine results pages or on social media platforms, eCommerce businesses can reach potential customers who are searching for products or services similar to theirs.

A well-rounded digital marketing strategy that includes a mix of these key strategies can help eCommerce businesses reach a wider audience, build brand awareness, and ultimately grow their business. By incorporating social media marketing, email marketing, influencer marketing, SEO, and PPC advertising into their digital marketing strategy, eCommerce businesses can increase website traffic, generate leads, and drive sales. With the right digital marketing approach, eCommerce businesses can stand out in the crowded online marketplace and achieve long-term success

<sup>239</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32000L0031&from=EN>

<sup>240</sup> More at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX%3A32018L1808>

<sup>241</sup> More at: [Influencers: obligations and responsibilities in Europe \(europe-consommateurs.eu\)](https://europe-consommateurs.eu)

<sup>242</sup> More at: [Organic Share of Traffic Increases to 53% | BrightEdge](https://www.brightedge.com/blog/organic-share-of-traffic-increases-to-53-percent)

<sup>243</sup> More at: [What's a Good Click-Through Rate \(CTR\) for Google Ads? \(wordstream.com\)](https://www.wordstream.com/blog/what-is-a-good-click-through-rate-ctr-for-google-ads)









## Annexes

### Annex 1: Stakeholders of eCommerce in the EU

To adjust to the EU eCommerce processes, non-EU businesses should understand the key stakeholders operating in the market.

Based on the sections of the report above – the process of cross-border sale and the specific areas influencing eCommerce – the following key stakeholders can be identified:

<b>Platforms<sup>244</sup>:</b> global marketplaces <sup>245</sup> operating in the EU	
	<b>Amazon</b> is one of the biggest eCommerce marketplaces in the EU. It is one of the key eCommerce players that sets trends in the industry (e.g. if Amazon develops a solution for faster delivery, many other stakeholders do the same). This marketplace has 1.1 million active sellers in the EU <sup>246</sup> . It is a leading cross-border platform in the EU. Amazon often develops own solutions in eCommerce (e.g. payment and logistics areas).
	<b>Zalando</b> is a German marketplace that expanded to other countries. The brand is highly recognised in Germany. Zalando's customer base grew from 48 million to 51 million. The number of orders was also up in 2022, although the average basket size is lower. Zalando's gross merchandise value grew by 3,2 percent to 14,7 billion euros and the platform's revenue comes down to 10,3 billion euros. The current growth rate is 35 percent <sup>247</sup> . Expands by building fulfilment centres across the EU.
	<b>Alibaba</b> is a marketplace from China that facilitates small businesses selling globally. It is one of the biggest marketplaces in the EU. It started as a B2B platform and moved to B2C (which is a trend for platforms). Similar to Amazon, Alibaba often develops own solutions in eCommerce. Expands by opening offices and logistics centres in the EU and cooperating with local European brands.
	<b>eBay</b> is an American multinational marketplace. It facilitates C2C and B2B sales. Started to expand to the EU in 1998. Currently, has local websites in 14 European countries. Similar to Amazon, eBay often develops own solutions in eCommerce (fulfilment, shipping, authentication service). Expands by cooperating with local European and international brands (Shutl, Facebook, Shopify). The marketplace has Mobile.de – one of the leading German marketplace – as a subsidiary.
	<b>Etsy</b> focuses on handmade and vintage items. Localised to six European countries. In 2015 reached 1.1 million active sellers globally. The marketplace provides a unique opportunity to contact sellers directly. The value of goods sold in 2020 globally increased by 100% <sup>248</sup> . Expands by acquisition of local brands (Reverb, A Little Market).
	<b>Wish</b> is a leading shopping platform featuring goods of about 100,000 merchants. Expanded to the EU in 2017 by establishing local offices and warehouses and cooperating with local delivery stakeholders (e.g. PostNord). One of the leading platform for cross-border eCommerce.

<sup>244</sup> Platforms is an intermediate party that allows systems, businesses and end users to engage in the process of sale of goods.

<sup>245</sup> Marketplace is an intermediate party where commercial transaction of sale of goods between customers and businesses take place.

