

Electronic Commerce:
Roadmap for dialogue on regulatory issues

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1. Introduction

Electronic commerce gains importance in trade framework due to its high potential in boosting economic growth, digital transformation and generating benefits for citizens. The global value of e-commerce estimated by UNCTAD has reached \$29 trillion in 2017 (36% of global GDP). While business-to-business (B2B) e-commerce continued to dominate, accounting for 88% of all online sales, B2C was the segment that saw the most growth, increasing by 22% to reach \$3.9 trillion in 2017. In competition with traditional trade market, electronic commerce has captured 11% of the retail market, significant increase from 7% in 2015¹.

E-commerce allows consumers to benefit from greater choices and lower prices. Some 1.3 billion people, or one quarter of the world's population aged 15 years and older, shopped online in 2017. While most online shoppers mainly buy from domestic suppliers, some 277 million people made a cross-border purchase in 2017, and interest in buying from foreign suppliers seem to be growing. The share of cross-border online shoppers in total online shoppers rose from 15% in 2015 to 21% in 2017.

Europe is among the leaders in electronic commerce. European Union ranks second in global e-commerce sales and leads the way in UNCTAD's e-commerce index that measures extent to which economies are prepared to support online shopping. On the list of 152 economies, Europe holds 8 out of top 10 place, out of which 6 are EU member states. When it comes cross-border B2C sales, EU member states rank very high, mostly due to the Digital Single Market. Eurostat² records that 35% of online shoppers in EU ordered cross-border goods and services from other EU suppliers, whilst 27% order from suppliers outside the EU. Most people order physical goods (80%) like electronics, toys, food, books, clothes, etc. In the services sector buying tourist services online is the most popular (34%), followed by digital products, such as app and website services (25%). Cross-border trade accounts highest shares in small markets where linguistic and cultural barriers to other markets are low (e.g. Malta, Austria, Luxembourg).

2. CEFTA: State of play

CEFTA has not fully tapped into the potential of electronic commerce. Some estimates show that CEFTA e-commerce market of physical goods values around 1 billion euro and is growing by double digit rate (see Table 1). Electronic trade of services and digital products is far less developed and is estimated at 84 million euro. Most frequent services purchased online are online delivery, event tickets, apps, etc. It is worth noting that CEFTA's service export structure show small share of sectors which could be delivered digitally (27% compared to 57% in the European Union³).

¹ All data from this paragraph: 2019 UNCTAD B2C e-commerce index, UNCTAD Technical Note on ICT for Development, No14: https://unctad.org/en/PublicationsLibrary/tn_unctad_ict4d14_en.pdf

² Source: <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/46776.pdf>

³ Ibidem

Table 1: E-commerce volumes⁴

e-Commerce							
CEFTA ⁵	Revenue in the eCommerce market		CAGR 2019-2023	Market volume (2023) in million €	Users in million		Average revenue per user (ARPU) in €
	(2019) in million €	% yoy			2019	% yoy	
Serbia	313	+11.8%	9.6%	451	4.1	+1.6%	77.21
B&H	203	+10.3%	6.5%	261	1.9	+3.4%	109.68
Montenegro	59	+10.9%	5.9%	74	0.4	+0.9%	146.14
North Macedonia	142	+11.0%	7.5%	190	1.4	+0.8%	104.33
Albania	152	+8.7%	6.0%	192	1.7	-0.0%	87.16
Moldova	109	+12.8%	8.3%	150	2.6	+0.6%	42.07

When compared to EU, CEFTA's B2B and B2C digital markets show structural deficiencies on demand and supply side. On demand side, the share of people never used internet is significantly higher than in the EU (21% compared to 13% in EU and CEFTA respectively). The gap is even bigger when looking into the share of population engaged in using online services, such as video on demand, online banking and online shopping (see Chart 2). On the side of supply, although it may seem like companies in CEFTA did embrace digital market, given its good performance in presence on social media and selling online, this has not turned into results, such as sales revenues.

Regulatory and policy environment should be improved to facilitate and promote electronic commerce. OECD reports⁶ poor results of the CEFTA Parties in creating e-commerce friendly environment for small and medium companies, especially in relation to implementation and monitoring of policies and regulation (see Table 2). This assessment covers both creating enabling environment (legal framework for electronic signatures, electronic payments, consumer protection, etc), active measures of support and efforts in building trust in digital economy. Another OECD assessment from 2016⁷ reports that all Western Balkan economies have general framework for electronic commerce in place but are not fully in line with EU E-commerce directive. It also stresses

⁴ The eCommerce market covers the sale of physical goods via a digital channel to a private end user (B2C). Incorporated in this definition are purchases via desktop computer (including notebooks and laptops) as well as purchases via mobile devices such as smartphones and tablets. The following are not included in the eCommerce market: digitally distributed services, digital media downloads or streams, digitally distributed goods in B2B markets nor digital purchase or resale of used, defective or repaired goods (reCommerce and C2C). All monetary figures refer to the annual gross revenue and do not factor in shipping costs.

Source: <https://www.statista.com/outlook/243/102/ecommerce/europe?currency=eur>

⁵ Data for Kosovo* was not available.

* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

⁶ OECD/ETF/EU/EBRD (2019), SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe, SME Policy Index, OECD Publishing, Paris. <https://doi.org/10.1787/g2g9fa9a-en>

⁷ OECD (2016), Competitiveness in South East Europe: A Policy Outlook, Competitiveness and Private Sector Development, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264250529-en>

importance of convergence of these frameworks to promote regional integration, given the size of the local markets is rather limited. Finally, both assessments report poor results in implementation of legal and policy framework and non-legal barriers.

