



EU4Digital

EU4Digital: supporting digital economy
and society in the Eastern Partnership

eCommerce Report

Recommendations proposed for eCommerce
environment harmonisation in the EaP countries: Georgia

15 January 2021



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1 Executive summary

In the EU market, eCommerce presents opportunities for retailers from the different countries to grow businesses and revenues. The EU market of eCommerce provides access to over 500 million consumers with the eCommerce market worth more than \$700 billion¹ and an annual growth rate of 15% on average domestically and exceeding 25% for cross-border eCommerce². The EU, being the second biggest in the world cross-border buyer of goods, established own eCommerce rules, processes, know-hows and ways for engagement of stakeholders. The EU member states expect that these rules are considered and followed by trading partners, including non-EU businesses. Otherwise, obstacles and barriers created by different rules in the EU and third countries complicate eCommerce transactions.

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

1.1 Objectives of the report

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

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

1.2 Scope of eCommerce study

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

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

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

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

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

1.3 Approach

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

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

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

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



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

1.4 The state of play in the Eastern partner countries

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

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

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

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



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

1.5 The recommendations to harmonise eCommerce

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

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

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



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

1.6 The next steps and considerations

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



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

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

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

2 Introduction

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

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

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

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

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

2.1 Context

eCommerce of the EU market presents opportunities for retailers from the different countries to grow businesses and revenues. The EU market of eCommerce provides access to over 500 million consumers with the eCommerce market worth more than \$700 billion⁵ and an annual growth rate of 15% on average domestically and exceeding 25% for cross-border eCommerce⁶. The EU, being the second biggest in the world cross-border buyer of goods, established own eCommerce rules, processes, know-hows and ways for engagement of stakeholders. The EU member states expect that these rules are considered and followed by trading partners, including non-EU businesses. Otherwise, obstacles and barriers created by different rules in the EU and third countries complicate eCommerce transactions.

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

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

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



2.2 Objectives

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

Ecosystem recommendations have objectives to:

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

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

2.3 Scope

2.3.1 Framework of eCommerce

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

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

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

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

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

2.3.2 Global perspective addressed

To harmonise eCommerce in the Eastern partner countries in line with the EU state of play, mainly the EU regulations, directives and processes are described. To complement this description, rights and obligations set by the global organisations, such as the Universal Postal Union (UPU) and the World Customs Organisation (WCO), are covered as well. This global perspective on eCommerce has to be taken into consideration as the EU member states trade with the Eastern partner countries and the rest of the world. As the EU trades with the rest of the world, there are legislation and procedures developed by global cooperation (e.g. the UPU network

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

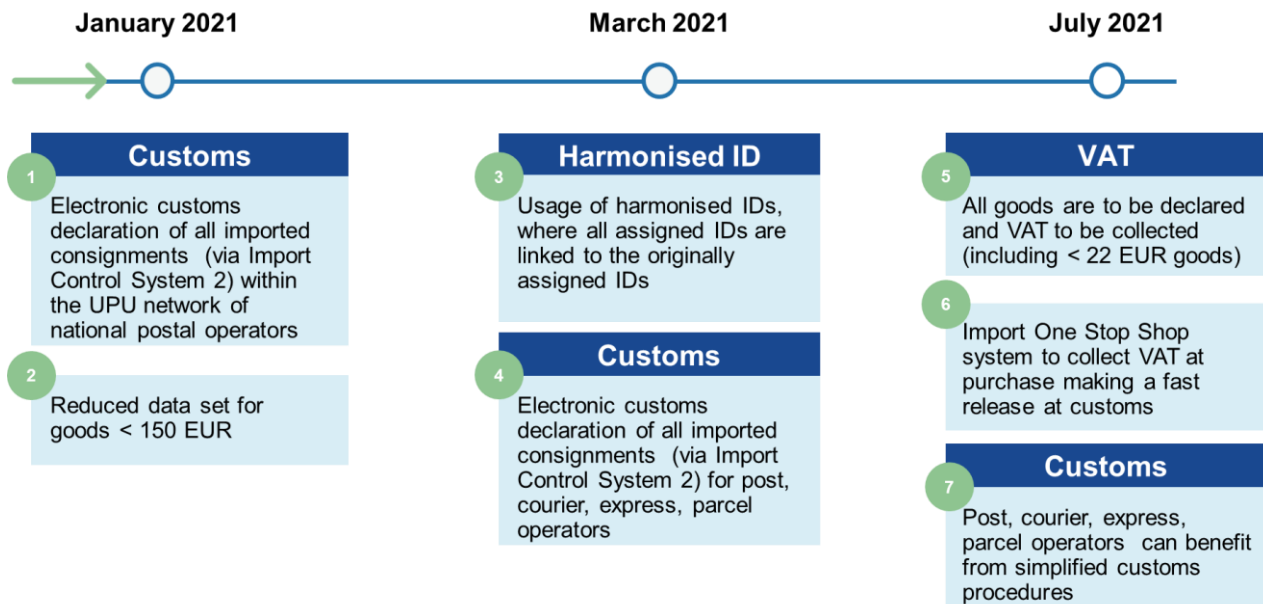


that enables cross-border delivery within eCommerce, the WCO global model for customs requirements). Such systems and procedures influence eCommerce legislation in the EU and the rest of the world.

2.3.3 The future state of play of eCommerce considered

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

Figure 1: Overview of the 2021 changes in eCommerce area



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

2.3.4 Cross-border aspects in focus

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

3 Methodology

3.1 EU practice of cross-border eCommerce

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

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

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



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

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

3.2 Value chain of eCommerce

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

3.2.1 Value chain approach

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

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

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

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

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

Figure 2: Business processes of the eCommerce value chain



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

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



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

3.3 Approach of assessment in the Eastern partner countries

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

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

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

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

3.3.1 eCommerce ecosystem

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

Table 3: Ecosystem perspective of the eCommerce value chain

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



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

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

3.3.2 Legislation

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

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

Table 4: Legislation perspective of the eCommerce value chain

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



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

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

3.3.3 Standards

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

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

Table 5: Standards perspective of the eCommerce value chain

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



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

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

3.3.4 Data collection

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

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

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

3.3.5 Gaps analysis

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



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

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

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

3.3.6 Recommendations

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

eCommerce ecosystem recommendations have objectives to:

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

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

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

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



4 Gap analysis report for Georgia

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

- Revenue Service (including the Customs Department);
- Ministry of Economy and Sustainable Development of Georgia;
- Georgian National Communications Commission;
- National Bank of Georgia;
- Georgian Post;
- eCommerce Association of Georgia;
- European Business Association;
- Data Exchange Agency;
- Enterprise Georgia;
- Georgia Innovation and Technology Agency (GITA);
- Georgian ICT Cluster;
- Representatives of eCommerce marketplaces and businesses;
- Representatives of private parcel delivery operators.

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

4.1 Gap analysis in eCommerce ecosystem area

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

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

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

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

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



- Gaps
- Challenges

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

No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
eCommerce platforms			
1.	<p>There is a variety of the major global eCommerce platforms providing services in the EU market, which enables cross-border eCommerce in the EU. Using one of these platforms brings benefits to enter the market quickly and with relatively low costs.</p> <p>Key aspects to consider for the Eastern partner countries:</p> <ul style="list-style-type: none"> Increase awareness and communicate the benefits of activating cross-border eCommerce through the major global eCommerce platforms. Also, assess accessibility of the global eCommerce platforms in the market. 	<p>Availability of the global marketplaces:</p> <ul style="list-style-type: none"> Global marketplaces that are selling in the EU are available in Georgia for both customers and businesses. However, such marketplaces are not directly present in Georgia. Customers are able to use intermediary services such as parcel forwarding services (e.g. Maleo, Usa2Georgia, Amanati, Camex) to get parcels delivered from the global marketplaces. The national postal operator developed parcel forwarding service Maleo to order products from international online platforms and receive them in Georgian Post's offices. It is also possible for businesses to use local and international parcel delivery operators that support cross-border delivery (e.g. DHL, FedEx, Boxette). 	<p>Similar practices as in the EU. Although the global marketplaces are not directly present in Georgia, intermediary services (such as parcel forwarding) and global delivery services enable delivery from the global marketplaces. It is not likely that the global marketplaces will enter Georgia (similarly as in some of the EU countries).</p> <p>Global logistics players (such as DHL, FedEx) entered the market to enable availability of the global marketplaces, but it's challenging for them to maintain high volumes, which influences high rates for parcel delivery.</p> <p>As a result, businesses and customers leverage workarounds to make the global marketplaces available, such as parcel forwarding services.</p>
2.		<p>Usage of the global marketplaces:</p> <ul style="list-style-type: none"> Global marketplaces are used by customers and businesses. However, the share of cross-border transactions is low. Majority of eCommerce transactions are domestic. Popular global online marketplaces include Aliexpress, Amazon and Ebay. Businesses face challenge in cross-border transactions with lack of awareness on how to use platforms and how to 	<p>Different practices than in the EU. Usage of global marketplaces is not common. Although intermediary services, such as parcel forwarding, and global delivery services enable delivery from the global marketplaces operating in the EU, consumers and businesses face challenges.</p> <p>Businesses face challenges to deliver items to the EU due to lack of awareness</p>



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
		<p>comply with necessary requirements and standards on these platforms, as well as logistics and requirement for a permanent volume stock delivery.</p> <ul style="list-style-type: none"> Consumers see language barrier as a challenge in cross-border transactions. 	<p>to use global platforms and to set up cross-border logistics.</p> <p>Customers in Georgia are buying through the global marketplaces operating in the EU, however, they use parcel forwarding services of which customers have to be aware. Language barrier is another challenge.</p>
3.	<p>In the EU, eCommerce marketplaces play an important role in cross-border sales as they allow SMEs to expand globally at reasonable cost. Such platforms provide support in payments, logistics, localisation and other key areas of cross-border eCommerce.</p> <p>Key aspects to consider for the Eastern partner countries: depending on audience, it may be the most effective to engage with buyers on local platforms.</p>	<p>Local marketplaces selling cross-border:</p> <ul style="list-style-type: none"> Some of the popular local marketplaces include mymarket.ge, my.ge, be.ge, extra.ge, onoff.ge, liloshop.ge. Local marketplaces do not sell cross-border, with the exception of few websites (mostly apparel sector, e.g. Moreislove). To sell cross-border businesses use parcel forwarding services (e.g. Boxette) and global logistics services (e.g. DHL, FedEx). There is an initiative from the national postal operator to support local businesses to sell cross-border using their own web shops, namely Georgian Product to the World. Sellers can integrate via API to streamline delivery, export documents and tracking abroad. 	<p>Different practices than in the EU. It is not common for local marketplaces in Georgia to sell to the EU. Those who sell cross-border use parcel forwarding services or global parcel operators, however, there is lack of awareness to sell cross-border.</p>
4.	<p>Continental eCommerce platforms focus on markets throughout the European Economic Area (EEA). Such platforms personalise operations to the EU market by providing services in two or three European languages, accepting three or four currencies and localising communication channels.</p> <p>Key aspect to consider for the Eastern partner countries: increase the awareness of the importance for cross-border eCommerce to personalise and localise eCommerce platforms with languages and currencies familiar for audiences.</p>	<p>Localisation and personalisation of local marketplaces:</p> <p>Some individual websites and marketplaces are available in English and/or accept two currencies – the US dollars and Georgian laris. However, it is not common to display prices in EUR currency.</p>	<p>Different practices than in the EU. For a seamless eCommerce transaction between the EU and Georgia, it is important to indicate prices at least in EUR currency and provide English language of the interfaces. It is not common for marketplaces in Georgia to localise and personalise prices for the EU buyers by offering EUR currency and displaying English interfaces.</p>