<sup>246</sup> More at: <https://ecommercenews.eu/amazon-has-1-1-million-active-sellers-in-europe/>

<sup>247</sup> <https://ecommercenews.eu/zalando-little-growth-or-even-cramp-in-2023/>

<sup>248</sup> More at: <https://www.digitalcommerce360.com/2020/05/07/etsys-sales-grow-100-in-april/>



	<p><b>JD</b> is a Chinese marketplace operating in the EU owned by Walmart. To facilitate trade with the EU, launched a train from Germany to China, which acts like a warehouse – when goods are loaded on the train, they are listed for sale on the marketplace<sup>249</sup>. Expands to the EU by partnering with logistics stakeholders (e.g. DHL, UPS) and opening local representations (France, Germany, Italy).</p>
<p><b>Platforms:</b> shops<sup>250</sup></p>	
	<p><b>H&amp;M</b> is a leading Swedish clothing retailer in the EU. Expands by opening eCommerce and offline stores in the EU Member States. Amid the COVID-19, plans to have 130 eCommerce store openings in growing markets<sup>251</sup>.</p>
	<p><b>Nike</b> is an American footwear, apparel, equipment, accessories retailer and manufacturer. As part of digital transformation, Nike facilitates selling directly to consumers without involving marketplaces.</p>
	<p><b>Zara</b> is a Spanish apparel retailer. The shop aims to operate in any market in the world. It ships purchased goods to the closest shop to the buyer.</p>
	<p><b>Deichmann</b> is a leading German apparel and footwear retailer. It is present in 30 countries around the world. Since February 2012, Deichmann customers have also been able to purchase goods online.</p>
<p><b>Platforms:</b> local and continental retailers and marketplaces</p>	
	<p><b>Otto</b> is one of the biggest German online retailer for fashion and lifestyle products. About 90% of its goods are sold online. It reaches about 45% of German households and has around 9 million active customers<sup>252</sup>. Present in over 30 countries in Europe.</p>
	<p><b>Metro</b> Group is the eighth biggest German online store in the EU<sup>253</sup>. The wholesaler leverages digital catalogues in 14 countries as a way to discover deals redirecting buyers to eCommerce platform to complete purchase. Total sales in 2023 February were up 6.6% to €8.1 billion<sup>254</sup>, while adjusted EBITDA reached a total of €465 million.</p>
	<p><b>Allegro</b> is one of the top Polish marketplace and the fifth most popular in the EU. It specialises in electronics, home and garden, fashion goods. Allegro has 13 million active users<sup>255</sup> and is a good opportunity for B2C brands and professional re-sellers to expand into Poland's thriving €10 billion online market.</p>
	<p><b>Asos</b> is one of the largest fashion retailers. It targets young sellers. The marketplace has about 140 fulfilment centres globally. Its mobile app allows buyers to upload an image of a wanted good and makes suggestions.</p>
	<p><b>Cdiscount</b> is a French marketplace with 23 million unique visitors to the site every month and with 10.2 million unique users<sup>256</sup>, Cdiscount is a major marketplace in France.</p>

<sup>249</sup> More at: <https://ecommercenews.eu/jd-coms-freight-train-brings-china-closer-to-european-retailers/>

<sup>250</sup> Shops or webshops are a business owned eCommerce platform where commercial transaction of sale of goods between customers and businesses take place.

<sup>251</sup> More at: <https://www.digitalcommerce360.com/2019/06/27/hm-aims-to-boost-profit-this-year/>

<sup>252</sup> More at: <https://ecommercegermany.com/blog/12-leading-marketplaces-europe>

<sup>253</sup> More at: <https://ecommercenews.eu/top-10-online-stores-in-europe/>

<sup>254</sup> <https://www.esmmagazine.com/retail/metro-ag-posts-first-quarter-gains-despite-cyber-attack-232243>

<sup>255</sup> <https://ecommercegermany.com/blog/12-leading-marketplaces-europe>

<sup>256</sup> <https://www.great.gov.uk/selling-online-overseas/markets/details/cdiscount/>