Chart 1: E-commerce performance from both demand and supply perspective⁸

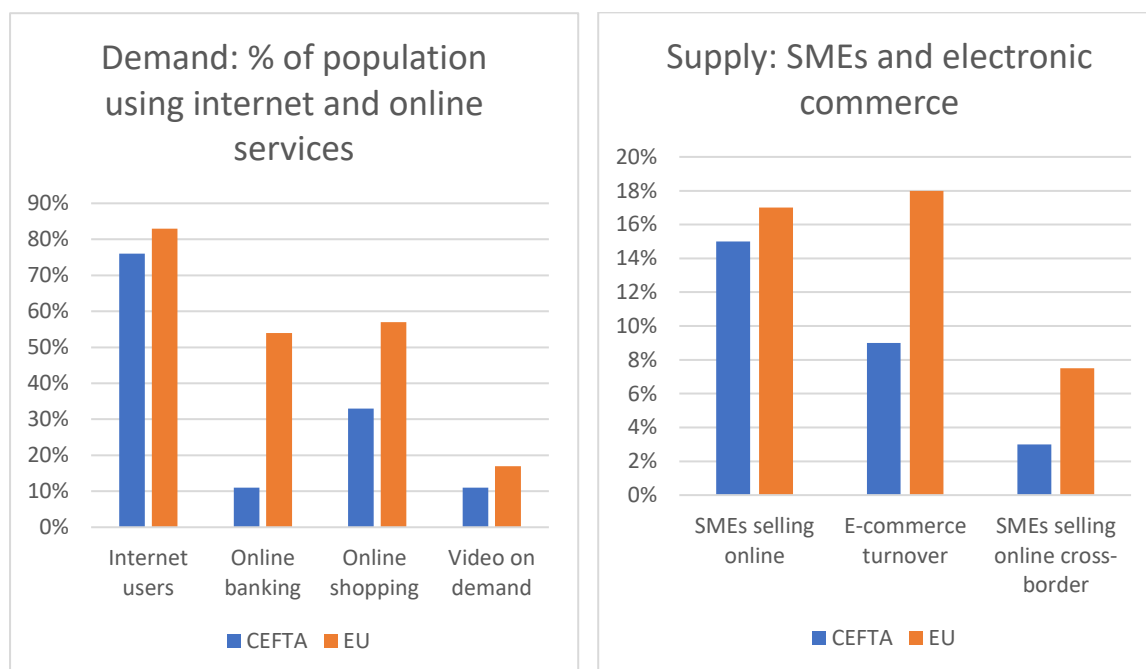


Table 2: Promotion of e-commerce performance according to SME Index 2019 (grading 1- 5)⁹

	Albania	B&H	N.Maced.	Mont.	Serbia	Kosovo*	Average
Planning and design	3.29	2.71	3.29	3.29	3.29	3.29	3.19
Implementation	1	1.33	3	2	2	2	1.89
Monitoring and evaluation	1	1	1	1	1	1	1.00
Weighted average	1.69	1.68	2.69	2.19	2.19	2.19	2.11

Without cheap and trustworthy digital payments citizens and business will not engage in electronic commerce. Performance regarding preconditions for digital payments, such as account ownership varies significantly across the Parties, with some making barely 50% of adult population. That being said, CEFTA generally records good progress in access to payment instruments, although current results indicate efforts need to be continued. In the inter-party context, there are no big developments in the market that would result in payment products with general perception of safe and efficient to use. Big international service providers, such as PayPal are either not present on the market or their services are limited, given that they do not hold local licence. Regulatory environment for payments is relatively developed but, more needs to be done to align it with relevant EU regulation. EU harmonisation with open possibilities for market integration, which would make the market more

⁸ Source: 2018 DESI index (note: CEFTA average calculated based on available data)

⁹ No available data for Moldova

attractive for bigger, possibly global player, fintech companies and possibly regional payment service providers.

Table 3: Payment indicators in CEFTA¹⁰
(% of adults)

	AL	BA	MK	MO	ME	RS	KS*
Account ownership	40%	59%	77%	44%	68%	71%	52%
Debit card ownership	27%	40%	53%	25%	36%	60%	37%
Made at least one electronic payment in the past year	14%	32%	49%	40%	45%	44%	24%
Used a mobile phone or the internet to access an account	4.2%	6%	11.8%	10%	10.2%	12.2%	5.3%

In electronic commerce of physical goods crucial role is played by parcel delivery services. The price and quality of service can determine whether an online shop will be effectively accessible on certain markets. All CEFTA Parties have adopted postal service regulation harmonised to certain extent with EU regulation. However, none have transposed the EU Parcel Delivery Regulation that addresses the issue of cross-border tariffs by imposing transparency and assessment mechanism. Although most perform relatively high on the UPU Reliability index general level of quality of service lags behind developments in the European Union.

CEFTA has recognised mutual recognition of electronic signatures as one of the key instruments in promoting electronic commerce (Article 18, AP6). The key challenge in this respect are mixed results in setting up domestic regulatory frameworks for electronic signatures and other forms of electronic authentication. Albania, Montenegro, North Macedonia and Serbia transposed EU Regulation 910/2014/EU on electronic identification and trust services for electronic transactions in the internal market (eIDAS Regulation). However, all of them suffer from insufficient implementation capacities. Furthermore, there is no regional legal framework for recognition of electronic signatures. Montenegro, North Macedonia, and Serbia have concluded bilateral mutual recognition agreements. Finally, there are no interoperability standards which would address issues raised in utilisations of electronic signature in inter-Party context. A study commissioned by RCC showed that interoperability readiness in the region varies, with some of the economies having high level of interoperability readiness.

3. Regional business perspective

CEFTA secretariat has initiated thorough consultations with private sector on identifying key barriers to electronic commerce between the Parties. In the framework of Memorandum of Understanding between GIZ, WB6 Chamber Investment Forum and CEFTA Secretariat, three types of input have been provided to CEFTA Secretariat. Firstly, with the support of GIZ two consultative meetings have been held with e-commerce associations. The only organisations of this profile have been identified in North Macedonia and Serbia. Secondly, GIZ has engaged an expert to collect data directly from companies from Albania, Bosnia and Herzegovina and Kosovo*. Finally, the chambers of commerce have provided their input based on the internal consultations with their membership.

CEFTA companies do not often engage in electronic commerce outside its local markets is one of the key findings of the business consultations. That being said, many express interests, given that it is not unusual that companies (especially one with recognised brands) are contacted by consumers showing interest in purchasing products and services online. In this context, many companies handle regional

¹⁰ Global Findex, World Bank, 2017

electronic commerce through traditional trade channels, such as international partners and/or sister companies. However, they all recognise lack of intermediaries which would provide integral services in multiple markets.

High transactions costs are another factor deterring companies from regional e-commerce. This mostly refers to delivery of physical products and payments. Deliveries outside the local markets are often seen as impossible (the service provider does not cover certain markets) or too expensive. The quality, speed and reliability of service have also been recognised as issues. Many companies report bizarre situations in which delivery costs more than the product. General impression is that cooperation among delivery services in the region is weak, in particular when it comes to postal services (universal service providers).

Online payments are often expensive and are not perceived as safe by consumers. Companies are often requested by consumers to pay on delivery instead of through website or mobile phone. This mode of payment is seen as riskier and cash flow burdensome. In relation to using online payment instruments provided by banks, the companies face high requirements and lack of alternatives such as specialized online payment service providers (e.g. Pay Pal). Virtual POS can be expensive and technically demanding, especially for small companies. Companies with business models based on subscription particularly suffer from high inter-party transaction costs which makes them less competitive outside local markets.

Many businesses report that electronic commerce can create administrative burdens, especially with tax and customs authorities. They also report issues related to use of electronic documents, such as invoices and receipts. Reliability of delivery is additionally challenged by possibly lengthy, expensive, and unpredictable customs clearance procedures. Companies engaged in e-commerce suffer from unfair competition from illegal online shops that often appear on the social networks. Possible bad experience the customers have with these black-market outlets serve as powerful deterrent from reengagement.

Consumer and data protection pose significant challenge in local and regional context. Amounting regulation in this field led by EU harmonisation has increased responsibility of suppliers and created additional burden, especially to small companies. Many companies wary from multiple consumer protection rules and inefficient dispute settlement mechanisms. If they do not have local partners on other markets who could handle these problems, they are not keen to enter the market in the first place.