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
Payments			
5.	<p>Following payment methods are typically offered to the EU customers: Visa/Mastercard, Digital wallets, Domestic bank credit / debit card, Bank transfer, Invoice, Cash-on-delivery, iDeal.</p> <p>Key aspects to consider for the Eastern partner countries: consider implementing the most common electronic payment methods that consumers expect to see on eCommerce platforms, such as bank cards, digital wallets, bank transfer, invoice, cash-on-delivery. The preference varies on country.</p>	<p>Payment methods usage:</p> <ul style="list-style-type: none"> Accepted payment methods: Visa/Mastercard, digital wallets, local credit/debit card, bank transfer, invoice, cash-on-delivery. The most popular is Visa/Mastercard. Instant payment systems (similar to iDeal) is under development in Georgia. The system will be similar to the faster payments system such as TIPS in EU. No timeline to implement available yet. Local solutions of digital wallets are also popular such as TBCPay, mypay.ge as they are considered to be more affordable comparing to global solutions used in the EU. 	<p>Similar practices as in the EU. Some of the most common payment methods in Georgia are aligned with the EU. Local payment solutions such as digital wallets (e.g. TBCPay, mypay.ge) are common in Georgia, but customers in the EU have limited awareness of the local Georgian solutions.</p>
6.	<p>To process payments, it is common for the EU business to use global electronic payments service providers. These providers meet standards for data security and are trusted by both, businesses and consumers. That is why, consumers expect to see payment gateways when shopping cross-border, such as⁹: Amazon payments, WePay, PayPal payments standard, Authorize.net, 2Checkout, Stripe, eWay, Payment Express.</p> <p>Key aspects to consider for the Eastern partner countries: Consider implementing the most common and trusted payment gateways that are available on the EU eCommerce marketplaces.</p>	<p>Payment gateways usage:</p> <p>Marketplaces do not commonly use global payments gateways that are used in the EU to process payments. As there are convenient local payment methods that are considered to be more affordable comparing to global solutions used in the EU, major marketplaces are not implementing global payments gateways (e.g. even though PayPal payments standard is available, it is not common to be implemented by major marketplaces in Georgia).</p>	<p>Different practices than in the EU. In Georgia, marketplaces do not use global payment gateways to process payments as there are convenient local payment methods that are considered to be more affordable comparing to global solutions used in the EU. This makes the payments more challenging, as consumers cannot see the common and trusted services in the EU during the checkout.</p>
Taxation			

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



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
7.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p> <p>For businesses selecting Import One Stop Shop¹⁰ (hereafter, IOSS) facility, especially for non-EU businesses, it is important to note that the IOSS representative for the remote seller has to register only in one Member State within the EU - the Member State of Identification (MSI). So, businesses must have an IOSS representative in the EU / EEA with a contract with the seller, acting as its fiscal representative¹¹.</p> <p>When selling through own website, businesses themselves need to appoint an EU intermediary to obtain an EU IOSS VAT number. However, when selling through a marketplace / platform, the operator of this marketplace / platform becomes liable to pay the VAT to the EU tax authorities.</p> <p>Key aspects to consider for the Eastern partner countries:</p> <ul style="list-style-type: none"> • Tax / customs authorities must be connected to the EU IOSS database. • Businesses should consider appointing IOSS representatives in the EU. • Increase awareness and communicate the changes in VAT processes associated with IOSS. 	<p>Awareness of eCommerce package – IOSS:</p> <p>The key eCommerce stakeholders in Georgia are not aware of the IOSS and related changes to pay cross-border taxes in the EU in 2021. The Revenue Service representatives highlight the lack of communication about IOSS and related regulatory framework.</p>	<p>No awareness as of summer 2020. The key stakeholders in Georgia are not aware of the EU changes to cross-border taxation procedures in 2021 and are not doing preparatory actions, which includes establishing a representative in the EU, updating IT systems and cross-border taxes reporting processes. The stakeholders show interest in these changes and expect more communication on this matter.</p> <p>It is important for Georgia to adjust to these changes as IOSS system may help authorities to control taxes flows and businesses to report cross-border taxes.</p>
Logistics and supply chain			

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

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



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
8.	<p>The most common delivery method in the EU is the post. About 75% of all commercial postal items (EU definition: parcels) sent across borders are enabled through the UPU.</p>	<p>Post delivery:</p> <ul style="list-style-type: none"> The most common method of parcel delivery is through the post. In addition to Georgian Post, there are major local parcel delivery operators (e.g. Amex, Cityexpress, Atlanticexpress, Postalon) and other smaller operators. For cross-border delivery, the national postal operator Georgian Post is using three hubs (offices of exchange)¹². 	<p>Similar practices as in the EU. Georgia allows the key global logistics operators to the market. However, given the market size, these stakeholders don't have high maturity logistics networks. The rates of the private sector parcel delivery operators are high comparing to the EU preventing them to use parcel delivery services for cross-border eCommerce. For this reason, local parcel delivery operators and the national postal operator are the most common.</p>
9.	<p>eCommerce retailers manage their logistics by working with international logistics companies such as DHL, DPD, UPS and FedEx.</p> <p>Key aspects to consider for the Eastern partner countries: Increase awareness of possible fulfilment models that retailers must consider. Depending on volume of sales, consider one of the fulfilment models:</p> <ul style="list-style-type: none"> Ship purchased goods from the third countries. Cooperate with logistics business in the EU (outsourcing delivery). Cooperate with multiple logistics business in the EU to ensure fast delivery. It is common for the EU businesses to cooperate with multiple service providers, because only a few international logistics companies have infrastructure on both sides of the border to cover the full cycle of delivery. Nevertheless, large companies, such as DPD, are capable to do so. 	<p>Availability of international logistics operators:</p> <ul style="list-style-type: none"> Key international parcel delivery operators are available for businesses and consumers (e.g. FedEx, DHL, UPS). However, services of international parcel delivery operators are expensive comparing to local operators. For this reason it is common for local marketplaces to use local parcel delivery operators (e.g. Amex, Cityexpress, Atlanticexpress, Postalon). 	<p>In general, the delivery time varies up to ten days, while in the EU, the same or the next day delivery is common (within 48 hours).</p>

¹² GETBSA; GETBSB; GETBSC.



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
	<ul style="list-style-type: none"> Own warehouse facilities in the EU to manage the delivery. Enable cross-border eCommerce through the global marketplaces, Amazon or Alibaba, to leverage their own delivery networks. 		
10.	<p>About 66% of the EU retailers use between two to ten carriers to enable delivery services. Half of these retailers use about five carriers for domestic and international needs.</p> <p>Key aspects to consider for the Eastern partner countries: Same as in question No 9.</p>	<p>Parcel delivery network:</p> <ul style="list-style-type: none"> Businesses and consumers can normally use multiple delivery operators to deliver goods. It is typical for local marketplaces to offer between two to three delivery options. However, for cross-border transactions, often, a single delivery operator, such as international delivery operators, is used by businesses. 	<p>Similar practices as in the EU. Although international delivery operators are available in the market and are expected to participate in the eCommerce ecosystem, they are not fully participating in the parcel delivery network due to high rates comparing to local parcel delivery operators.</p> <p>Also, despite multiple delivery operators are commonly used for domestic delivery, it is not common for cross-border transactions.</p>
11.	<p>The most popular delivery locations are the following: Home, Post office (outlet of the national universal service provider), Work, Parcel shop (local or international service providers such as DHL), Retailer store, Parcel locker station (as an example of unattended delivery).</p> <p>Key aspects to consider for the Eastern partner countries: Same as in question No 9.</p>	<p>Delivery locations:</p> <ul style="list-style-type: none"> The most common delivery locations in urban areas are home, work, post office. In rural areas, post offices of Georgian Post is the most common delivery location. 	<p>Similar practices as in the EU. Although some of the most common delivery locations in Georgia are similar to the EU, in rural areas delivery locations are limited to post offices. Introducing solutions such as unattended delivery options may improve delivery to rural areas.</p>
12.	<p>In most cases, the EU retailers may deliver purchased goods, when required (for a surcharge) during the same day within cities. In other cases, an additional day may be agreed with the customer.</p> <p>Key aspects to consider for the Eastern partner countries: Enable the same or next-day delivery to get purchased goods to buyers.</p>	<p>Delivery time:</p> <ul style="list-style-type: none"> Same day delivery is common in urban areas. However, the overall delivery time varies between three to ten days. It is not common for delivery operators to offer tracking of parcels. 	<p>Different practices than in the EU. The overall expected delivery time standards in Georgia are longer than the same or the next day delivery expected in the EU (within 48 hours).</p> <p>Also, the expected delivery time often cannot be checked by consumers through tracking, as it is not commonly offered by delivery operators.</p>



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
			This is a challenge for a seamless cross-border delivery of parcels to the EU as it is important to ensure optimised delivery to the border.
13.	<p>High quality service with relatively short delivery time to large, mid-sized and small cities. The major retailers deployed their own warehousing and delivery processing facilities to fulfil growing eCommerce needs for high quality delivery to remote areas. Delivery to remote areas is dependent on the road availability.</p> <p>Key aspects to consider for the Eastern partner countries:</p> <ul style="list-style-type: none"> • Ensure availability of infrastructure to a pick-up point selected by a consumer. Otherwise, delivery operators may drop shipments in the nearest drop locations. • For optimised delivery, it is important to ensure a sufficient infrastructure. 	<p>Delivery to remote areas:</p> <ul style="list-style-type: none"> • Delivery to the remote areas is available mainly through the Georgian Post, which has around 81 offices across the country. • Delivery to rural areas is more expensive comparing to delivery in urban areas and requires special transportation as Georgia is a mountainous country. For this reason, delays in delivery by few days are common (e.g. it may take one day in Tusheti to cover 70 km). 	<p>Similar practices as in the EU. Decentralised network with active postal offices in all regions of the country is an old state-of-art, which is recommended to be updated according to the global and the EU best practices. In the EU, it is common to establish consolidated central distribution networks to achieve timely transportation of parcels.</p>
14.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p> <p>One of the aims of the 2021 modernisation is to eliminate traditional or physical documentation. All logistics businesses will need to adjust and use the IT system – Import control system 2 – to exchange pre-arrival information about goods¹³.</p> <p>Key aspects to consider for the Eastern partner countries:</p>	<p>Awareness of eCommerce package - electronic declarations only:</p> <ul style="list-style-type: none"> • The customs authority is aware of the changes related to electronic declarations and will be actively involved in disseminating the information to raise the awareness for impacted stakeholders. However, as of summer 2020, the major parcel delivery operators are not aware of the change. • National postal operator is also aware and tested electronic advanced data with some of the EU Member states. The post will support the customs authorities in implementation process. 	<p>No full awareness as of summer 2020. Although some of the key eCommerce stakeholders (the customs department and the national postal operator) are aware of the changes related to electronic declarations, other stakeholders (such as private parcel delivery operators) lack awareness about the upcoming EU changes regarding mandatory electronic declarations. As the result, they cannot start preparatory actions, which includes adjustments to the systems and business processes. The stakeholders show interest</p>