	<p><b>Emag</b> is one of the largest online stores in Romania. In 2021, there were over 29 thousand online sellers on the eMAG Marketplace platform<sup>257</sup>. The platform is one of the most popular online stores in Romania.</p>
	<p><b>Flubit</b> is one of the largest UK marketplace positioning itself as a direct competitor to Amazon. It has over 70 million products across different categories at competitive prices, exclusively from 1,500 trusted<sup>258</sup> and verified UK and Irish retailers. Provides a unique opportunity to pay in cryptocurrencies.</p>
	<p><b>Fruugo</b> is the UK marketplace selling in 46<sup>259</sup> countries. It has over 25 million active users and is localised to 22 currencies and 28 languages. It offers sellers support in translation, customer service, marketing and foreign exchange.</p>
	<p>Mobile.de is a German marketplace selling vehicles, B2B and B2C. It's one of the biggest automotive marketplace in the EU. Operates as a subsidiary of eBay.</p>
	<p><b>PriceMinister</b> is one of the leading French marketplaces with about 22 million users. Bought by Rakuten – another leading global marketplace. It hosts about 30,000 transactions per day making it the second marketplace after Amazon<sup>260</sup>.</p>
	<p><b>Real.de</b> is the German leading marketplace with around 5,000 products categories and 6.5 million customers. Offers shipping to over 30 countries.</p>
	<p><b>Bol.com</b> is one of the biggest online retailers in the Netherlands. It's Amazon-like marketplace, where third party vendors sell goods. The marketplace offers paid subscription giving subscribers special offers like free delivery.</p>
<p>La Redoute</p>	<p><b>La Redoute</b> is a French retailer of apparel and home decor items launched in 1837. Operates in 26 countries with around 450 sellers paying fixed fee and commissions on every sale.</p>
	<p><b>Spartoo</b> is a French shoe retailer, which is one of the leaders in selling footwear in the EU. The store recruits third party vendors to sell through Spartoo web store.</p>
<p><b>Parcel and logistics services<sup>261</sup></b></p>	
	<p><b>DHL</b> is one of the leading German courier company in the EU. Owned by Deutsche Post. DHL grows the network of fulfilment centres in the EU resulting in delivery services such as same day delivery and delivery at the preferred time.</p>
	<p><b>FedEx</b> is an American company that specialised in cross-border delivery. It has distribution centres in the EU helping online merchants to expand cross-border. Became a key stakeholder in logistics after acquiring TNT Express.</p>
	<p><b>UPS</b> is one of the largest international parcel delivery companies in the world. Offers import and export shipping services making it a key stakeholder of cross-border eCommerce.</p>
	<p><b>DB Schenker</b> is a German logistics company. Offer logistics services in over 130 countries globally with one of the most developed networks of warehouses and fulfilment centres. Offer tools to track delivery, including cross-border.</p>

<sup>257</sup> <https://www.statista.com/statistics/1129945/romania-online-sellers-on-the-emag-platform/>

<sup>258</sup> <https://www.linnworks.com/blog/flubit-relaunches-as-a-fully-fledged-marketplace>

<sup>259</sup> <https://www.great.gov.uk/selling-online-overseas/markets/details/fruugo/>

<sup>260</sup> More at: <https://ecommercegermany.com/blog/12-leading-marketplaces-europe>

<sup>261</sup> Parcel and logistics services are intermediaries that fulfil a supplementary service to deliver purchased goods.



	<p><b>DSV</b> is a Danish transport and logistics company.</p>
	<p><b>DPD</b> is a German parcel service provider owned by French La Poste. It has one of the leading in the EU cross-border transportation services.</p>
	<p><b>Hermes Germany</b> is a parcel delivery service owned by OTTO Group - one of the biggest German online retailer for fashion and lifestyle products. Hermes specialised on last mile delivery and is one of the leading providers in this area. As a leader in this area, Hermes is innovating it with new solutions (e.g. in 2020 launched pilot to drop parcels to neighbours if customers are not at home<sup>262</sup>).</p>
	<p><b>GS1</b> is one of the leading solutions for parcel identification and tracking. Being compliant with the international standards and requirements for goods and parcel identification and tracking, GS1 is one of the key stakeholder in the cross-border transportation area.</p>
	<p><b>The Universal Postal Union (UPU)</b> is an international organisation, where all the EU Member States and their national postal operators are represented. About 75% of all parcels sent across borders are enabled through the UPU.</p>
<p><b>Parcel and logistics services:</b> service specialising in returns</p>	
	<p><b>B2C Europe</b> is a leading provider of cross-border distribution and returns solutions in Europe. It establishes the EU market by cooperating with other logistics solutions (MetaPack, NIBC).</p>
	<p><b>ZigZag</b> is a software that provides an integration to manage returns globally. It has a network of over 200 carrier services and warehouses to provide visibility on goods that are in the process of return.</p>
	<p><b>Rebound</b> is a solution to manage returns of purchased goods. It targets businesses to maintain visibility and provide easy process for consumers to return purchased goods, including cross-border.</p>
<p><b>Parcel and logistics services:</b> parcel forwarding services</p>	
	<p><b>myGermany</b> is a Germany-based international shipping and forwarding company that offers purchasing and logistics services for end-customers and SMEs. Partnered with DHL and FedEx, myGermany offers delivery services for goods that are bought from German and European online stores. The company receives, checks, photographs, stores, repacks, and ships packages. Furthermore, it offers customs handling and document preparation services.</p>
	<p><b>EshopWeDrop</b> is a smart delivery service giving the opportunity to online retailers to enter foreign markets and supply their products to millions of online shoppers. EshopWedrop allows online retailers to expand their eCommerce to foreign markets by shipping parcels to the countries that online merchants do not deliver.</p>
<p><b>Parcel and logistics services:</b> pick up points</p>	
	<p>The biggest logistics and parcel services also provide locker services so that consumers in the EU can collect purchased goods at convenience. In the EU, parcel locker can be located at petrol stations, pharma stores and any shops. Also, many postal services, such as Omniva (Estonia) expand parcel locker services in neighbouring countries (e.g. Latvia and Lithuania).</p>
<p><b>Payment services<sup>263</sup>:</b> methods</p>	

<sup>262</sup> More at: <https://ecommercenews.eu/hermes-will-pay-for-neighborhood-deliveries/>

<sup>263</sup> Payment services are intermediaries that fulfil a supplementary service supporting transactions.