Business capacities to take up and profit from digital opportunities are limited. Many companies reported lack of educated staff, resources, and knowledge to extend their business to digital world. OECD finds that CEFTA Parties do not invest sufficiently in programmes promoting digital business, electronic commerce especially¹¹. On the side of organised business community, out of 7 CEFTA Parties only 2 have established e-commerce associations, out which none is a member of the European E-commerce Association. This presents significant limitation not only in terms of advocacy for e-commerce friendly environment, but also in disseminating opportunities from evolving domestic and regional activities. Finally, organised business community is essential also in the context of building trust on the market through self-regulatory mechanisms such as trust marks.

¹¹ OECD/ETF/EU/EBRD (2019), SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe, SME Policy Index, OECD Publishing, Paris.
<https://doi.org/10.1787/g2g9fa9a-en>

4. Legal and policy framework

CEFTA 2006 provides legal framework for cooperation on electronic commerce among CEFTA Parties. Article 28 of CEFTA 2006 underlines importance of electronic commerce for trade promotion and give the basis for cooperation on its development. The Parties have committed to work together on market access and regulatory issues to this end. In addition to general framework, CEFTA provides legal, policy and institutional instruments for furthering cooperation in the fields of its competences. CEFTA Joint Committee is the main decision-making body tasked to guide the implementation of CEFTA 2006. It adopts legally binding decisions, as well as recommendations and is main dispute settlement body. It is supported by CEFTA Secretariat and a network of CEFTA Bodies, amongst which Subcommittee on Trade in Services in charge of electronic commerce.

Additional Protocol 6 (AP6), the CEFTA framework for liberalisation of trade in services, including electronic commerce, was adopted on 18 December 2019. Article 18 of the AP6 calls for CEFTA Parties to work together on relevant regulatory issues. The cooperation should be compatible with highest standards of data protection to ensure confidence building. In line with global practices, the AP6 reiterates interpretation that online deliveries (e.g. digital products) are considered services and thusly not subject to customs duties. Finally, the Protocol calls for launching the dialogue on regulatory issues on electronic commerce which would address following issues: recognition of electronic signature and facilitation of inter-party certification services, the liability of intermediary service providers with respect to the transmission, or storage of information, the treatment of unsolicited electronic commercial communications, the protection of consumers in the ambit of electronic commerce and any other issue relevant for the development of electronic commerce.

Electronic commerce features strongly in the trade agenda of the Multiannual Action Plan for the Regional Economic Area (MAP REA). Adopted in Trieste in 2018, by the leaders of the Western Balkan 6, as part of the Berlin Process, MAP REA stand for a comprehensive and ambitious regional economic agenda. REA is built on CEFTA 2006 and South East Europe 2020 Strategy and its implementation is CEFTA rules-based and EU compliant¹². This implies that modes and instrument of cooperation should be based on EU rules and practices and thusly should not only contribute to regional economic integration, but in a wider context to the EU integration as well. MAP REA envisages following actions in the field of electronic commerce (objective I.4.4.):

- Identify **barriers** to eCommerce in CEFTA and assess eCommerce impact and launch regional dialogue on regulatory issues in electronic commerce
- Assess existing **geo-blocking measures** (focus on digital content and copy right goods) and examine whether fit for purpose with the aim to prevent unjustified geo-blocking while ensuring investment and innovation incentives at the same time
- Launch regional actions aimed at increasing **citizen's trust in online services** (payment etc.) and coordination on e-Commerce trust marks identify and apply the **best practice to digital market places** to grow SME businesses and drive consumer welfare
- Assess necessity of regional action to ensure high quality **delivery of goods** (e.g., digital content traded cross-border or physical goods purchased and via electronic means) **and services** at reasonable costs
- Establish **recognition of certificates of electronic signature** and facilitation of cross-border certification services

¹² Consolidated Multi-annual Action Plan for a Regional Economic Area in the Western Balkans Six:
https://www.rcc.int/download/docs/map_regional_economic_area_06_july_2017_clean_version.pdf/5511a1f61b9f7165f7d539bfd4df5bae.pdf

- Ensure **liability of intermediary services providers** with respect to the transmission, or storage of information based on EU compliance
- Address treatment of **unsolicited electronic commercial communications**

5. European Union: from e-commerce to Digital Single Market

The E-Commerce Directive¹³ was adopted in the 2000 with a view of establishing an internal market for online services, by removing obstacles to cross-border trade and creating legal certainty. The Directive addresses key problem in operating online services in multi-regulatory context – diversifications of rules, procedures and frameworks. The approach taken by the EU legislators is based on the mix of harmonisation and liberalisation. On the harmonisation side, the Directive spells out EU rules for transparency and information requirements for online service providers, commercial communications, electronic contracts and limitations of liability of intermediary service providers, thus removing much of legal uncertainty existed previously. In addition, it defines so called *coordinated area* which refers to other requirements relating to on-line activities such as on-line information, on-line advertising, on-line shopping, on-line contracting but does not concern requirements related to goods, delivery of goods and services not provided by electronic means. Within the remits of this coordinated field the information society services are, in principle, subject to the law of the EU Member State in which the service provider is established (the internal market clause). In turn, the Member State in which the information society service is received cannot restrict incoming services. To secure its implementation across the EU, the Directive also sets up the system of supervision responsibilities and administrative cooperation. Revision of this directive is expected in the course of the term of current Commission, as announced by its president¹⁴.

Europe 2020¹⁵ and its flagship initiative Digital Agenda for Europe¹⁶ laid the ground for the European Commission to adopt the **Digital Single Market**¹⁷ **strategy in 2012**, composed of 16 initiatives aimed at identifying the main obstacles to the Digital Single Market and at doubling the share of e-commerce in retail sales (3.4 % in 2010) and that of the Internet sector in European GDP (less than 3 % in 2010) by 2015. It identified five priority actions for the future to resolve any gaps in the DSM: (a) Develop legal rules to facilitate cross-border offers of online products and services; (b) Improve operator information and consumer protection; (c) Ensure reliable and efficient payment and delivery systems; (d) Combat abuse and resolve disputes more effectively; and (e) Deploy high-speed networks and advanced technological solutions.

¹³ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce'): <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32000L0031>

¹⁴ Political guidelines for the next European Commission 2019-2024:

https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf

¹⁵ Communication from the Commission. *Europe 2020 – A Strategy for smart, sustainable and inclusive growth COM(2010) 2020*: <https://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>

¹⁶ Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: *A Digital Agenda for Europe COM(2010) 245* : <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0245:FIN:EN:PDF>

¹⁷ Commission Communication to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. *A coherent framework for building trust in the Digital Single Market for e-commerce and online services, COM (2011) 942*: <https://ec.europa.eu/transparency/regdoc/rep/1/2011/EN/1-2011-942-EN-F1-1.Pdf>

Building up on the previous one, **2015 Digital Single Market Strategy**¹⁸ was organised in three pillars: (1) providing better access for consumers and businesses to digital goods and services across Europe, creating the right conditions for digital networks and services to flourish, and maximising the growth potential of the digital economy. In this context, the EU has introduced rules on unjustified barriers to cross-border online shopping (geo-blocking)¹⁹, consumer protection rules on contracts for the supply of digital content²⁰ and sale of goods²¹, modernised EU copyrights rules²², audiovisual media services²³ and VAT rules²⁴.