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



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
	<ul style="list-style-type: none"> Increase awareness and communicate that retailers, parcel delivery services and tax / customs authorities will have to use electronic advanced data instead of physical documentation. Retailers, parcel delivery services and tax / customs authorities should consider integrating with the IT system – Import control system 2 – to exchange pre-arrival information about goods. 	<ul style="list-style-type: none"> No action plan or timeline is available to prepare for the changes. 	<p>in these changes and expect more communication on this matter.</p> <p>Adjusting to these 2021 changes of the EU is important for Georgia to speed up cross-border delivery, which is identified as one of the challenges. Also, it may benefit private parcel delivery services in terms of the cross-border transportation.</p>
15.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p> <p>One of the aims of the 2021 modernisation is to transport goods using a simplified dataset to be shared with customs authorities, prior to crossing the border into the EU /EEA for low value consignments. It can be used by all stakeholders¹⁴.</p> <p>Key aspects to consider for the Eastern partner countries: increase awareness and communicate that parcel delivery services and tax / customs authorities can benefit from simplified customs procedures, where reduced data set can be used to declare goods to customs in the EU.</p>	<p>Awareness of eCommerce package - simplified customs procedures:</p> <ul style="list-style-type: none"> The customs authority is aware of the changes related to simplified customs procedures and will be actively involved in disseminating the information to raise the awareness for impacted stakeholders. However, as of summer 2020, the major parcel delivery operators are not aware of the change. 	<p>No full awareness as of summer 2020. Although some of the key eCommerce stakeholders (the customs authorities and the national postal operator) are aware of the changes related to simplified customs procedures, other stakeholders (such as private parcel delivery operators) lack awareness about the upcoming EU changes. As the result, they cannot start preparatory actions, which includes adjustments to the systems and business processes. The stakeholders show interest in these changes and expect more communication on this matter.</p> <p>Adjusting to these 2021 changes of the EU is important for Georgia, which may make private parcel delivery services faster and affordable for cross-border eCommerce.</p>
16.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p>	<p>Awareness of eCommerce package - no exceptions to pay VAT:</p> <ul style="list-style-type: none"> The customs authority is aware of the changes related to removed VAT exceptions, however, they do not foresee any 	<p>No full awareness as of summer 2020. The key eCommerce stakeholders (except the customs authorities, the national postal operator and the Revenue Service) lack</p>

¹⁴ Explanatory notes on simplified customs procedures: <https://standards.iteh.ai/catalog/standards/cen/0428799b-5273-45f8-8629-17da8e92f54f/fprcen-tr-17536>



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
	<p>In July 2021, de-minimis will be cancelled and VAT will apply to all purchased goods. The eCommerce stakeholders may expect that imports may become more expensive as VAT will apply to all goods – without exceptions. It may increase burden on national customs authorities having to process additional number of goods¹⁵.</p> <p>Key aspects to consider for the Eastern partner countries: Introduce awareness campaign to communicate that as de-minimis are cancelled there is impact on cross-border parcel delivery, such as:</p> <ul style="list-style-type: none"> • Businesses should consider leveraging local EU fulfilment services to optimise delivery processes by importing larger transportation pallets, rather than individual parcels falling under de-minimis rules. • Burden on national customs authorities may increase having to process additional number of goods. 	<p>additional burden by this change. The national postal operator and the Revenue Service are also aware and expect additional communication on this matter.</p> <ul style="list-style-type: none"> • However, as of summer 2020, the major parcel delivery operators and retailers are not aware of the change. • No action plan or timeline is available to prepare for the changes. 	<p>awareness about the upcoming EU changes regarding removed exceptions to pay VAT in 2021.</p> <p>Also, the customs authorities do not see challenges with the upcoming change. The stakeholders show interest in these changes and expect more communication on this matter.</p> <p>Unawareness of the changes create a risk for stakeholders that they are not ready for more expensive transactions, additional burden to declare all items at customs. Adjustment to the changes is necessary not to block eCommerce with the EU completely.</p>
17.	<p>Requirements for returns include preservation of the original product (or control of usage) and compliance with deadlines. Consumers do not have to provide reasons for return. Not all logistics companies manage cross-border returns, thus, in addition to the biggest parcel delivery operators that can do it, specialised returns software providers and companies exist. Pick-up drop-off (PUDO) points is a common way to send back purchased goods to retailers.</p> <p>Key aspects to consider for the Eastern partner countries: Introduce awareness campaign to communicate to consumers, businesses and</p>	<p>Return delivery:</p> <p>Returns for both international and local purchases are not common, because of the associated logistics costs for returns. There is a specialised software for cross-border returns working for the US market (i.e. Boxette), but it doesn't cover the EU market.</p>	<p>Different practices than in the EU. Returns in eCommerce transactions are not common because of logistics costs and lack of return specialised operators (e.g. specialised software, parcel operators specialised on returns).</p>

¹⁵ Explanatory notes on VAT eCommerce rules: https://ec.europa.eu/taxation_customs/sites/taxation/files/vatecommerceexplanatory_notes_30092020.pdf



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
	<p>parcel delivery services the key requirements of the return procedure:</p> <ul style="list-style-type: none"> • Original product has to be preserved. Businesses can verify if goods have been used and reject the return. • Customers have 14 days to decide to return purchased goods without providing any reason. • Parcel delivery operators should consider installing unattended delivery options to enable customers to drop goods. • Retailers must provide reimbursement as soon as evidences received. • The biggest logistics operators provide the cross-border return services. Businesses may consider cooperating with such or domestic stakeholders to manage the cross-border return. • Also, they may consider cooperating with the EU or domestic return software. 		
18.	<p>EU businesses and authorities are adjusting their systems and processes to the EU 2021 eCommerce package.</p> <p>The newly introduced process in 2021 for cross-border parcel supply:</p> <ul style="list-style-type: none"> • Is a standard process to exchange information between stakeholders in advance, i.e. before purchased goods are transported; • Is based on an Electronic Advanced Data flow of information; 	<p>Awareness of eCommerce package - cross-border parcel supply chain:</p> <ul style="list-style-type: none"> • The majority of eCommerce stakeholders assign IDs that allow to track purchased goods on item level. • The exchange of information in advance (including Preloading advance cargo information (PLACI), i.e. before purchased goods are transported) between the eCommerce stakeholders is not mandatory and not commonly used by eCommerce stakeholders. However, the national postal operator is using customs declaration system to exchange advance information. 	<p>Different practices than in the EU. Currently, harmonised ID, advanced electronic data and item level information exchange on parcels are not commonly used by <u>all</u> the key and involved stakeholders in Georgia.</p>



No	State of play in the EU	State of play in Georgia	Gaps comparing to the EU baseline / Challenges
	<ul style="list-style-type: none"> Is performed on item level¹⁶; Is enabled by the global ID (which is explained in detail in the following section); Will be fully implemented in 2021. It will be mandatory to send this electronic advanced data for each commercial item, prior to any border crossing into the EU/EEA for customs, fiscal and transport security purposes. 	<ul style="list-style-type: none"> Majority of eCommerce stakeholders use harmonised ID, where all assigned IDs are linked to the originally assigned IDs by seller. 	

4.2 Gap analysis in legal area

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

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

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

4.2.1 Country profile

National legislation agenda in relation to eCommerce

To fulfil obligations within the framework of the Association Agreement Title IV, Article 129, Georgia was obliged to enact the laws on electronic commerce and the final version of the Law on Electronic Commerce in Georgia should have been completed in 2018. The USAID Governance for Development (G4G) project provided technical assistance to the Ministry of Economy and Sustainable Development of Georgia (hereafter, the Ministry of Economy), which

¹⁶ Explanatory notes on item-level tracking rules: <https://standards.iteh.ai/catalog/standards/cen/29395c55-0c81-4a45-8358-059647b5cca7/cen-tr-17535-2020>



developed the draft law of Georgia on Electronic Commerce based on the EU Directive on Electronic Commerce (2000/31/EC). However, the draft law of Georgia on Electronic Commerce has not been registered yet in the Parliament of Georgia (hereafter, the Parliament).

Furthermore, according to the official information available on the website of the Ministry of Economy, following the Association Agreement Title IV, XV-B Annex, works are ongoing with the Georgian National Communication Commission on the draft amendment in the Law of Georgia on Electronic Communications for adherence of the laws of Georgia with the:

- The Directive on Confidentiality of Private Life and Electronic Communication (2002/58/EC);
- The Directive on Authorization (2002/20/EC);
- The Directive on Access (2002/19/EC);
- The Directive on Framework (2009/140/EC);
- The Directive on Universal service (2002/22/EC).

The Ministry of Economy is working on the project regarding secure internet space. The Ministry of Economy has commenced work on the National Strategy on Online Safety, which will determine the measures to be implemented in the country for safe usage of the internet and protection from the harmful effects in the internet space (especially minors).

A draft law of Georgia on post has been prepared and introduced to the government of Georgia. The draft law of Georgia on post has not been registered yet in the Parliament.

Status of the approximation to the EU legal framework

The **draft law on Consumer Rights** has been initiated in the Parliament on June 12, 2019. The explanatory note to the draft law indicates, that it was initiated in the context of the implementation of the EU-Georgia Association Agreement to ensure an appropriate legal level of data protection and bring the national legislation in line with the legal framework of the EU (GDPR), as well as, to ensure the transparent legal regulations.

The **draft law on Personal Data Protection** has been registered in the Parliament on 22 May 2019. The explanatory note to the draft law on Personal Data Protection indicates that it was initiated to meet the requirements of EU legislation and GDPR, as well as, to ensure the transparent legal regulations.

LEPL National Food agency has developed the technical regulation on the Unified Methods for Sampling and Analysis for The State Control of Fast-Frozen Foods For Human Consumption and Monitoring of Temperature. The regulation is prepared in accordance with the obligations of the fourth chapter of the DCFTA to come in compliance with the following regulations and directives of the EU:

- The Commission Regulation (EC) No 37/2005 of 12 January 2005 on the Monitoring of Temperatures in the Means of Transport, Warehousing and Storage of Quick-frozen Foodstuffs Intended for Human Consumption;
- The Council Directive of 21 December 1988, 89/108/EEC on the Approximation of the Laws of the Member States Relating to Quick-Frozen Foodstuffs for Human Consumption;
- The Commission Directive 92/2/EEC of 13 January 1992 laying down the sampling procedure and the community method of analysis for the official control of the temperatures of quick-frozen foods intended for human consumption.