	<p><b>PayPal</b> is one of the leading service in the EU to pay and transfer money online. PayPal has around 277 million accounts globally and is widely accepted by retailers. It is the most popular payment method in Germany<sup>264</sup>. Expands in the EU market by acquiring local solutions (iZettle, Hyperwallet).</p>
	<p><b>Alipay</b> is a payment provider founded by Alibaba. It is the largest third-party online payment solution in China that entered the EU market in 2015. Expanded by signing deals with banks and digital wallets in more than 20 countries of the EU. Joined with the EU payment services to offer to consumers to pay later<sup>265</sup>.</p>
	<p><b>Visa</b> is the leading payment solution. Visa continues to reduce costs (e.g. costs on transaction and bank cards costs) offering lower prices to the EU retailers, which ultimately benefits all consumers.</p>
	<p><b>MasterCard</b> is the leading payment solution. MasterCard continues to reduce costs (e.g. costs on transaction and bank cards costs) offering lower prices to the EU retailers, which ultimately benefits all consumers.</p>
	<p><b>iDeal</b> is a payment method popular in the Netherlands. This method was used by around 59% of purchases in the Netherlands in 2019<sup>266</sup>.</p>
	<p><b>Bancontact</b> is a payment method popular in Belgium with over 15 million cards in circulation. This is the most popular payment method in Belgium. Customers use a Bancontact card or mobile app linked to a Belgian bank account to make online payments that are secure, guaranteed, and confirmed immediately.</p>
	<p><b>Domestic banks and bank cards</b> are a popular way to pay for goods in the EU. Local banks are the key stakeholders to process payments for goods.</p>
<p><b>Payment services:</b> gateways</p>	
	<p>Amazon payments is one of the most popular payment gateways in the EU. Developed by Amazon. This payment gateway is available in France, Italy and Spain.</p>
	<p><b>WePay</b> is the US based payment gateway that provides an integrated and customisable payment solution for online platforms including crowdfunding, marketplaces and business software platforms. WePay provides its services in US and Canada. In 2016, it has ensured a robust European payments infrastructure and expanded to the EU<sup>267</sup>.</p>
	<p><b>PayPal</b> (see the description in the Methods section).</p>
	<p><b>Authorize.net</b> is a United States-based payment gateway service provider, allowing merchants to accept credit card and electronic check payments through their website and over an Internet Protocol (IP) connection. Since 2013, payment gateway is available for the European merchants processing in Euros and USD<sup>268</sup>.</p>

<sup>264</sup> More at: <https://ecommercenews.eu/paypal-is-most-popular-payment-method-among-germans/>

<sup>265</sup> More at: <https://ecommercenews.eu/aliexpress-customers-in-europe-can-pay-later/>

<sup>266</sup> More at: <https://ecommercenews.eu/ideal-used-for-59-of-dutch-online-purchases/>

<sup>267</sup> More at: <https://www.finextra.com/pressarticle/65454/wepay-launches-in-the-uk>

<sup>268</sup> More at: <https://www.prnewswire.com/news-releases/authorize-net-payment-gateway-now-available-in-the-united-kingdom-205738131.html>