In February 2020, European Commission published a Communication **Shaping Europe's Digital Future**²⁵ setting out the vision for creating a framework relating to the development and operation of digital technologies. The Strategy envisages reform of the rules on electronic commerce set in the e-commerce directive and other relevant legislation. **Digital Services Act**, as its dubbed, will be a package of at least two set of rules. The first set would relate to the fundamentals of the e-commerce directive, including clearer and modern rules concerning the role and obligations of online intermediaries, European and global, as well as a more effective governance system to ensure that such rules are correctly enforced. The second set would address the issue of the level playing field in European digital markets, where currently a few large online platforms act as gatekeepers.

Up to now **European Union has built up substantive body of law and policy that supports electronic commerce** in providing business operators simplified but responsibly regulated business environment and to the consumers rights coupled with enforcement mechanisms that facilitates trust in online shopping even outside the local markets. This body of law and policies goes beyond chapter 10 – information society, far into other relevant chapters such as 28 – consumer and health protection, 3 – right of establishment and freedom to provide service, 4 – free movement of capital, 16 – taxation, etc. The table below identifies key EU regulation and provides reference to relevant provision in the Additional Protocol 6 and policy actions under MAP REA, notably I.4.4 – electronic commerce, but taking not also of the other relevant MAP REA actions. It also identifies key regional and European structures dealing with the topic.

¹⁸ Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: *A Digital Single Market Strategy for Europe*, COM (2015) 192: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52015DC0192>

¹⁹ Regulation (EU) 2018/302 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: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.LI.2018.060.01.0001.01.ENG&toc=OJ:L:2018:060I:TOC>

²⁰ DIRECTIVE (EU) 2019/770 on certain aspects concerning contracts for the supply of digital content and digital services: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0770&from=ES>

²¹ DIRECTIVE (EU) 2019/771 on certain aspects concerning contracts for the sale of goods: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0771&from=EN>

²² See: <https://ec.europa.eu/digital-single-market/en/modernisation-eu-copyright-rules#choiceandaccess>

²³ Directive (EU) 2018/1808, Audiovisual Media Services Directive: <https://eur-lex.europa.eu/eli/dir/2018/1808/oj>

²⁴ See: https://ec.europa.eu/taxation_customs/business/vat/modernising-vat-cross-border-ecommerce_en

²⁵ See: https://ec.europa.eu/info/sites/info/files/communication-shaping-europes-digital-future-feb2020_en_4.pdf

Table 4: Relevant EU acquis in reference to CEFTA and MAP REA provisions

<u>E-commerce acquis</u>	<u>CEFTA Additional Protocol 6</u>	<u>MAP REA commitments</u>	<u>CEFTA/EU structure</u>
B2C			
E-commerce Directive 2000/31 <ul style="list-style-type: none"> - transparency and information requirements for online service providers, - commercial communications, - electronic contracts and - limitations of liability of intermediary service providers 	Art 18.4.b Art 18.4.c Art 18.4.d	I.4.4.a I.4.4.g I.4.4.h	EC: DG Connect F2 Expert Group on electronic commerce CEFTA Subcommittee on Trade in Services
EU consumer protection acquis <ul style="list-style-type: none"> - Consumer rights directive 2011/83 (information requirement, right of withdrawal, European form for withdrawal, additional costs related to the means of payments and hotlines, no cost incurring pre-ticked boxes) - Consumer sales directive 99/44 - Consumer Protection Cooperation Regulation (2017/2394) - <i>Contracts for the Supply of Digital Content and Digital Services Directive (2019/770)</i> - <i>Contracts for the Sale of Goods Directive (2019/771)</i> - Access to redress: Alternative dispute resolution (2013/11), Online dispute resolution (524/2013), European Small Claims Regulation (861/2007) 	Art. 18.4.d	I.4.4.a	DG JUST E1 Consumer Protection Cooperation Network
Market surveillance on electronic commerce <ul style="list-style-type: none"> - COMMISSION NOTICE on the market surveillance of products sold online (including regulation referenced therein) (2017/C 250/01) 	Art. 18.4.e	I.4.4.a	EC: DG GROW B1 CEFTA Subcommittee on NTM
B2B			
<ul style="list-style-type: none"> - Platform to business Regulation 2019/1150 	Art. 18.4.e	I.4.4.d	EC: DG Connect F2 Expert Group on electronic commerce CEFTA Subcommittee on Trade in Services
HORIZONTAL ISSUES			
Electronic identification: <ul style="list-style-type: none"> - E-signatures (eIDAS Regulation 910/2014) 	Art. 18.4.a	I.4.4.f	EC: DG Connect H4 CEFTA Subcommittee on Trade in Services
Customs and taxes <ul style="list-style-type: none"> - VAT ecommerce package from 2017 	18.4.e	I.4.4.a	EC: DG TAXUD C1

			CEFTA Subcommittee on Customs and Rules of Origin
Payment <ul style="list-style-type: none"> - Payment Services Directive (2015/2366) - Payment Fees Regulation (2015/751) - E-money Directive (2009/110/EC) 	Art. 18.4.e	I.4.4.c	EC: DG FISMA B3 CEFTA Subcommittee on Trade in Services
Parcel Delivery <ul style="list-style-type: none"> - Postal Services Directive (97/67/EC) - Regulation (EU) 2018/644 on cross-border parcel delivery services 	Art. 18.4.e	I.4.4.e	EC: DG GROW E2 CEFTA Subcommittee on Trade in Services
Geo-blocking <ul style="list-style-type: none"> - Geo-blocking Regulation (2018/302) 	Art. 18.4.e	I.4.4.b	EC: DG Connect F2 Expert Group on electronic commerce CEFTA Subcommittee on Trade in Services
IPR <ul style="list-style-type: none"> - Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society - Directive 2014/26/EU on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market - Regulation (EU) 2017/1128 of the European Parliament and of the Council of 14 June 2017 on cross-border portability of online content services in the internal market - Directive 96/9/EC on the legal protection of databases 	Art. 18.4.e	I.4.4.e	EC: DG Connect I1 CEFTA Subcommittee on Trade in Services
Data management <ul style="list-style-type: none"> - GDPR (2016/679) 	Art. 18.2	IV.2.1	EC: DG JUST C4 CEFTA Subcommittee on Trade in Services