According to the information obtained from the relevant state authorities, LEPL National Intellectual Property Center of Georgia – Sakpatenti – has developed the draft of the amendments to the Law of Georgia “**On Copyright and Related Rights**” defining the issue of liability of intermediary providers for acts infringing copyright, related rights and rights of makers of databases, also grounds for exempting from liability. The present amendments were drafted by Sakpatenti on the basis of the draft Law of Georgia “**On Electronic Commerce**”, prepared by the Ministry of Economy, which is related to commitments under the Deep and Comprehensive Free Trade Agreement (DCFTA). However, this draft law is not yet available publicly.



Identified challenges of the country in eCommerce legal field

The major challenge of the country in eCommerce legal field is the non-existence of the unified law on eCommerce in Georgia, as well as the non-existence of the unified law on Consumer protection. Furthermore, the private entities in Georgia are not regulated in terms of cybersecurity. In addition, even though the consumers in Georgia actively use online platforms, the activities of these platforms are not regulated.

Although the Association Agreement between Georgia and the EU obliges Georgia to adopt eCommerce legislation, the sector is still functioning without special legislation and is regulated under separate provisions. Besides, local and international agreements, amendments and/or contract termination, and eCommerce online consumers' rights protection are incompletely regulated by separate and fragmented Acts of local legislation.

Currently, the regulatory norms and standards in force in the consumer sector in Georgia are summarized in the 30 legislative acts adopted by the Parliament and in the 100 by-laws adopted by the executive bodies of the government (in the rules, regulations, technical regulations, etc.). However, unless the relationship between the consumer and the trader is regulated by the specialized legislation (e.g. by the laws on communications), it is only regulated by the general provisions of the Civil Code of Georgia on Standard Contract Terms (Articles 342-348).

There is no specialized state authority responsible for the protection of consumer rights and competencies in different specific areas are distributed among different authorities. For example, National Communications Commission of Georgia is responsible for the protection of consumer rights that are stipulated in the Ordinance of the National Communications Commission of Georgia on Provision of Services in the Field of Electronic Communications and the Approval of Regulations on Consumer Rights, and LEPL national food agency is responsible to control the safety of the food products.

4.2.2 Analysis of legislation

Consumer protection

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

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
Contractual obligations				
1.	Consumer contracts, Regulation (EC) No 593/2008, Article 6(1)	Article 38 of the Law of Georgia on Private International Law	The choice of law shall be considered void if it disregards the imperative rules that are adopted to protect customers and employees from discrimination.	Partially compatible. The national legislation does not explicitly stipulate that the contract shall be governed by the law of the country where the consumer has his habitual residence.
Unfair commercial practices				
2.	Prohibition of unfair commercial practices, Directive 2005/29/EC Articles 5-9	The Draft Law on Consumer Protection, Chapter VI on Unfair Commercial Practices	Articles 5-9 of the Directive 2005/29/EC are transposed in the Draft Law on Consumer Protection, including Aggressive commercial practices.	Not implemented. The legislative provision has not been enacted.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
3.	Recourse to the codes of conduct, Directive 2005/29/EC Articles 10	Not regulated. The legislation does not promote the control of unfair commercial practices by recourse to the national bodies providing codes of conduct when proceedings before such bodies are in addition to the court or administrative proceedings. This limits available means to deal with national and cross-border unfair eCommerce practices cases by out of court mechanisms.		
4.	Adequate and effective means to combat unfair commercial practices, Directive 2005/29/EC Articles 11	Article 26(1) of the Ordinance of the National Communications Commission of Georgia on Provision of Services in the Field of Electronic Communications and the Approval of Regulations on Consumer Rights The Articles 30.1 and 31.1 of the Draft Law on Protection of the Consumer Rights	A consumer has rights to file a complaint to the communications commission if the consumer's rights were violated. The Articles 30.1 and 31.1 of the Draft Law on Protection of the Consumer Rights are in line with Articles 11 of the Directive 2005/29/EC.	Partially compatible. The draft legislation provision on the rights of taking legal actions regardless of whether the consumer affected is in the country where the trader is located or in another is not yet enacted.
Consumer rights				
5.	Requirements for distance contract, contract medium and language, Directive 2011/83/EU Articles 6-8	Article 11 of the Draft Law on Protection of the Consumer Rights lays down the compulsory information that is required to include in distance contracts between the trader and the consumer and the conditions when these requirements can be altered. Article 12(2) of the Draft Law indicates that the copy of the distance contract shall be sent to the consumer on paper or, if the consumer agrees, another durable medium. The Draft Law on Protection of the Consumer Rights lays down that information indicated in Article 5 and Article 11 should be provided in a clear and comprehensible manner.		Not implemented. The legislation has not been enacted.
6.	Compulsory information to provide before placing an online order, Directive 2011/83/EU Article 8	Article 13(2) of the Draft Law requires that the trader informs the consumer about the payment requirements directly before placing his order. If the trader does not provide this condition, the customer will not be liable to pay the fee. However, the Draft Law does not require the consumer, when placing his order, to explicitly acknowledge that the order implies an obligation to pay.		Not implemented. The legislation has not been enacted.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
7.	Formal requirements for confirmation of the distance contracts, Directive 2011/83/EU Article 8	Article 13(6) of the Draft Law on Protection of the Consumer Rights requires that 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.		Not implemented. The legislation has not been enacted.
8.	Obligations of the trader and the consumer in the event of withdrawal, Directive 2011/83/EU Articles 13-14	Article 14(1) of the Draft Law on Protection of the Consumer Rights sets forth that a consumer can withdraw from a distance contract not later than in 14 calendar days after he/she receives the delivery or from the date when the contract is concluded. Article 15(2) of the Draft Law sets forth that the trader shall reimburse the consumer not later than in seven calendar days from the day when the trader receives the notice on withdrawal.		Not implemented. The legislation has not been enacted.
9.	Delivery of purchased goods, Directive 2011/83/EU Article 18	The obligation of the seller to deliver goods is set forth by the Civil Code, Article 477(1). However, timeframes for delivery are not stipulated. Article 7(1) of the Draft Law on Protection of the Consumer Rights sets forth 30 calendar days as a maximum delivery time unless the parties have agreed otherwise.		Not implemented. The legislation has not been enacted.
Consumer Sales and Guarantees				
10.	Conformity of consumer goods with the contract, Directive 1999/44/EC Article 2	The Civil Code, Articles 487-489	According to Article 487 of the Civil Code, the seller shall transfer to the buyer the goods free of material and legal defects. The criteria on what constitutes non-conformity with the contract are set forth by the Articles 488-489 of the Civil Code: a thing shall be regarded as free of material defects if it is of the agreed quality. If the quality is not agreed in advance, then the thing shall be deemed free of defects if it is suitable for the use intended under the contract or for customary use (Article 488(1)). The elements of the Article 2 of the Directive 1999/44/EC (Conformity with the contract) are	Not implemented. The legislation has not been enacted.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
			transposed in the Article 17 of the Draft Law on Protection of the Consumer Rights. Article 18(5) of the Draft Law defines the criteria for consumer goods specifically. If the Draft Law is enacted, these criteria may have priority over the provisions of the Civil Code.	
11.	Liability of the seller to the consumer for any lack of conformity of delivered goods, Directive 1999/44/EC Article 3	The Civil Code, Articles 490-494	The remedies available to the consumers are: replacement or repair; price reduction; withdrawal from the contract; right to reject goods. Article 18(5)-18(7) of the Draft Law set forth the remedies available to the consumers in case of non-conformity of the consumer goods.	Compatible
12.	Right of redress by the final seller liable to the consumer, Directive 1999/44/EC Article 4	The Civil Code, Articles 1009-1016	The manufacturer of a defective product shall be liable for the damages caused by the product irrespective of whether or not he/she was in a contractual relationship with the victim. If several manufacturers are liable for the same damages, they shall be jointly and severally liable (Article 1013).	Compatible
Better enforcement and modernisation of consumer protection rules				
13.	Misleading commercial practices of paid advertisement, Directive 2005/29/EC Annex 1 (Directive (EU) 2019/2161, Art 3 (7)(a))	Article 29 of the Draft Law on Consumer Protection is in line with Annex I of the Directive 2005/29/EC.		Not implemented. The legislation has not been enacted.
14.	Misleading omissions for products offered on online marketplaces, Directive 2005/29/EC Annex 1 (2019/2161, Art 7(f)) /	Article 29 of the Draft Law on Consumer Protection is in line with Annex I of the Directive 2005/29/EC.		Not implemented. The legislation has not been enacted.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	Directive (EU) 2019/2161, Art 3 (4)(f)			
15.	Information requirements for distance contracts of digital content and digital service, Directive (EU) 2019/2161 Art 4 (2)(b) / Directive 2011/83/EU Art 3	Information requirements for distance contracts of digital content listed in Directive 2011/83/EU are transposed in the Draft law on Consumer Protection (Art. 5).		Partially compatible. The national draft legislation does not define digital services supplied by the trader to the consumer.
16.	Information requirements for distance contracts when price was personalised on the basis of automated decision-making, Directive (EU) 2019/2161, Art 4 (4)(a)ii / Directive 2011/83/EU Art 6	Not regulated. Before the consumer is bound by a distance or off-premises contract, or any corresponding offer, the trader shall inform the consumer, where applicable, that the price was personalised on the basis of automated decision-making. The legislation of Georgia does not apply this provision. The Directive (EU) 2019/2161 is not listed in the obligations of Georgia for approximation in the Consumer Policy area.		
17.	Fake price reductions, Directive (EU) 2019/2161, Art 2 (1) / Directive 2011/83/EU Art 6a	Not regulated. Any announcement of a price reduction shall indicate the prior price applied by the trader for a determined period of time prior to the application of the price reduction. The prior price of the product is the lowest price in the last 30 days before the price reduction. This assures a better consumer protection for eCommerce transactions against possible price manipulations. The national legislation of Georgia does not include any similar provisions. The Directive (EU) 2019/2161 is not listed in the obligations of Georgia for approximation in the Consumer Policy area.		
18.	Misleading omissions about consumer reviews of products, Directive (EU) 2019/2161, Art 3 (4)(c) / Directive 2005/29/EC Art 7 (4)	Not regulated. The legislation of Georgia does not require that the trader providing access to consumer reviews of products must inform the consumer about whether and how the trader ensures that the published reviews originate from consumers who have actually used or purchased the product. This aspect is critical for domestic and cross-border consumers in protecting against misleading omissions about consumer reviews of products. The Directive (EU) 2019/2161 is not listed in the obligations of Georgia for approximation in the Consumer Policy area.		
19.	Enforcement of proportionate and effective remedies, Directive (EU) 2019/2161, Art 3 (5) 1 / Directive 2005/29/EC Art 11a	Articles 81 and 976 of the Civil Code The Ordinance of the National Communications Commission of Georgia on Provision of Services in the Field of	If a person has been deceived into making a transaction, then he/she may demand the avoidance of the transaction. As a result, everything that was obtained by the transaction parties shall be returned based on the unjust enrichment legislation.	Partially compatible. The national legislation does not define that the consumer harmed by unfair commercial practices, shall have access to proportionate and effective remedies, including a price reduction or the termination of the contract.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
		Electronic Communications and the Approval of Regulations on Consumer Rights, Article 26(1)	A consumer whose rights were violated, is entitled to claim compensation for damage suffered and remedying the violated rights. The Directive (EU) 2019/2161 is not listed in the obligations of Georgia for approximation in the Consumer Policy area.	
20.	Injunctions for the protection of consumers' interests, Directive 2009/22/EC Art 2 and 3	The Draft Law entitles the competition agency to investigate and held administrative proceedings against the traders who violate provisions of the Draft Law unless the specific competence belongs to the other specialized authority.		Not implemented. The legislation has not been enacted.
Right to price indication				
21.	Consumer protection in the indication of the prices of products offered to consumers, Directive 98/6/EC Art 1, 3, 5	Article 6(1) of the Draft Law stipulates, the trader is obliged to clearly indicate the price of the goods, as well as the price per unit.		Not implemented. The legislation has not been enacted.
Alternative dispute resolution for consumer disputes				
22.	Availability of procedures for the out-of-court resolution of domestic and cross-border disputes concerning contractual obligations, Directive 2013/11/EU Art 1, 2, 5-11	The Law of Georgia on Arbitration The Law of Georgia on Mediation	Both laws require explicit agreement of the parties on the arbitration or the mediation as the dispute resolution mechanism.	Partially compatible. The legislation does not stipulate that consumers can, on a voluntary basis, submit complaints against traders to entities offering alternative dispute resolution procedures. It does not establish harmonised quality requirements for ADR entities and ADR procedures.
Online dispute resolution for consumer disputes				
23.	Availability of an online dispute resolution platform for consumer disputes, Regulation (EU) No 524/2013 Art 1-5	The Law of Georgia on Arbitration, Articles 2(a) and 6(1)	The Law of Georgia on Arbitration allows arbitration to hear any private law disputes. Consumer disputes are not excluded from the scope of arbitration. As for the online dispute	Partially compatible. The legislation does not define rules for the establishment of online dispute resolution platform(s).