	<p><b>2Checkout</b> provides online payment processing services. The company offers hosted payment solutions, merchant and account, gateway, and fraud prevention services. It is based in the US and operates internationally (provides services in over 200 markets worldwide)<sup>269</sup>.</p>
	<p><b>Stripe</b> is a payment gateway that accepts credit card payments by transferring money between the merchant account and a payment processor. In addition, Stripe can connect to virtually any type of website, online sales platform, or ecommerce platform<sup>270</sup>. Since 2013, the American tech company has expanded its payment services to Europe (currently, Stripe supports businesses in 29 countries across Europe<sup>271</sup>).</p>
	<p><b>eWay</b> global payment gateway, allowing businesses to accept secure credit card payments 24/7 from customers around the world. eWay provides payment processing services to businesses in Australia, New Zealand, Singapore, Hong Kong and Macau. From 2011, eWay took Australian business model and expanded to the EU<sup>272</sup>.</p>
	<p><b>Windcave (until 2019 known as Payment Express)</b> is the New Zealand based payment gateway, which provides more than 20 payment methods across New Zealand, Australia, Asia, North America, United Kingdom and Europe. From 2020, Windcave is offering 3D Secure v2 solution that complies with rules for transacting within the European Economic Area (EEA) under legislation known as Payment Service Directive (PSD) <sup>273</sup>.</p>
	<p><b>SecurePay</b> provides an all-in-one payments solution that combines an internet merchant account with a secure payment gateway. SecurePay is based in Australia and is available to Asia-Pacific customers.</p>
<p><b>Payment services:</b> advanced security</p>	
	<p><b>3D Secure</b>, also known as a payer authentication, is a security protocol that helps to prevent fraud in online credit and debit card transactions. It is branded as 'Verified by Visa' and 'MasterCard SecureCode' respectively. In 2013, the European Central Bank (ECB) has mandated in its requirements for 'Security for Internet Payments' that all transactions acquired within the Single Euro Payment Area (SEPA) must be authenticated using strong customer authentication<sup>274</sup>. To comply with this regulation, 3-D Secure was upgraded to 3-D Secure 2.0 which ensures strong customer authentication<sup>275</sup>.</p>
	<p><b>Signifyd</b> is the American fraud protection company that leverages big data, machine learning and domain expertise to provide a 100 percent financial guarantee against fraud on approved orders. This effectively shifts the liability for fraud away from retailers, allowing them to increase sales and open new markets while reducing risk. Signifyd has opened its regional offices in Barcelona (2018) to serve the rapid growth of its European customer base<sup>276</sup>.</p>
	<p><b>ACI Worldwide</b> develops a broad line of software focused on facilitating real-time electronic payments for more than 6,000 organisations around the world. Through our comprehensive suite of software solutions delivered on customers' premises or through ACI's private cloud, ACI Worldwide provide real-time, immediate payments capabilities and enable the industry's most complete omni-channel payments experience. In 2019, ACI has been awarded</p>

<sup>269</sup> More at: <https://www.bloomberg.com/profile/company/3779400Z:US>

<sup>270</sup> More at: <https://kinsta.com/blog/stripe-vs-square/#ecommerce>

<sup>271</sup> More at: <https://ecommercenews.eu/stripe-expands-to-5-new-markets-in-europe/>

<sup>272</sup> More at: <https://www.bbc.com/news/uk-scotland-scotland-business-13377644>

<sup>273</sup> More at: <https://www.windcave.com/psd-compliance-3dsecurev2>

<sup>274</sup> More at: [https://www.ecb.europa.eu/press/pr/date/2013/html/pr130131\\_1.en.html](https://www.ecb.europa.eu/press/pr/date/2013/html/pr130131_1.en.html)

<sup>275</sup> More at: <https://www.digitaltransactions.net/adyen-touts-its-3-d-secure-2-0-service-as-first-to-market/>

<sup>276</sup> More at: <https://www.digitalcommerce360.com/2018/06/01/fraud-prevention-service-signifyd-raises-100-million/>











	‘Best Payment Solutions Provider Europe’ by the 2018 Global Banking & Finance Awards <sup>277</sup> .
	<b>Escrow.com</b> offers safe and secure solutions to hold paid money in an escrow until buyers and sellers are satisfied with their eCommerce transactions. It offers a variety of payment options, including wire transfers, checks and money orders, credit cards and PayPal. Also, it offers API service, where online businesses can connect Escrow.com to their payment processing solutions.
	<b>Mangopay</b> is another escrow solution provider popular in the EU. It provides unlimited escrowing time, multiple payment solutions and API integration. Mangopay has a pan-European Union e-money issuer license (EME) and helps companies to accept third-party payments, create and manage (white label) e-wallets, split funds and collect feeds in a simple and secure way <sup>278</sup> .
	<b>Braintree</b> is another escrow solutions owned by PayPal. It offers a mix of payment methods, including cards, bank payments, PayPal, and leading wallets. It supports sellers in more than 40 countries with over 130 currencies making it a popular escrow solution in the EU, but not in the Eastern partner countries.
<b>Taxes</b>	
	<b>IOSS representatives in the EU</b> (activated in 2021). This stakeholder play a critical role in paying cross-border taxes starting from 2021. The Eastern partner countries should consider agreeing with IOSS representatives in the Member States.
	<b>Representatives to pay taxes using DDP facility.</b> As mentioned above, currently, this stakeholder plays a critical role in paying cross-border taxes. The Eastern partner countries should consider agreeing with DDP representatives.
<b>Authorities</b>	
	<b>National customs authorities</b> are the key stakeholders involved in the process of cross-border parcel delivery. The customs in the EU and in the Eastern partner countries should be ready to exchange information, including pre-arrival information about shipments. This exchange is critical to decide if shipments can proceed across the borders.
<b>Manufacturers</b> (most of the production by eCommerce businesses is sub contracted. Some of the key manufacturers are indicated below.)	
	<b>Zara, H&amp;M</b> (see the section Platforms: shops above).
	<b>Mark &amp; Spencer</b> - British multinational retailer with headquarters in London, England, that specialises in selling clothing, home products and food products. In 2005, Marks & Spencer has appointed Amazon to provide a new technology base for its own website and customer ordering system in order to reach full eCommerce and customer ordering capabilities <sup>279</sup> .