6. Covid-19 context

Covid-19 pandemics has greatly affected e-commerce landscape at all levels. Governments around the world introduced restrictions of movement of people, which *led consumers to ramp up online shopping, social media use, internet telephony and teleconferencing, and streaming of videos and films. This has resulted in spikes in business-to-consumers (B2C) sales and an increase in business-to-business (B2B) e-commerce.*²⁶ Digital trade has played vital role both as a distribution channel for essential products and services, such as medical supplies, household and food products, but also as for other businesses which suffered full shut-down, like restaurants, shops other than supermarkets and pharmacies, etc . Moreover, the online services, such as communication platforms kept afloat services such as education, administration and even health services to some extent. Big technology

²⁶ [E-COMMERCE, TRADE AND THE COVID-19 PANDEMIC, information note of the WTO Secretariat](#)

driven companies, such as Amazon, Google and Microsoft, recorded growth in value and revenue, despite overall negative economic trends²⁷. Level of digitalisation of small and medium companies makes important difference in impact. SMEs with access to digital retail and delivery outlets have managed to soften the blow to their cash flows, whilst some of them used it as one-off opportunity to attract doubtful customers. Electronic commerce also facilitated international trade amid multiple pandemic related restrictions.

In the European Union, the response to crises varied. However, in the survey conducted by Ecommerce Europe, all national associations reported full or partial lockdown with most of the retail outlets closed. In most cases, parcel delivery faced difficulties, but remain functional, even for cross-border orders²⁸. This resulted in more online shopping of groceries, household supplies and health products, but in the same time posed significant problems to digital consumers of travel, sports, and outdoor services²⁹. In addition to recommendations seeking to facilitate trade and transport between the EU member states³⁰, **European Union has taken number of relevant actions relevant for functioning of the electronic commerce within the Single Market.** The European Regulators Group for Postal Services³¹, advisory body to the European Commission, also participated by three WB6 regulators, made an inventory of crisis related measures adopted by the regulators and universal service providers. European Consumer Protection Cooperation Network³² conducted screenings of online platforms and certain offers and advertisements, with special attention to the ones linked to products related to the coronavirus³³. Finally, it should be noted that some e-commerce related timelines are delayed due to the crisis: European Commission has proposed to postpone the implementation date of the VAT Ecommerce Package by 6 months to 1 July 2021³⁴ as well as the timeline for the Digital Services Act package³⁵.

In CEFTA, electronic commerce can play important factor in alleviating the impact of crisis. Strict measures have been introduced that affected internal and external trade. Important trade and transport facilitation measures have been adopted, followed by joint proposal of Transport Community Treaty Secretariat and CEFTA Secretariat on *Green Lanes*³⁶. Like the rest of Europe, CEFTA will suffer grave economic consequences, the size of which will depend on the dynamics of pandemic across the continent. In this context, electronic commerce is recognised as tool for economic and social recovery. For example, OECD recommends³⁷ encouraging SMEs uptake of e-commerce to facilitate their entry into new markets. Furthermore, they stress importance of reducing transaction

²⁷ See: <https://www.nytimes.com/2020/05/01/opinion/tech-companies-coronavirus.html>

²⁸ Ecommerce Europe : Impact of the Coronavirus on e-commerce SURVEY RESULTS REPORT:

<https://www.ecommerce-europe.eu/wp-content/uploads/2020/03/Coronavirus-Survey-Report-Final.pdf>

²⁹ Ecommerce Europe: <https://www.ecommerce-europe.eu/news-item/the-coronavirus-outbreak-and-e-commerce-impact-and-eu-measures/>

³⁰ For more see : https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/travel-and-transportation-during-coronavirus-pandemic_en

³¹ https://ec.europa.eu/growth/sectors/postal-services/ergp_en

³² https://ec.europa.eu/info/live-work-travel-eu/consumers/enforcement-consumer-protection/consumer-protection-cooperation-network_en

³³ https://ec.europa.eu/info/live-work-travel-eu/consumers/enforcement-consumer-protection/scams-related-covid-19_en#screening-sweep-of-online-platforms-and-advertisements

³⁴ https://ec.europa.eu/taxation_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis_en

³⁵ <https://www.ecommerce-europe.eu/news-item/digital-services-act-key-dates-postponed/>

³⁶ <https://www.transport-community.org/wp-content/uploads/2020/03/Joint-TCT-CEFTA-proposal-green-corridors.pdf>

³⁷ <http://www.oecd.org/south-east-europe/>

costs and enabling regulation for e-payments, e-signature, and e-contracts. which would stimulate inter-party electronic commerce. E-commerce business associations stress that the lockdown experience facilitated change of consumers' habits, the need for digitalization of businesses as well as the need to strengthen trust in e-commerce by tackling problem of illegal online shops.

In conclusion, **regional cooperation on electronic commerce gains weight on three important aspects**. In case of large scale restrictions of movement electronic commerce: 1) becomes important distribution channel of essential products, such as medical and protective supplies, food and household products; 2) contributes significantly to minimizing economic decline and remains pivotal in keeping smaller, innovative and exporting companies alive and 3) speeds up transition of consumers to online shopping by promoting skills and experience.

7. Modalities of regional actions

Regional actions proposed in this Roadmap are modelled after the EU rules, procedures and instruments, out of which many are either set in the *EU acquis* referred to in the Table 4. Some of these activities should build on harmonisation efforts invested by CEFTA Parties by putting in place coordination mechanisms which would allow managed regulatory convergence. Some other entail more direct interventions in regulation through legal commitments creating market integration, similar to the one enabling market integration in the EU. In effect this would call for exploring possibilities of going a step forward integrating EU and CEFTA market, based on the EU rules and instruments provided in EU legislation and Stabilisation and Association Agreements.

To tackle regulatory information costs related to what the regulatory requirements are and how they can be fulfilled in facilitated way, regional actions can entail setting specific instruments such as information points, guidelines, special forms. Finally, all these activities, and in particular, harmonisation and market integration ones need active administrative cooperation between the regulators which would guarantee coherent, efficient and responsible implementation.

To sum up, the actions in this Roadmap can be classified as follows:

- **Harmonisation:** identification of key rules and standards that will create good base for cross- border electronic commerce which will be the basis for building trustworthy and enabling environment
- **Market integration:** introducing principles which would enable companies to operate on multiple markets without having to navigate through diverse regulatory frameworks, e.g. mutual recognition arrangement or internal market principle
- **Transparency and facilitation** – setting up transparency instruments which will provide relevant information to regulators and businesses to cut the cost related to information asymmetries, as well as special procedures which would enable more efficient fulfilling regulatory requirements
- **Institutional and administrative cooperation** refers to cooperation among regulators and policy makers, to build trust and effective management of cross-border issues, as well as setting up regional instruments that will facilitate cooperation in administration and implementation of commitments made (e.g. setting up electronic system for exchange of data)

8. Key barriers and priorities

Prioritizing actions with higher trade promotion potential and addressing key barriers reported by businesses, the Roadmap gives **focus on electronic commerce of physical goods and factors of**

horizontal impact to be implemented by end 2021. Activities related to digital products will be addressed in the second phase of the e-commerce dialogue, to be designed in 2022 with a view of start of implementation in 2023.