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
			resolution, Article 6(1) allows the arbitration to be held in any form as agreed by the parties.	

Parcel delivery

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

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
Customs formalities				
24.	Customs declaration for all consignments of distance sales, Commission Delegated Regulation (EU) 2019/1143 Art 1, Commission Delegated Regulation (EU) 2015/2446	Not implemented. From 1 July 2021, the European Union will introduce the fully electronic customs declaration of all consignments covering distance sales of goods imported from third countries or territories to customers in the EU. Georgia has not yet initiated any legislative work on the adaptation of the national legislation to the new EU rules in customs declaration. At this stage, there have been no consultations regarding the approximation within the Customs Sub-Committee and or the Association Committee with regards to the approximation of Commission Delegated Regulation (EU) 2019/1143 Art 1, Commission Delegated Regulation (EU) 2015/2446. If not adapted, the flow of eCommerce towards the EU will be restricted.		
Fiscal aspects				
25.	Special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries, the Directives and Regulations the VAT eCommerce package	Not implemented. Special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries to the EU will be applied from 1 July 2021. Georgia has not yet initiated any legislative work on this adaptation. If not adapted, the flow of eCommerce towards the EU will be restricted.		
Non-fiscal aspects				
26.	Compliance with product safety rules, Commission Notice 'Blue Guide', Section 7.3.	The Decree of the Government of Georgia N567 on Border Control Rule for Safety of Food of Non-animal Origin/ Animal	As a general rule, products produced or imported into the territory of Georgia shall comply with safety regulations, to ensure human health safety. If sanitary norms are violated, a person shall be obliged to suspend	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
		<p>Feed dated 23 December 2016</p> <p>Product Safety and Free Movement Code of Georgia</p> <p>Food/feed Safety, Veterinary and Plant Protection Code of Georgia</p> <p>The Decree of the Government of Georgia N533 on Establishing the Rule for Carrying Out the State Control on safety of Food/Animal Feed dated 16 October 2015; The Law of Georgia on Drugs and Pharmaceutical Activity</p>	<p>production, import, export, supply, transportation, sale and use of products, until the violation is eliminated.</p> <p>Please in addition note that such safety rules vary based on the type and composition of each product. Laws of Georgia establish requirements/technical regulations for different types of product.</p> <p>The Border Control Rule for Safety of Food of Non-animal Origin/Animal Feed also establishes measures for control of respective product on the border. In case of non-compliance, such products can be either returned, destroyed or used for other purpose.</p>	
27.	Protection of intellectual property regarding products sold online and imported from third countries, Regulation (EU) No 608/2013	<p>Law of Georgia on Border Measures Related to Intellectual Property</p> <p>The regulation is based on the provisions on special border measures of the Agreement on Trade-Related Aspects of Intellectual Property Rights concluded within the framework of World Trade Organisation</p>	Laws of Georgia establish the possibility to apply special border measures with respect to goods produced through the infringement of copyright and related rights, the right of a database producer, exclusive rights to designs, exclusive rights to patents, exclusive rights to integrated circuit topology, breeders' exclusive rights, rights to appellations of origin or geographical indications of goods, and/or exclusive trademark rights, at the time of their movement within the customs territory of Georgia in accordance with the operations for import, storage, free zone, re-export and export. The state authorities responsible for protection of such measures are the customs department of LEPL Revenue Service of Georgia and LEPL National Intellectual Property Center of Georgia Sakpatenti.	Compatible
28.	Authenticity logo for online sale of medicines, Commission Implementing	Registered pharmacies in Georgia are included in the special registry, which is open and accessible for everyone.		Not regulated. The national legislation of Georgia does not introduce a common logo for legally operating online pharmacies and retailers as one



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	Regulation (EU) No 699/2014, Directive 2011/62/EU			of the measures to fight against falsified medicines. This measure improves the consumer protection for cross-border eCommerce of medicines.
29.	Transparency of cross-border tariffs for parcels, Regulation (EU) 2018/644, Directive 97/67/EC Art 12	Not regulated. The legislation does not require that all cross-border parcel delivery service providers operating in the country shall provide the national regulatory authority with the public list of tariffs applicable each calendar year. The national regulatory authority is not required to objectively assess the cross-border tariffs in order to identify those cross-border tariffs that it considers to be unreasonably high. For distance contracts, the traders concluding sales contracts with consumers that include the sending of cross-border parcels are not required to make available, at the pre-contractual stage, information about the cross-border delivery options in relation to the specific sales contract and charges payable by consumers for the cross-border parcel delivery. These gaps negatively affect the quality of cross-border delivery services.		
Legal framework related to the Universal Postal Union				
30.	Provided services by the national designated postal operator, UPU Convention Manual, Art 1.14 and 17	Draft Postal Law of Georgia, Article 10	Not implemented. The legislation provision has been prepared but not yet enacted.	
31.	Postal security requirements for the provision of electronic advance data, UPU Convention Manual, Article 8.1	The national designated postal operator sends information to the customs authorities about the sender, contents and value with parcel-post items by means of a paper form in special cases. The national postal operator exchanges advance data with the customs authorities of the country via electronic data interchange (EDI) messaging before the parcel-post item is sent. The country uses the Customs Declaration System (CDS), created by the UPU's Postal Technology Centre. Regarding exchange of the advance data about parcel-post items with the other authorities of the country, the Georgia Revenue Service is the sole agency responsible for all customs, sanitary phytosanitary and intellectual property rights control (delegation of quality control functionality at the border with regards to specific products is currently ongoing) on the border. It carries out communication with other relevant agencies based on the advanced information where necessary.		Partially implemented. The national postal operator exchanges advance data about parcel-post items with the Georgia Revenue Service (sanitary, phytosanitary, quality standards, intellectual property rights) where necessary.
32.	Security measures for cargo or mail that fly from /	The national legislation requires that air carriers that fly from the country must ensure that postal items carried to the EU is physically screened or comes from a secure supply chain which is validated according to the EU regulation.		Partially compatible. The national legislation does not require that air carriers that fly from the



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	to the country outside the EU into the EU	The national legislation requires that air carriers that fly from the EU countries must ensure that postal items carried to the country's national territory is physically screened or comes from a secure supply chain which is validated according to the national regulation.		country must ensure that transport cargo carried to the EU is physically screened. There is no requirement that air carriers that fly from the EU countries must ensure that transport cargo carried to the country's national territory is physically screened or comes from a secure supply chain which is validated according to the national regulation.

Security of networks and information systems

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

- The Law of Georgia on Information Security;
- The Law of Georgia On Unified State Registry of Information;
- The Law of Georgia on Personal Data Protection;
- The Law of Georgia - Criminal Code of Georgia;
- The Order N2 of the Head of the Data Exchange Agency on Approval of the Minimum Requirements for Information Security;
- The Order N3 of the Head of the Data Exchange Agency on approval of the rules of network sensor configuration;
- The Order N5 of the Head of the Data Exchange Agency on Computer Incident Assistance Group of the Data Exchange Agency;
- The Order N7 of the Head of the Data Exchange Agency on Approval of the Information Assets Management Rules.

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

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



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
	Directive (EU) 2016/1148 Art 18			These measure with a view to achieving a high common level of security of network and information systems within the cross-border eCommerce so as to improve the functioning of the market.

Geo-blocking

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

No	Reference to the EU baseline	Gaps comparing to the EU baseline / Challenges		
35.	Unjustified blocking or limiting a customer's access to the trader's online interface, Regulation (EU) 2018/302 Art 3	The Laws of Georgia do not have specific regulations on geo-blocking. However, according to the Articles 319(1) and 319(2) of the Civil Code, if one of the parties to a contract holds a dominant position in the market, then it shall be bound by the obligation to enter into a contract in this field of activity. This party may not unjustifiably offer unequal contractual terms to another contracting party. Furthermore, persons who acquire or use property and services either for non-commercial purposes or for meeting their vital needs may not be unjustifiably denied entry into a contract, provided that the other party to the contract is acting within the scope of its business.		Not regulated. The legislation does not require that a trader shall not, through the use of technological measures or otherwise, block or limit a customer's access to the trader's online interface, or shall not apply different general conditions of access to goods or services for reasons related to the customer's nationality, place of residence or place of establishment.

Data protection

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

- The Law of Georgia on Personal Data Protection;
- The Order N1 of the Personal Data Inspector of Georgia on Approval of the List of Countries with Appropriate Guarantees of Personal Data Protection.

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

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
36.	Transfers of personal data to third countries or international organisations, Regulation (EU) 2016/679 Art 44, 46	The Law of Georgia on Personal Data Protection, Articles 41 and 42 The Order N1 of the Personal Data Inspector of Georgia on Approval of the List of	The Order N1 of the Personal Data Inspector of Georgia dated 16 September 2014 approves the list of countries with appropriate guarantees of data protection. The Data may also be transferred to other states and international organisations except for the scenario indicated	Partially compatible. The legislation does not indicate mechanisms or any special tools for transfer of personal data to third countries.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
		Countries with Appropriate Guarantees of Personal Data Protection	by the law. The State Inspector Service shall assess the presence of appropriate guarantees for data protection in other states and/or international organisations. Afterwards, the State Inspector Service decides based on the analysis of the legislation regulating data processing and the practice (Article 42 of the Law on Personal Data).	