<sup>277</sup>More at: <https://www.aciworldwide.com/news-and-events/press-releases/2019/january/aci-worldwide-wins-best-payment-solutions-provider-europe-in-2018-global-banking-finance-awards>

<sup>278</sup>More at: <https://ecommercenews.eu/payment-solution-mangopay-expands-uk/>

<sup>279</sup>More at: <https://www.independent.co.uk/news/business/news/amazon-to-handle-mamps-online-ordering-495502.html>



	<p><b>Lidl</b> is a German global discount supermarket chain based in Germany that operates over 10,000 stores across Europe and the United States. As of May 2019, Lidl has expanded its online presence to 11 countries and continues to focus its investments and developments in digital<sup>280</sup>.</p>
	<p><b>Ikea</b> is a Swedish-origin Dutch-headquartered multinational group that designs and sells ready-to-assemble furniture, kitchen appliances and home accessories, among other useful goods and occasionally home services. Since 2008, IKEA has been the world's largest furniture retailer. Since 2018, IKEA has ended the expansion of its traditional furniture stores and decided to invest in distribution centres for fast delivery and in the expansion of eCommerce<sup>281</sup>.</p>
	<p><b>Novo Nordisk</b> is a Danish multinational company headquartered in Denmark, which manufactures and markets pharmaceutical products and services specifically diabetes care medications and devices. Novo Nordisk operates in 75 countries and sells its products in more than 180 countries.</p>
<p><b>Wholesalers</b><sup>282</sup> (see the section Platforms above for the key marketplaces involved in distributive sales.)</p>	
<p><b>Webshop software services</b></p>	
	<p><b>Shopify</b> is a global commerce company that offers online retail business of any size a cloud-based SaaS shopping cart solution, including payments, marketing, shipping and customer engagement tools to simplify the process of running an online store. Headquartered in Canada, Shopify powers over one million businesses in more than 175 countries. From April 2020, Shopify retailers in Germany can set up and sell their products directly on eBay from their Shopify account and reach a larger market to compensate the loss caused by corona crisis<sup>283</sup>.</p>
	<p><b>Volusion</b> is the eCommerce software platform that provides all-in-one ecommerce solution for all business types, ranging from startups to large enterprises. Volusion is based in the US and in 2019 it partnered with AccessiBe to ensure accessibility of eCommerce websites (e.g. for customers with disabilities)<sup>284</sup>.</p>
	<p><b>Bigcommerce</b> is eCommerce solution (SaaS) that allows business owners to set up an online store and sell their products online. In 2016, BigCommerce and eBay have launched a strategic partnership, enabling retailers using the BigCommerce ecommerce platform to list their products and manage their inventory on the eBay marketplace. Also, these retailers have access and exposure to more than 162 million global active eBay buyers<sup>285</sup>.</p>
	<p><b>WooCommerce</b> is a flexible, open-source commerce solution built on WordPress. The company started in 2008 as WooThemes and in 2017 decided to focus exclusively on eCommerce.</p>
	<p><b>Wordpress</b> is an open-source content management system that allows to create and manage the important aspects of any type of website (including online stores) without the need of programming. It is used by over 60 million people across the globe and thousands of businesses.</p>

<sup>280</sup> More at: <https://retailanalysis.igd.com/news/news-article/t/lidl-accelerates-grocery-ecommerce-developments-/i/21668>

<sup>281</sup> More at: <https://www.ambista.com/en/magazine/ikea-the-future-belongs-to-e-commerce>

<sup>282</sup> More at: <https://op.europa.eu/en/web/eu-vocabularies/th-concept/-/resource/eurovoc/6?target=Browse>

<sup>283</sup> More at: <https://ecommercenews.eu/ebay-cooperates-with-shopify/>

<sup>284</sup> More at: <https://www.prnewswire.com/news-releases/volusion-partners-with-accessibe-to-ensure-ecommerce-is-accessible-for-everyone-300923843.html>