8.1. Diverse regulatory environments

The key benefits of electronic commerce and digital economy comes from single digital space, that makes goods, services and people instantly accessible regardless of geography. This spurred creation of new, digital and innovative business models, but also opened vast opportunities for traditional businesses who had no or limited access to outside markets. The latter proved to bear huge potential for economic growth and job creation for most of the business community, but in particular to small and medium companies. Through internet, social networks, and other digital tools, they are not only able to reach new customers, but also adapt their products and services according to their needs.

Digital space did solve geography problem, but regulatory one remained. When a company wants to operate in multiple (regulated) markets it must abide to (1) requirements related to products/services their offer and (2) rules related to the online aspect of this business. This is perceived as basic regulatory framework. Multiplication of these requirements generates additional costs and risks for companies discouraging them to enter the market in the first place. Similarly, on the other side of the market is a consumer who does a risk assessment of engaging in online shopping outside of its comfort zone and an SME who evaluates risk and costs of placing its products/services through digital marketplaces established abroad. To sum up, without trust on the side of the demand and streamlined regulation on the side of the supply, the digital market and all opportunities it brings will stay inaccessible for most of the business community and citizenship.

Digital markets of CEFTA Parties are good example of small and fragmented markets that do not provide sufficient scale for companies to grow, be it the ones based on modern digital business models, or the traditional ones who seek new opportunities through electronic commerce. To address this barrier, actions should be taken with a view of flattening the differences in regulatory requirements based on the model provided by *EU acquis*:

- Electronic Commerce Directive
- Relevant provisions of consumer protection acquis
- SME Platforms Regulation

8.1.1 Electronic commerce directive

As mentioned in the chapter 5, E-commerce Directive is a backbone of the EU Digital Single Market. It was built on the mix of two approaches: harmonisation and liberalisation (market integration). The same approach can apply to regional actions. Many Parties have already harmonised with the directive, so no significant problems should be expected here:

8.1.1.a) Harmonisation

Identify key standards and timeframe for harmonisation with these standards. Namely:

- transparency and information requirements for online service providers³⁸,
- commercial communications³⁹ and

³⁸ Articles 5-6

³⁹ Article 7-8

- limitations of liability of intermediary service providers⁴⁰.

8.1.1.b) Market integration

In order to facilitate effective liberalisation of electronic commerce within CEFTA, the Parties should commit to apply three important principles: internal market, no authorisation and validity of digital contracts.

The **internal market principle**⁴¹ has four important dimensions:

- 1) Scope: reference to what services it refers to. This poses a question of definition of information society service
- 2) Coordinated field or regulatory area it applies to. It covers only requirements relating to on-line activities, and not requirements relating to goods such as safety standards, labelling obligations, or liability for goods, or requirements relating to the delivery or the transport of goods or services not provided by electronic means.
- 3) Commitment that one Party will not be able to restrict freedom to provide information society service from another Party, for reasons falling within coordinated field
- 4) Exceptions allowing the Parties to keep/impose restrictions when conditions regarding vital public interest are met

The internal market principle should be complemented with **no authorisation**⁴² **commitment**, which would make sure that there are no licencing, or similar requirements set specially for engaging in the activity online. However, that would not prevent the Party to set up or maintain authorisation schemes for some services regardless of the way this service is provided (online or offline).

Finally, the third commitment to be proposed here is the commitment to accept **digital contracts**⁴³ equally as paperback (traditional contracts).

8.1.1.c) Cooperation and Transparency

- Strengthen the role of contact points for services, as defined by Article 9 of the Additional Protocol 6, in the field of electronic commerce to be able to perform (some) tasks of EU e-commerce contact points (Article 19 of the Directive)
- Set up institutional framework for cooperation of regulators, in particular regarding implementation of the commitments made herein
- Create links with EU relevant regulatory structures to promote sharing experience related to relevant EU regulation and participation in discussion on its evolution (e.g. through cooperation with [Expert Group on electronic commerce](#))
- Promote joint initiatives for furthering cooperation with the European Union, in particular in light of the recital (62) of the Directive on electronic commerce⁴⁴

8.1.2. Consumer protection acquis

Number of EU consumer protection laws set out complex network of standards aimed at protecting European consumers (inter alia) in electronic commerce. These standards are main building blocks of

⁴⁰ Articles 12-15

⁴¹ Article 3

⁴² Article 4

⁴³ Articles 9-11

⁴⁴ Cooperation with third countries should be strengthened in the area of electronic commerce, in particular with **applicant countries**, the developing countries and the European Union's other trading partners.

trust European consumers have when buying online. This is why the share of people who order from online shops from other EU member states is still higher than the one buying from outside of EU, despite the strong position of Chinese and American online vendors. In order to build up this trust, CEFTA Parties should make a list of European standards in online shopping which they will commit to and implement in their systems of consumer protection, as well as enable mechanism for effective enforcement across Parties.

8.1.2. a) Harmonisation: Proposed list of standards:

- The right of full information on cost (Article 6 of CRD 2011/83/EC)
- The right of withdrawal (Article 9 and 14 of CRD), withdrawal period (Article 10) and standardized (European) form for withdrawal
- The rights related to refunds (Article 13 and 14 CRD)
- Rules on elimination of additional costs related to payments (Article 19, 20)
- Rules on pricing customer services provided by phone (Article 21)
- Rules on pricing related to options offered in “pre-selected” boxes (Article 22)
- Rules enabling removal of sites or social media accounts where scams have been identified

In 2019, European Union has adopted two important acts harmonising 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 everyday transactions concerning goods, digital content and digital services⁴⁵. These directives should be transposed by July 2021 and could be important source of identifying extension of the proposed list of standards in mid and long term.

8.1.2. b) Cooperation:

Harmonisation of consumer protection rules can be significantly undermined by ineffective and inaccessible dispute settlement mechanism. In its *E-commerce Action Plan 2012-2015 – state of play 2013*⁴⁶ the Commission puts combatting abuse and effective resolution of disputes as a matter of priority. To follow this trend, the Parties should explore possibilities of strengthening cooperation among consumer protection regulators and consumer protection organisations with a view of more effective and more coherent application of these standards in line with European experiences and practices. In particular, setting up alternative, and especially online, dispute settlement mechanisms which would allow consumers to protect their rights beyond their domestic markets should be seen as a priority.