Electronic contracts

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

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
37.	Free movement of information society services, Directive 2000/31/EC Art 3	National Legislation does not limit service providers established on the territory of third countries to provide information society services.		Not contradicting
38.	Liability of intermediary service providers, Directive 2000/31/EC Art 9-11	<p>According to the Article 25(4) of the Ordinance of the National Communications Commission of Georgia on Provision of Services in the Field of Electronic Communications and the Approval of Regulations on Consumer Rights, internet service provider is obliged to react and respond on the placement of inadmissible products and take appropriate measures to eliminate it. Such products, for example, are the products violating copyright.</p> <p>According to the Article 66(9) of the Code of Children’s Rights, internet provider is obliged to create such mechanisms, that will enable it to block access to information that poses a threat to the child at the request of the user.</p> <p>Under the AA/DCFTA, Georgia has an obligation to harmonise eCommerce framework (liability of intermediary service providers) with the EU, herewith, eCommerce draft law in line with the EU acquis will be submitted for approval after the resumption of the work of the Parliament of Georgia.</p>		Not implemented. The legislation has not been enacted.

Electronic payments

The national legislation related to electronic payments:



- The Law on Payment Systems and Payment Services;
- The Rule of Registration and Regulation of Payment Service Provider;
- The Rule of Registration and Cancellation of Registration of Payment System Operator;
- Regulation on Card-based Payment Instrument (has been adopted on September 2, 2020);
- Regulation on the Use of International Bank Account Number in Banking Institutions of Georgia (IBAN);
- Regulation on Usage of Electronic Document and Digital Signature in Payment and Securities System;
- Regulation on Electronic Operations in Payment System;
- The Organic Law on the National Bank of Georgia;
- The Rule of Conducting the Payment Operation;
- The Rule on Provision of Essential Information to the Payment Service Users in frame of Providing the Payment Service;
- Procedure for Determining the Amount of a Fine for a Payment Service Provider, Imposing and Enforcing Thereof;
- Rule of Liquidation of Payment Service providers;
- The Rule on Strong Customer Authentication (adopted on September 2, 2020);
- The Draft Regulation on Common and Secure Open Standards of Communication.

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

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
39.	Integrated market for electronic payments, Directive (EU) 2015/2366 Title I and II	The Law of Georgia on Payment Systems and Payment Services, Article 5	<p>The system operator shall ensure that the payment system is available to providers under objective, non-discriminatory and proportionate conditions (Article 5(1) of the Law of Georgia on Payment Systems and Payment Services).</p> <p>According to the information provided by the representatives of the relevant state authorities in the course of the interviews, in accordance to Directive (EU) 2015/2366, the Law of Georgia on Payment Systems and Payment Services will include provision on access to accounts maintained with a credit institution. Also, to ensure higher level of consumer protection, a Rule for calculating own funds and initial capital of payment service provider has been drafted. To protect consumers, especially the latter Law includes provision regarding the rights,</p>	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
			obligations and liabilities of the parties involved in the electronic payments. Furthermore, to put the protection at the higher level, the draft amendments was drafted according to the Directive (EU) 2015/2366. According to the information provided by the representatives of the relevant state authorities in the course of interviews, currently public consultations with the relevant stakeholders are being held.	
40.	Strict security requirements for electronic payments, Directive (EU) 2015/2366 Art 94-96	<p>The law of Georgia on Payment Systems and Payment Services, Article 30</p> <p>The Order №29/04 of the President of the National Bank of Georgia on the Rule of Registration and Regulation of Payment Service Provider (the "Order №29/04), Article 8</p>	<p>The relevant regulations oblige the payment service providers to have appropriate security measures and risk management schemes.</p> <p>According to the law of Georgia on Payment Systems And Payment Services, Article 30(1), a payment service user shall be obliged to comply with security measures of payment instruments issued to him/her to ensure protecting the payment instrument's personalized means.</p> <p>In order to ensure the security and integrity of payment transactions, the provider shall ensure to have in place the adequate risk management procedures for relevant payment transaction scheme (Article 8(3) of the Order №29/04).</p> <p>Provider shall ensure coherent functioning of its equipment, software and other technical means. Furthermore, the Provider shall have proper system for recording incidents (Articles 8(3) and 8(4) of the Order №29/04). According to the information provided by the representatives of the relevant state authorities in the course of the interviews, the draft amendments to the Law of Georgia on Payment Systems and Payment Services, precisely draft Art. 34¹ defines, that in case of major operational or security incident, payment</p>	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
			service providers shall without undue delay notify the National Bank of Georgia.	
41.	Transparency and information requirement, Directive (EU) 2015/2366 Title III	Order N1/04 of the President of National Bank of Georgia on Approval of the rules of submitting the information required by the customer in frames of providing payment services (the "Order N1/04") 62 The Rule on Provision of Essential Information to the Payment Service Users in frames of Providing the Payment Service	The rule approved by the Order N1/04 set forth a list of information to be provided for customers regarding the payment services and its delivery form (Article 1(3) of the Order N1/04). This rule applies to single payment transactions, transactions covered by framework contracts and for low-volume payment instruments executed for payment services (Article 1(5) of the Order N1/04). The Rule provides the requirements for providing necessary information, that apply to single payment transactions (Art. 5-9), framework contract, transactions covered by the latter (Art. 10-16) and low-value payment instrument (Art. 17-18). The Rule sets forth lists of information regarding the above-mentioned which include prior general information, information for the payer after receipt of the payment order and for the Payee after the execution of a payment order, information and Conditions (also, changes in conditions) of the framework contract, information for the payer and payee on payment transactions.	Compatible
42.	Rights and obligations for providers of payment services, Directive (EU) 2015/2366 Title IV	The Law of Georgia on Payment Systems and Payment Services, Chapter V	Chapter V of the Law of Georgia on Payment Systems and Payment Services regulates the issues of the rights and obligations in relation to the provision and use of payment services. According to the information provided by the representatives of the relevant state authorities in the course of the interviews, draft amendments to the Law, will further clarify and refine the above-mentioned issues. Liabilities	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
			for non-execution, defective or late execution of payment transactions and unauthorised transactions will be implemented exhaustively and in line with Directive (EU) 2015/2366.	
43.	Reduced liability for unauthorised payment transactions, Directive (EU) 2015/2366 Art 74	The Law of Georgia on Payment Systems and Payment Services, Article 33	<p>Art. 33(2) prescribes the liability of a user. A payer shall bear the losses relating to any unauthorised transaction executed in the territory of Georgia, up to the amount of GEL 100 (EUR 28), resulting from the use of a stolen or lost payment instrument, or from its misappropriation or illegal use (for the purpose of this paragraph, a transaction executed by Internet shall be considered as executed in the territory of Georgia, provided that it has been executed with a payment instrument issued in Georgia and the website belongs to a citizen of Georgia, to a legal person registered in Georgia or to any other organisation under the legislation of Georgia that is not a legal person.) Exceptional case, when the user shall not be liable for that amount are defined as well.</p> <p>A payer shall not be liable for losses resulting from its failure to comply with security measures of the payment instrument or personalized security means, provided that the payer has executed the transaction after the payment service providers received notification from the payer, except where the losses result from the payer's criminal or intentional act.</p> <p>In addition, if the payment service provider fails to receive a notification (on lost, stolen, misappropriated or illegally used payment instrument), the payer shall not be liable for losses relating to an unauthorised transaction resulting from the use of a stolen, lost, misappropriated or illegally used payment instrument, as well as for losses resulting from the failure to comply with security measures of</p>	Compatible



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
			<p>a payment instrument or personalized security means, except where the losses result from the payer's criminal or intentional act.</p> <p>According to the information provided by the representatives of the relevant state authorities in the course of the interviews, draft amendments to the Law will ensure total compliance with the PSD2 and consequently Art. 73 will be fully implemented.</p>	
44.	Unconditional refund right, Directive (EU) 2015/2366 Art 73	The Law of Georgia on Payment Systems and Payment Services, Articles 31, 32 and 33	The payment service provider shall be obliged to refund to the payer the amount of the unauthorised payment transaction, provided that the provisions of Law of Georgia on Payment Systems and Payment Services have been observed, except for the exceptions provided by this Law (Article 33(1) of the Law of Georgia on Payment Systems and Payment Services). According to the information provided by the representatives of the relevant state authorities in the course of the interviews, modification of the article is foreseen in the draft amendments, which will be in total compliance with Art. 73 of Directive (EU) 2015/2366. Requirements on immediate refund, restoration of the account and value date will be transposed in the law.	Compatible
45.	Removal of surcharges for the use of credit cards and debit cards, Regulation (EU) 2015/751	<p>Draft amendments to the Law of Georgia on Payment Systems and Payment Services (Art. 20) are being prepared. The draft amendments prescribe the cap of interchange fee. According to the Art. 20(5), the cap of interchange fee defined in the EU regulation will be reached gradually.</p> <p>Also, the amendments to the Law include provision on prohibition of surcharging the payer for using any payment instrument. If approved by the Parliament, the authority intends to prescribe transitional provision for these requirements, to give relevant time to comply. Thus, it will not be put into force immediately.</p>	Not regulated (in process of amendment). The current legislation does not require that payment service providers shall not offer or request a per transaction interchange fee of more than a certain fixed percentage (0,2% and 0,3 % in the EU) of the value of the transaction for any debit /credit card transaction.	



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
46.	Development of regulatory technical standards on strong customer authentication and secure communication channels, Directive (EU) 2015/2366 Art 5, 15, 28, 29, 95	Draft amendments to the Law of Georgia on Payment Systems and Payment Services (Art. 22 ¹) The Rule on Strong Customer Authentication The draft Regulation on Common and Secure Open Standards of Communication		Compatible. The regulatory authority of the country will be required to develop technical standards on strong customer authentication and secure communication channels with which all payment service providers must comply. The absence of such standards presents challenge to provide transparent and harmonised electronic payment services by the local and foreign payment service providers.

Platforms

The national legislation related to online platforms:

- The Law of Georgia on Personal Data Protection;
- The Civil Code.

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

No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
47.	Terms and conditions of providers of online intermediation services, Regulation (EU) 2019/1150 Art 3	The laws of Georgia do not set forth regulations specifically for the online intermediation services. However, the general provisions of the Civil Code for contracts, as well as for standard terms of the contracts shall apply (Articles 342-348).		Not regulated. The national legislation does not establish the requirements to the terms and conditions of providers of online intermediation services. This measure ensures that business users of online intermediation services and corporate website users in relation to online search engines are granted appropriate transparency, fairness and effective redress possibilities.
48.	Restriction, suspension and termination of online intermediation services, Regulation (EU) 2019/1150 Art 4	Not regulated. The legislation does not stipulate that where a provider of online intermediation services decides to restrict or suspend the provision of its online intermediation services to a given business user, it shall provide the business user concerned, prior to or at the time of the restriction or suspension taking effect, with a statement of reasons for that decision on a durable medium. This measure better protects fairness among national and international traders.		