<sup>285</sup> More at: <https://ecommercenews.eu/bigcommerce-partners-ebay/>





 <b>SQUARESPACE</b>	<p><b>Squarespace</b> is all-in-one platform that allows customers to claim a domain, build a website, sell online, and market a brand. It offers services combining design and engineering, making it easy to establish online presence. Squarespace is based in the US and provides software as a service (SaaS) for website building and hosting worldwide.</p>
 <b>Magento</b> An Adobe Company	<p><b>Magento</b> is an open-source eCommerce platform considered as the fastest growing and the most widely used eCommerce platform in Europe. In 2017, Magento Commerce has launched its own multicarrier solution, called Magento Shipping, which automates shipping and fulfilment for online retailers and brands. With the solution, Magento users get access to regional and international carriers to automate their fulfilment<sup>286</sup>.</p>
 <b>PrestaShop</b>	<p><b>Prestashop</b> is a French open source solution that enables users to have an online store at the lowest cost possible. Prestashop is used by 300,000 shops worldwide and is available in 60 different languages. In 2015 Prestashop agreed to a partnership with Alipay that enabled PrestaShop's customers and retailers in the United Kingdom, Germany and the Netherlands to sell their products more easily in China<sup>287</sup>.</p>
<p><b>International organisations</b></p>	
	<p><b>The UPU.</b> See the section Parcel and logistics services.</p>
	<p><b>The Ecommerce Europe Trustmark</b> boosts cross-border eCommerce by providing information about consumer rights and commitments of online retailers. When the trustmark is placed on a website, buyers may click on it to read rules to which the retailer commits. Similar trustmarks are launched by the national organisations, including Germany, France, Greece.</p>
	<p><b>The Consumer Conditions Scoreboard</b> provides an overview of how the EU's Single Market works for consumers. The consumer conditions scoreboard is based mainly on surveys of consumers' and retailers' attitudes towards cross-border trade and consumer protection. The conditions scoreboard also examines progress in the integration of the EU retail market and the uptake of eCommerce.</p>
	<p><b>The International Air Transport Association (IATA)</b> is the trade association for the world's airlines, representing 290 airlines or 82% of total air traffic. IATA supports many areas of aviation activity and helps formulate industry policy on critical aviation issues. IATA is actively involved in promoting trade facilitation, and proactively supporting the implementation of the WTO Trade Facilitation Agreement (TFA) by implementing such projects as "e-Freight" and "IATA Cargo Capacity Building Activities"<sup>288</sup>.</p>
	<p><b>International Civil Aviation Organisation (ICAO)</b> is a UN specialised agency, established to manage the administration and governance of the Convention on International Civil Aviation (Chicago Convention). The fundamental tenets of the Convention and a core aspect of ICAO's mission includes the establishment and maintenance of international Standards and Recommended Practices (SARPs), as well as Procedures for Air Navigation (PANS). This organisation provides standards in the air transport area.</p>

<sup>286</sup> More at: <https://ecommercenews.eu/magento-commerce-introduces-magento-shipping/>

<sup>287</sup> More at: <https://ecommercenews.eu/prestashop-partners-with-alipay/>

<sup>288</sup> More at: <https://www.tfafacility.org/international-air-transport-association-iata>



	<p><b>International Maritime Organisation (IMO)</b> is the United Nations specialised agency with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships. Also, IMO work is related to cross-border trade transactions and includes trade facilitation and security (e.g. facilitate maritime transport by simplifying and minimising the formalities, data requirements and procedures associated with arrival, stay and departure of ships engaged in international trips<sup>289</sup>).</p>
	<p><b>International Road Transport Union (IRU)</b> is the world road transport organisation, which upholds the interests of road transport operators to ensure economic growth and prosperity via the sustainable mobility of people and goods by road worldwide. Having had a long cooperation with the WTO, the IRU actively supports the rapid implementation of the Trade Facilitation Agreement on road transport and trade related matters.</p>
	<p><b>International Union of Railways (UIC)</b> is the association for technical cooperation amongst railways. Members are regularly informed of key developments on the dossiers UIC deals, which allows Members to anticipate regulatory and technical changes and integrate them effectively and more smoothly into their own business operational processes.</p>
<p><b>Product review services</b></p>	
	<p><b>Trustpilot</b> is a Danish consumer review website founded in Denmark in 2007 which hosts reviews of businesses worldwide. It is used in the EU to review goods and businesses. The firm relies on users, software and compliance team to report and remove reviews from the platform that violate Trustpilot's content guidelines.</p>
	<p><b>Tripadvisor</b> is the main review site for the tourism and hospitality industry. Consumers use Tripadvisor to browse online more than 830 million reviews and opinions of 8.6 million accommodations, restaurants, experiences, airlines and cruises and compare prices on hotels, flights and cruises, book online popular tours and attractions. Tripadvisor is available in 49 markets and 28 languages.</p>
<p><b>Social media</b></p>	
	<p><b>Facebook</b> is the most popular social media platform in the EU that enables eCommerce. Expanded in the EU market by launching own marketplace in 2017 in 17 countries of the EU<sup>290</sup>. In 2020 launched Facebook Shops aiming to help SMEs to set up a single online store for customers to access on both Facebook and Instagram. It supports the common payment processing services, such as PayPal and Stripe. However, this feature doesn't support cross-border delivery.</p>