8.1.3 Platform-to-business Regulation⁴⁷

Online platforms (e.g. search engines, social media, e-commerce platforms, app stores, price comparison websites) are increasingly playing a central role on the market. They enable consumers to find online information and businesses to exploit the advantages of e-commerce. Platforms have proven to be innovators in the digital economy. In EU, more than 1 million enterprises trade through

⁴⁵ See: https://ec.europa.eu/info/business-economy-euro/doing-business-eu/contract-rules/digital-contracts/digital-contract-rules_en

⁴⁶ Commission Staff Working Document, SWD(2013) 153 final: https://ec.europa.eu/information_society/newsroom/image/document/2017-4/130423_report-ecommerce-action-plan_en_42073.pdf

⁴⁷ Regulation (EU) 2019/1150 on promoting fairness and transparency for business users of online intermediation services: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R1150>

online platforms to reach their customers⁴⁸. In order to provide fair, transparent and stable environment for both consumers and businesses using platforms, the Regulation 2019/1150 sets out EU standards regulating basic principles of relationship between the platforms (intermediary services providers and search engines) and businesses and consumers who use these platforms to offer, search for and purchase goods and services.

8.1.3. a) Harmonisation: Proposed list of standards:

- Platform rules on terms and condition (article 3)
- Rules regarding Restriction, suspension and termination of platform services (article 4)
- Rules regarding parameters determining ranking of businesses on platforms
- Rules on ancillary (Additional) goods and services offered by platform (Article 6)
- Rules on resulting in different treatment of different goods and services on the platform
- Rules on contractual terms, including retroactive changes, termination of contract, access to information and data (Articles 8 and 9)
- Rules regarding limitations on competitive offers of products/services (Article 10)
- Rules on internal complaint-handling system and mediation of disputes (Articles 11-13)

8.1.3 b) Cooperation:

same as 8.1.1.c)

8.2. Key enablers: recognition of electronic signature

Electronic signatures and other cryptography-based technologies are the key enabler of secure electronic payments and other digital transactions. E-signature stands for data which provides guarantee that certain transaction is made by identified party and that holds the link between the content of transaction and that party. In this way they provide the guarantee of authenticity and integrity of the documents underpinning the transaction (e.g. e-contract, e-invoice, etc) and enables the transaction between the parties regardless of their geography.

In the European Union, eIDAS Regulation⁴⁹ was adopted in 2014 with a view of enabling trustworthy environment for citizens and businesses to engage in electronic commerce and other digital activities and to liberalise the market of trust services⁵⁰. The framework covers not only electronic signatures, but also other trusted services, such as electronic seals, time stamping, registered electronic delivery and website authentication. It sets out minimal obligations for the service providers, especially with regards accountability, transparency and security. The Regulation ensures that requirements do not favour specific technology. It also affirms the legal effect of electronic document in official matters. Finally, it gives the legal basis for recognition of trust services provided by trust service providers established in a third party.

⁴⁸ Assessment of platforms and tackling illegal content, European Parliament, 2019:

<https://www.europarl.europa.eu/legislative-train/theme-connected-digital-single-market/file-jd-online-platforms-fairness-in-platform-to-business-relations>

⁴⁹ Regulation 910/2014/EU on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014R0910&from=EN#d1e1763-73-1>

⁵⁰ Electronic service normally provided for remuneration which consists of: (a) the creation, verification, and validation of electronic signatures, electronic seals or electronic time stamps, electronic registered delivery services and certificates related to those services, or (b) the creation, verification and validation of certificates for website authentication; or (c) the preservation of electronic signatures, seals or certificates related to those services

To enable the EU compliant recognition of electronic signatures (and possibly other trust services) provided by trust service providers established in CEFTA Parties, the Parties should take following actions:

8.2.a) Harmonisation and market integration:

- Create general framework for mutual recognition of electronic signatures (and other trust services) which would set up general standards (requirements) modelled according to eIDAS regulation
- Set up a procedure for validation of compliance with agreed standards

8.2.b) Cooperation:

- Ensure technical conditions, such as interoperability of trust service registers and technical links, to ensure effective implementation of the mutual recognition framework
- Seek cooperation with regional and European cooperation platforms to ensure synergies

8.3. High transaction costs

Consultation with business community provided diverse and vast input regarding how electronic commerce can be promoted, especially at the regional level. However, if there was to specify one barrier as a common denominator that generates significant obstacles and often serves as deterring factor to engaging in regional electronic commerce – that would be high transaction costs. These mainly refer to delivery of physical goods purchased online and lack of trustworthy and cheap payment instruments (see: chapter 3).

8.3.1. Parcel Delivery

Businesses report that parcel delivery is one of the key factors in regional electronic commerce which often is the main reason why companies and in particular SMEs cannot effectively deliver their (physical) products outside their markets. In the same time, reliable delivery is one of the main factors in consumers decision to engage in online shopping or not. The regional parcel delivery market seems underdeveloped: often services are not provided outside domestic markets, the price is significantly higher for services outside domestic markets, the service is slow and the quality of service is low (e.g. no track and trace function).

To tackle similar issues, the EU has adopted Parcel Delivery Regulation 2018/644 to complement postal acquis, with a view of

- enhancing the regulatory oversight of parcel delivery services
- increasing the transparency of certain single-piece tariffs through publication on a website
- assessing tariffs for certain cross-border parcel delivery services

The main concept behind this regulation is to increase transparency mechanism which would allow for easier access to prices to both consumers and regulators in order to create both market and regulatory pressure on the service providers to compete by lowering prices and increasing quality of service. To make this possible the Commission has created standardised forms⁵¹ through which postal regulators collect required information from postal operators.

⁵¹ The Commission Implementing Regulation (EU) 2018/1263: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1263>

8.3.1 a) Harmonisation:

- Introduce adapted European standards and procedures for collection of data on parcel delivery markets in line with Parcel Delivery Regulation 2018/644

8.3.1 b) Cooperation and Transparency:

- Within CEFTA Transparency pack create publicly visible database of single-piece tariffs to cover deliveries among CEFTA parties (and possibly the European Union)
- Seek cooperation with European Regulators Group for Postal Services to ensure application in line with EU experience and practices
- Promote better cooperation among postal services in order to achieve less expensive and better-quality service between the CEFTA Parties.

8.3.2. Payments

Many consumers do not dare to engage in electronic commerce because they do not trust payment instruments offered (so they prefer cash on delivery payment) and if they do, they pay significantly higher charges, in particular when paying to non-domestic outlets. To solve the trust issues many businesses have called for work to be done to attract big digital payment companies, such as PayPal. However, even when governments have shown interest in bringing big FinTechs, they seemed to be uninterested given the small scale of local markets. To offset this, CEFTA can promote market integration based on EU regulation which would allow payment service providers and e-money institutions to function based on EU (alike) rules and not one, but on seven markets. This would make the regional market more attractive to European and global payment service providers and create incentive for more investment in local and regional providers and services which would result in increased trust and cheaper service.