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
49.	Ranking in online intermediation services, Regulation (EU) 2019/1150 Art 5	Not regulated. It is not required that providers of online intermediation services shall set out in their terms and conditions the main parameters determining ranking and the reasons for the relative importance of those main parameters as opposed to other parameters on the online search engines of those providers.		
50.	Differentiated treatment in relation to goods or services offered to consumers through online intermediation services, Regulation (EU) 2019/1150 Art 7	Not regulated. The national legislation does not require that providers of online intermediation services shall include in their terms and conditions a description of any differentiated treatment which they give, or might give, in relation to goods or services offered to consumers through those online intermediation services. This measure better protects fairness among national and international traders on marketplaces.		
51.	Specific contractual terms, Regulation (EU) 2019/1150 Art 8	Specific regulations for the online intermediation services are not stipulated by the laws of Georgia. However, general provisions of the Civil Code shall apply. According to the Article 316(2) of the Civil Code, depending on its content and nature, an obligation may bind each party to exercise exceptional care for the rights and property of the other party. Furthermore, Article 346 of the Civil Code stipulated, that Standard terms of a contract shall be void, notwithstanding their inclusion in the contract, if they disadvantage the other party to the contract and are irreconcilable with the principles of trust and good faith. In addition, account shall be taken of the circumstances in which these terms have been included in the contract, also the mutual interest of the parties, etc.		Partially compatible. The national legislation does not apply requirements that providers of online intermediation services shall include specific contractual terms in order to ensure that contractual relations between providers of online intermediation services and business users are conducted in good faith and based on fair dealing.
52.	Access to data, Regulation (EU) 2019/1150 Art 9	Article 15 of the Law of Georgia on Personal Data Protection	Article 15 of the Law of Georgia on Personal Data Protection stipulates, that if data are collected directly from a data subject, a data controller or a data processor shall be obliged to provide the data subject with the information on the purpose of the data processing.	Partially compatible. The national legislation does not require that the providers of online intermediation services include in their terms and conditions a description of the technical and contractual access, or absence thereof, of business users to any personal data or other data, or both (not only his/her personal data), which business users or consumers (other users of intermediation services) provide for the use of the online intermediation services concerned.



No	Reference to the EU baseline	National legal act	Provision in national legislation	Gaps comparing to the EU baseline / Challenges
53.	Internal complaint handling system, Regulation (EU) 2019/1150 Art 11	Not regulated. It is not required that the providers of online intermediation services shall provide an internal system for handling the complaints of business users. This measure would significantly improve disputes resolution mechanisms for national and cross-border traders.		

4.3 Gap analysis in standards area

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

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

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

4.3.1 Country profile

National standardisation landscape

Generally, Georgia's state policy in the field of post is based on and derived from the legislation of Georgia and international agreements. The Ministry of Economy is responsible for the overall policy, development of strategies and programs in the field of post.

The Ministry of Economy is responsible for standardisation, which is mainly regulated/guided by the UPU standards. Still Georgia does not have national standards. The Ministry of Economy bought the UPU Standards in 2014 and has registered in Standardisation Centre. National standards will be adopted shortly after the postal base legislation is enforced. Draft law on Post has been prepared and introduced to the government of Georgia in 2019 for discussion, but the draft law has not been registered in the Parliament of Georgia yet. Due to COVID-19 and upcoming parliamentary election to be held this in autumn 2020 in Georgia, approval may delay at least by the summer 2021. According to the draft law on post, it is envisaged to grant some functions and allocate function to the Georgian National Communication Commission (GNCC). The Commission shall follow the main directions of the policy, the strategies, programs law and by-laws adopted by the government.



Georgian Post is the national designated operator defined for Georgia, operates in accordance of the UPU and WCO models. As the WCO and UPU member, Georgia follows the UPU standards.

A Memorandum of Understanding has been signed between Georgian Post and the Customs Department (Part of Revenue Services of Georgia) to regulate and facilitate electronic data interexchange and electronic interoperability.

Local international operators like Fedex, DHL follow their global policies and guidelines.

Personal data protection in the field of post is carried out in accordance with the legislation of Georgia in accordance with the Law "On Personal Data Protection".

For international postal items, including transits, customs and border control of shipments is carried out in accordance with the legislation of Georgia.

The draft law on post makes references and covers mainly the national postal operator and obliges limited responsibility of operators.

Postal service providers, except for the designated postal operator, are authorized to carry out postal services at any tariff and they are not covered by the future law on post.

After adoption of the law, postal operator should:

- Undergo simple registration in the Commission (GNCC);
- Submit to the Commission the relevant information specified by this Law;
- Inform the Commission about the type of liquidation, reorganization, postal service on change or temporary suspension of postal services;
- They are also obliged to establish and comply with the relevant contract terms and conditions with customers, in accordance with the requirements established by law and pay compensation to the customer for loss, theft, damage of the postal item and in case of destruction;
- Postal operator should ensure the effectiveness of the dispute resolution mechanism and can use and offer mediation as an alternative to dispute solution tool for customers;
- Comply with the requirements established by this Law regarding the content of postal items;
- Establish an effective internal mechanism for reviewing and responding to complaints, including in case of loss, theft, damage, destruction of a postal item and for non-compliance with quality standards cases;
- The postal operator identification logo and / or other means must be affixed;
- The identifying image, as well as their postal items should be identifiable.

Status of the approximation to the EU framework of standards

There are no active plans for standard approximation yet, due to reprioritisation.

Even though AA/DCFA Agreement obliges Georgia to introduce eCommerce law, which was elaborated two years ago by support of USAID G4G Project, draft law is not yet registered at the parliament.

The draft law on Consumer Rights has been initiated in the parliament of Georgia on June 12.

The draft law on Personal Data Protection has been initiated in the Parliament of Georgia on 22 May 2019.

Identified challenges of the country in eCommerce standards field

The key identified challenges include:

- Sector is still functioning without special legislation and is regulated under separate provisions;



- Regulatory norms and standards are fragmented;
- Non-existence of the unified law on eCommerce in Georgia;
- Non-existence of the unified law on Consumer protection. No specialized state authority responsible for protection of consumer rights. Only GNCC has consumer rights division with limited scope in the Field of Electronic Communications;
- Relationship between the consumer and the trader is not regulated by the specialized legislation, it is only regulated by the general provisions of the Civil Code of Georgia on Standard Contract Terms (Articles 342-348).

4.3.2 Analysis of standards

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

No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
Quality of services				
1.	Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail, CEN/EN13850	Currently, the designated operator follows UPU Standards.	The Ministry of Economy and Sustainable Development of Georgia is responsible for postal policy matters, the establishment of NRA is considered under the draft Postal Law of Georgia, the draft law also entails elaboration and adoption of General postal rules which will consider establishment of standards.	Not regulated. In practice, it's one day maximum in Georgia for processing of a standard letter. The governmental authority responsible for postal matters of the country does not apply a standard method for measuring of the transit time of end-to-end services for single piece priority mail and first-class mail collected, processed and delivered by postal service operators.
2.	Complaints handling principles, CEN/TS14012	Are VII. Scope of Liability and Its Excluding Circumstances / Chapter 15. Scope of Liability of Georgian Post and Its Excluding Circumstances	Article 66. Rules for Compensation for Damage The draft Postal Law of Georgia considers those procedures for the designated operator. In particular, Chapter III's, Article 9" Rights and obligations of postal operators".	Not regulated. A national standard for complaints handling is not yet enacted. Currently, the regulatory authority for the postal sector does not enforce the application of a national standard for complaints handling related to domestic and cross-border postal services.
3.	Damage to postal items, CEN/TR 16915:2015	Manual is guided by UPU standards.	Currently, Georgian Post uses "Consumer Manual" for dealing with damage compensation handling with complaints related to domestic and cross-border postal services. (Chapter IV, subsection 7-8).	Compliant
4.	Method for measurement of parcel transit time for cross-border parcels, CEN/TS 15472:2016	The draft Postal Law of Georgia considers those procedures only for the designated operator.		Not regulated. The national standards framework does not provide technical specifications or quality of service measurement for transit time of cross-



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
				border parcels, based on tracking and tracing events applicable to all postal operators.
5.	Re-forwarding, CEN/TR 16894	Not regulated. The national standards do not specify methods for measuring the quality of a re-forwarding service of domestic addressed mail that is delivered by postal service operators to an address that deviates from the one presented on the postal item.		
6.	Distance to postal services access points, CEN/TR 15735:2008	Not regulated. The national regulatory authority for the postal sector does not provide a methodology for the quality of services measurement of distance to postal access points.		
7.	Information available on postal services, CEN/TS15511:2008	Guided by UPU standards.		Compliant
8.	Measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test letters, CEN/TS 14773:2004	Not regulated. The national regulatory authority for the postal sector does not provide a methodology for the quality of services measurement of loss and substantial delay in priority and first-class single piece mail collected, processed and distributed by postal service operators.		
Interoperability				
9.	Requirements for private letter boxes, CEN/EN 13724:2013	Not regulated. The national standards do not specify the requirements (and the test methods) for private letter boxes, so that postal items of a certain size fit into letter boxes required for postal delivery to each household.		
10.	Technical features of parcel boxes for end use, CEN/TS16819: 2015	Not regulated. The national standards do not provide specifications for the technical features of parcel boxes for end use, so that unattended delivery of eCommerce parcels is harmonised throughout the country.		
11.	International postal address harmonisation, EN ISO 19160-4:2017	Georgian Post “Consumer Manual”, Article 2. Addressing of postal items and languages used.	Compliant with the UPU S42 International postal address components and templates.	Compliant
12.	Framework for secure, trustworthy and user-friendly opening systems for parcel boxes for home use, CEN/TS 17457	The Georgia Revenue Service has signed a Memorandum intending to assist the Georgian post with implementation of the UPU-WCO requirements.		Not regulated. The national standards framework does not provide technical specifications for unattended delivery solutions (parcel locker systems/parcel boxes) for home use with free access for the delivery and collection operators. This limits options for final delivery of national and cross-border parcels.