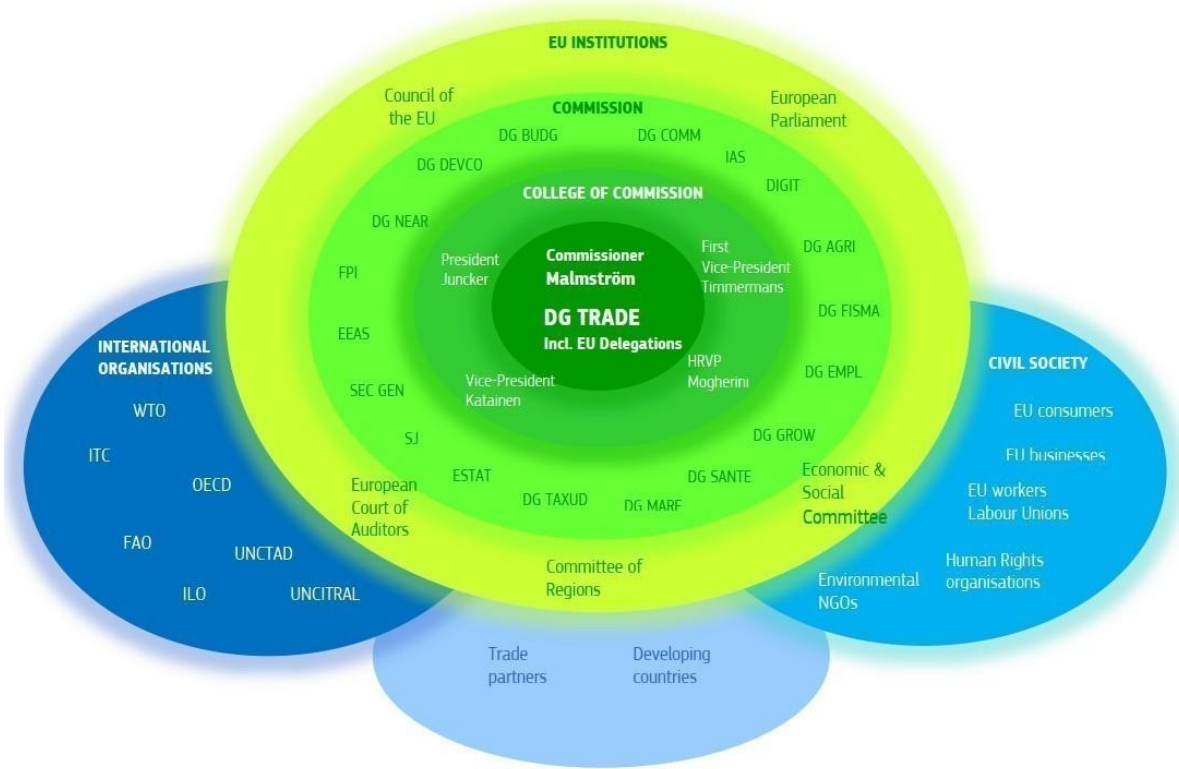
The stakeholders mentioned above are directly involved in the process of cross-border sale of goods and delivery. In addition to these stakeholders there are other stakeholders who exist in the overall ecosystem of eCommerce. Their influence on eCommerce ecosystem varies.

The overall EU trade policy, including eCommerce, is influenced by DG Trade. This department works closely with international organisations, such as the WTO and OECD. The figure below (Figure 39) shows the overall groups of stakeholders that exist in commerce and change over time.

<sup>289</sup> More at: <http://tfiq.unece.org/contents/FAL-convention.htm>

<sup>290</sup> More at: <https://ecommercenews.eu/facebook-launches-marketplace-europe/>

Figure 39. The overall groups of stakeholders of commerce that changes over time.



Source: Strategic Plan 2016-2020. DG TRADE, <http://trade.ec.europa.eu/doclib/html/154919.htm>

In addition to international organisations, the EU cooperates with trade partners, developing partners, and civil society, including consumers, businesses, labour unions, environmental NGOs and human rights organisations. As mentioned above, the influence of these stakeholders on eCommerce and their involvement varies and changes over time.

**Please note:** the companies listed here is for information purposes only and does not represent the full scale of marketplaces.