8.3.2 a) Harmonisation:

- Promote harmonisation with the EU payment acquis: Payment Service Directive 2015/2366, Payment Accounts 2014/92/EU, E-Money Directive (2009/110/EC) and the Settlement Finality Directive (98/26/EC)

8.3.2 b) Market integration:

- Introduce limitations (maximum) interchange fee rate on all debit and credit card-based payment transactions including the ones between the CEFTA Parties, modelled by provisions of the Regulation (EU) 2015/751 on interchange fees for card-based payment transactions

8.3.2 c) Cooperation:

- Support cooperation among regulators on harmonisation and implementation of the EU payment acquis and
- Support cooperation on setting up necessary conditions for instant payment systems and creating necessary links between the systems to enable inter-party applications.
- Seek synergies with regional and EU structures dealing with payments in regional and EU context

8.4. Customs clearance

Another important barrier reported by both businesses and consumers is related to treatment of parcels ordered/sent by electronic commerce at the crossing points. Procedures seem lengthy and

burdensome, often with expected time of clearance hard to predict. The treatment of parcels is not risk based and there are no facilitation procedures, or they are insufficiently developed, in particular for trustworthy operators (senders). For example, to simplify the procedure for express consignments, the customs authorities could authorize replacement of declaration with some other commercial or official documents for such senders.

E-commerce is recognised as one of the key challenges by the customs and other authorities. Volumes of small consignments is increasing, and this requires new and modernised approach to customs clearance procedures which guarantees efficiency but also effectiveness in fighting problems, such as grey economy.

All CEFTA Parties have some activities aimed at accommodating the changes in the functioning of customs and tax authorities to challenges related to electronic commerce. However, on the one side the results significantly vary and there is no exchange of practices on this matter. On the other side, some CEFTA Parties have established special procedures that would allow faster customs clearance, but this has not picked up by businesses. Finally, the European Union as recently introduced rules and procedures aiming to abolish VAT exemption threshold (currently 22 euro), but in the same time introduce e-commerce facilitation procedures for companies carrying out cross-border electronic trade of goods or services⁵².

To tackle this, World Customs Organization adopted the Framework of Standards⁵³ intended to provide global baseline to assist Customs and other relevant government agencies in developing E-Commerce strategic and operational frameworks supplemented by action plans and timelines. Furthermore, there are multiple good practice in the EU, either embedded in the EU regulation (as mentioned or developed by the member state's customs administration. In addition to regulatory and policy measures, it is important to mention that IT resources and trained staff remain one of the common challenges of customs administration in the region.

To address the customs related challenges following actions are proposed:

8.4. a) Harmonisation:

- Transposition of the WCO Framework of Standards
- Harmonization of regular or simplified cross-border e-commerce customs clearance procedures
- In cooperation with ministries of finance and customs authorities, conduct an impact assessment of partial or full transposition of the EU VAT e-commerce package

8.4. b) Cooperation and Transparency:

- Develop appropriate models of cooperation between customs administrations for efficient and effective management of e-commerce
- As part of the CEFTA Transparency Pack, establish a platform for publishing all information and documents relevant for e-commerce

⁵² See: https://ec.europa.eu/taxation_customs/business/vat/modernising-vat-cross-border-ecommerce_en

⁵³ See: http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/ecommerce/wco-framework-of-standards-on-crossborder-ecommerce_en.pdf?db=web

8.5. Capacity of business community

The key factor in turning regulatory progress on the regional level in trade results are in empowering the business community to 1) acquire information on opportunities these new developments bring, 2) picking up these opportunities by providing missing resources (e.g. technical support) and in this case, particularly important 3) take up the role of self-regulators, especially on the regional level.

Therefore, the regulatory regional actions should be complemented with efforts in creating the network of business organisations who could represent the regional ecommerce community and take up the self-regulatory role. Extending European trust marks to CEFTA and/or developing CEFTA trust marks based on the European experience or other best practices would be a significant contribution to development of the regional electronic commerce.

9. Other e-commerce relevant CEFTA activities

- Development of uniform statistics relevant to electronic commerce.

The Working Programme of the CEFTA Subcommittee on Trade in Services envisaged exploratory talks to be carried out by the Working Group on Trade in Services Statistics, FATS and FDI Statistics in course of 2020. These talks will investigate possibilities to streamline Parties' efforts to collect and share statistics which is relevant for the development of e-commerce related policies, in line with the EU practices and methodology.

- Intellectual Property Rights (IPR)

The Working Programme of the CEFTA Subcommittee on Trade in Services envisaged exploratory talks to be carried out by the Intellectual Property Offices of the CEFTA Parties with a view of establishing closer cooperation in this field in line with the Articles 37-39 of CEFTA 2006. This cooperation would address also IPR aspect of the trade of digital content.

- Consumer Protection

Given the importance of consumer protection, as horizontal issues, due attention will be paid to this topic with scope going beyond electronic commerce. If demand is expressed towards more structural cooperation in this field, involving the consumer protection authorities and consumer protection organisation, CEFTA will enable discussions to this end.

- Market Surveillance

CEFTA has organized two exploratory talks on market surveillance with a view of establishing cooperation with an aim of facilitation of free movement of safe goods. In this context and following the progress in adopting joint standards, CEFTA could seek extension of cooperation of market surveillance authorities to secure safe electronic commerce.

10. Action Plan

Deadline	Activity:	Institutional actors:
15 February 2020	Proposal drafted and shared with Parties	CEFTA Secretariat
26 February 2020	Regional meeting on e-commerce	CEFTA Parties

		CEFTA Secretariat
14 May 2020	Consultation with the customs authorities	CEFTA Subcommittee on Customs and Rules of Origin
18 June 2020	Consultation with ministries in charge of trade	CEFTA Subcommittee on Trade in Services
September 2020	E-commerce Proposal full endorsement	Joint Committee
By mid-2021	First package adopted	Joint Committee
	<p>The First package will consist of</p> <ol style="list-style-type: none"> 1) Proposal for capping of charges on intra CEFTA payments, including those between traders and issuers of credit cards, in line with EU practices 2) Proposal for procedures on the parcel delivery tariff monitoring in line with EU standards 3) Harmonisation of core rules (ref 8.1) 4) Decision on market integration (ref. 8.1.1 b) 5) CEFTA Framework for recognition of electronic signatures 6) Proposal for partial or full transposition of the EU VAT e-commerce package 7) CEFTA platform for publishing all information and documents relevant for e-commerce 8) Models of cooperation between customs administrations on e-commerce customs clearance 	<ol style="list-style-type: none"> 1)-5) SC on Trade in Services 6)-8) SC on Customs and Rules of Origin
By end 2022	Second package adopted	Joint Committee
	<p>The Second package will consist of</p> <ol style="list-style-type: none"> 1) Implementation of harmonised core rules and market integration and technical assistance to the regulators (ref 8.1) 2) Establishing framework for cooperation with EU structures (e.g. Memorandum of Understanding) (ref 8.1) 3) Implementation of AP/Decision/MRA on electronic signatures and technical assistance with regulators 4) Actions aimed at facilitating high transaction cost (ref. 8.3) 5) Transposition of the WCO Framework of Standards 6) Harmonization of the customs procedures for regular or simplified cross-border e-commerce customs procedures 	<ol style="list-style-type: none"> 1)-4) SC on Trade in Services 5)-7) SC on Customs and Rules of Origin

	7) Impact assessment on transposition of key elements of VAT e-commerce package	
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