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
13.	Requirements for electronic advanced data (EAD) in postal operations, CEN/TR 17535	Under the UPU-WCO customs data model requirements the designated national postal operator has every facility for electronic advance data submission.	The designated postal operator is ready for electronic advance data.	Partially compliant. Apparently, the governmental authority responsible for postal matters does not yet prepare requirements for electronic advanced data in postal operations regarding commercial items which will be a pre-requisite for any digital customs or transport security related declaration sent to EU authorities prior to any border crossing into the EU (measure will be applied by the EU in 2021).
14.	Properties for packaging of boxable items, WI331118	Not regulated. The national standards framework does not define physical properties and characteristics for the packaging of boxable items to be delivered directly into private letter boxes, as well as environmental aspects of such packaging. These properties may cover the main design features for the packaging of letter boxable items, notably the sizes, stacking as well as postal and environmental requirements.		
Digital Postal Services				
15.	Requirements for electronic advanced data (EAD) in postal operations, in particular compliant to security and customs requirements, CEN/TR 17536	Under the UPU-WCO customs data model requirements NPO (National postal operator) has every facility for electronic advance data submission.	The Customs authority is currently looking into the EU 2021 update in customs clearance and will make relevant updates.	Compliant. Apparently, the governmental authority responsible for postal matters prepare requirements for electronic advanced data in postal operations which will be a pre-requisite for any digital customs or transport security related declaration sent to EU authorities prior to any border crossing into the EU (measure will be applied by the EU in 2021).
Physical process and associated data				
16.	Interfaces for cross border parcels, CEN/TS17073:2017	Guided by UPU standards, using CN and CP forms.		Compliant
Stakeholders and Information Exchanges based on UN/EDIFACT				
17.	UN / EDIFACT Exchange Specification, CEN/TR 17536, Regulation (EU) No 952/2013	A new project initiated with regards to postal electronic data system with relevant standards and requirements considered.		Partially implemented. The national courier, express, parcel operators and customs agents that transport eCommerce items from the country into the EU should prepare the necessary electronic data lodging of digital customs pre-declarations on item level that will become mandatory from 1 July 2021 for items below a value of 150 EUR (i.e. Low



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
				Value Consignments) sent from third countries into the EU. This can obstruct cross-border eCommerce flow with the EU from July 2021.
Stakeholder and Information Exchanges based on the EU customs model				
18.	Information Exchanges based on the EU customs model, Regulation (EU) No 952/2013, CEN/TR 17536	Necessary specifications, procedures and IT systems for electronic data logging of customs pre-declaration are pending. An update to be made compatible with the relevant standards - software package is currently under development and will be made available to the designated operator. A new project initiated with regards to postal electronic data system with relevant standards and requirements considered.		Compliant
UPU electronic exchange standards				
19.	Electronic Data Interchange between postal handling organisations, UPU M30	Memorandum on Cooperation between the LEPL - Revenue Service and the Ltd Georgian Post Part 1 Article 1 and Article 2.3	Revenue Service and Georgian post are cooperating in development of the relevant e-system that will be in compliance with relevant requirements (national segment).	Partially compliant. Apparently, the current facilities do not include the necessary electronic data interchange interfaces to third party data applications abroad, including the EU authorities, postal handling organisations and authorised economic operators in the EU member states.
20.	ITMATT V1 – Electronic communication of item information, UPU M33	UPU M33 standard on electronic exchange standards		Compliant
21.	CARDIT/RESBIT – Data flow version 2, M39	UPU M39, Electronic exchange standards CARDIT/RESBIT – Data flow version for Air cargos are used		Compliant
22.	EMSEVT V3. Item level tracking information – Tracking events and associated data elements, M17	Georgian post applies the UPU M40, Electronic exchange standards – EMSEVT V3		Compliant
23.	EDI Messaging Standards – PREDES, M41	Georgian post applies the UPU M41, EDI Messaging Standards - PREDES V2.1		Implemented
24.	CUSITM V1 Customs Item pre-advice message to Customs, UPU M43	UPU Messaging Standards	Georgian post submits information to Customs Authorities for Postal Items Customs System (PICS) but not in compliance with UPU M43 Standard.	Implemented



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
25.	CUSRSP Customs Response, M44	Memorandum on Cooperation between the LEPL - Revenue Service and the Ltd Georgian Post Part 1 Article 1 and Article 2.3	Revenue Service and Georgian post are cooperating in development of the relevant e-system that will be in compliance with relevant requirements including the use of CUSRSP (CUSToms ReSPonse) for appropriate purposes.	Not Implemented. The GRS information systems do not apply CUSRSP EDI messaging standard through which a customs authority/border agency can send information to a postal operator regarding mail items. CUSRSP (CUSToms ReSPonse) is a message for a customs organisation to transmit mail item information to the local designated postal operator, usually in response to a CUSITM message. Both parties must agree on the exact usage of the message. The intended business benefit for both parties is to automate and therefore speed up the customs process. This obstructs timely processing of data of cross-border eCommerce flow with the EU.
26.	ITMREF V1 – Item referral, UPU M53	Not Implemented. The postal operators' information systems do not use ITMREF EDI messaging standard which supports the communication from the destination postal operator to the origin postal operator of information on the pre-loading advance cargo information (PLACI) risk assessment. This obstructs timely processing of data to assure a required level of security for cross-border eCommerce flow with the EU.		
27.	REFRSP V1 – Referral response message specification, UPU M54	Not Implemented. The postal operators' information systems do not use REFRSP EDI messaging standard which supports the communication from the origin postal operator to the destination postal operator of information on action taken and/or information required subsequent a request following the risk assessment carried out by the destination customs authority of pre-loading advance cargo information or destination postal operator assessment of ITMATT data. This obstructs timely processing of data of cross-border eCommerce flow with the EU.		
UPU technical standards				
28.	Identification of postal items – 13-character identifier, UPU S10, ISO/IEC 15459-1:2014	Georgian Post applies UPU S10 technical standard.		Implemented
29.	Postal Consignments, UPU S32	Georgian Post applies UPU S32 technical standard.		Implemented
EU eCommerce websites trust marks				
30.	Trustmark ethical standards in the digital marketplace, The	Not regulated. There is no national eCommerce Trustmark certification scheme(s) which authenticates that an eCommerce company established on the national territory has made a commitment to work in compliance with the national (or regional, Ecommerce Europe or other) Code of Conduct, guaranteeing ethical standards in the digital marketplace. An eCommerce Trustmark shows that the online shop is certified by the national eCommerce association or has made a commitment to work in compliance with the international Code		



No	Reference to the EU baseline	National standard	Key aspects	Gaps comparing to the EU baseline / Challenges for cross-border eCommerce
	European Regulation No 524/2013	of Conduct. This obstructs building trust of domestic and the EU consumers to buy on Georgian eCommerce websites and marketplaces.		
eCommerce and product safety				
31.	CE marking, Blue Guide - Comprehensive guidance on the implementation of EU product rules	Not implemented. The national standardisation authorities don't provide independent conformity assessment and certification mechanisms for CE marking of products manufactured by local manufacturers. If necessary, organizations with the right to issue certificates from the Eurozone countries or Turkey are invited.		
Terms and Definitions				
32.	Terms and Definitions, Regulation 2018/644	No information provided		

4.4 Summary of gap analysis

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

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

	Several gaps identified
	Multiple gaps identified
	No gaps identified

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



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

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

Value chain	Ecosystem	Legal	Standards
<p>Marketing</p> <p>Sales</p>	<p>Q1. Availability of the global marketplaces is similar as in the EU. <i>Challenge:</i> global private logistics services enable delivery from the global marketplaces operating in the EU, but they face challenge to maintain high eCommerce volumes creating high rates for parcel delivery. Parcel forwarding services also make the marketplaces available but users have to be aware of them.</p> <p>Q2. Usage of the global marketplaces is limited and not common. <i>Challenge:</i> lack of awareness to use the global marketplaces and to set up cross-border logistics; language barrier.</p> <p>Q3. Local marketplaces selling cross-border are not common. <i>Challenge:</i> lack of awareness to use the global marketplaces and to set up cross-border logistics; language barrier.</p> <p>Q4. Localisation and personalisation of local marketplaces are not common as EUR currency and English are not common on marketplaces.</p>	<p>■ Q2. Prohibition of unfair commercial practices is not yet implemented.</p> <p>■ Q3. Recourse to the codes of conduct (Unfair commercial practices) is not regulated.</p> <p>Q4. Adequate and effective means to combat unfair commercial practices is partially compatible as the draft legislation about legal actions applied regardless of location is not yet enacted.</p> <p>Q5. Requirements for distance contract, contract medium and language are not implemented yet. Also, the type of language is not specified.</p> <p>Q6. Compulsory information to provide before placing an online order is not implemented yet.</p> <p>■ Q7. Formal requirements for confirmation of the distance contracts (Consumer rights) is not yet implemented.</p> <p>Q8. Obligations of the trader and the consumer in the event of withdrawal is not implemented yet.</p> <p>Q10. Conformity of consumer goods with the contract is not yet implemented.</p> <p>■ Q13. Misleading commercial practices of paid advertisement (Consumer protection) is not yet enacted.</p> <p>■ Q14. Misleading omissions for products offered on online marketplaces (Consumer protection) is not yet enacted.</p> <p>■ Q15. Information requirements for distance contracts of digital content and digital service (Consumer protection) is partially compatible as</p>	<p>■ Q30. Trustmark ethical standards in the digital marketplace are not implemented.</p> <p>Q31. CE marking, Blue Guide - Comprehensive guidance on the implementation of EU product rules are not implemented.</p>



Value chain	Ecosystem	Legal	Standards
		<p>the draft legislation does not define digital services.</p> <p>Q16. Information requirements for distance contracts when price was personalised on the basis of automated decision-making (Consumer protection) is not regulated.</p> <p>Q17. Fake price reductions (Consumer protection) is not regulated.</p> <p>Q18. Misleading omissions about consumer reviews of products (Consumer protection) is not regulated.</p> <p>Q19. Enforcement of proportionate and effective remedies is partially compatible as consumer's rights for remedies (e.g. price reduction) are not explicitly defined.</p> <p>Q20. Injunctions for the protection of consumers' interests is not implemented yet.</p> <p>Q21. Consumer protection in the indication of the prices of products offered to consumers is not implemented yet.</p> <p>Q28. Authenticity logo for online sale of medicines (Non-fiscal aspects) online interface is not regulated.</p> <p>Q29. Transparency of cross-border tariffs for parcels is not regulated.</p> <p>Q35. Unjustified blocking or limiting a customer's access to the trader's online interface is not regulated.</p>	



Value chain	Ecosystem	Legal	Standards
Payment	<p>Q5. Payment methods usage is similar as in the EU. <i>Challenge:</i> local solutions of digital wallets are preferred over international solutions but are less/not familiar to the EU buyer.</p> <p>Q6. Payments gateways usage is limited as global secure, trusted and transparent payment gateways are not common. <i>Challenge:</i> local solutions are used that are less familiar to the EU buyer.</p>	<p>Q45. Removal of surcharges for the use of credit cards and debit cards is not yet regulated (in process of amendment).</p>	
Placing order		<p>Q1. Consumer contracts are partially compatible as legislation does not stipulate that the contract shall be governed by the law of the country where the consumer has his habitual residence.</p>	
Parcel Delivery	<p>Q8. Post delivery is similar as in the EU. <i>Challenge:</i> expected delivery time standards in Georgia are slightly longer than 'the same or the next day delivery' expected in the EU (within 48 hours).</p> <p>Q9. Availability of international logistics operators is similar as in the EU. <i>Challenge:</i> global private logistics services face challenge to maintain high eCommerce volumes creating high rates for parcel delivery limiting involvement in eCommerce ecosystem.</p> <p>Q10. Parcel delivery network is similar as in the EU. <i>Challenge:</i> although global logistics players are available, they face challenge to maintain high eCommerce volumes creating high rates for parcel delivery limiting involvement in parcel delivery network; despite multiple delivery operators are commonly used for domestic delivery, it is not common for cross-border transactions.</p>	<p>Q9. Delivery of purchased goods is not implemented yet.</p> <p>Q30. Provided services by the national designated postal operator is not implemented yet.</p> <p>Q31. Postal security requirements for the provision of electronic advance data (UPU) is partially compliant.</p> <p>Q32. Security measures for cargo or mail that fly from / to the country outside the EU into the EU is not compliant for transport cargo.</p>	<p>Q1. Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail is not regulated.</p> <p>Q4. Method for measurement of parcel transit time for cross-border parcels is not regulated for all postal operators.</p> <p>Q5. Re-forwarding is not regulated.</p> <p>Q6. Distance to postal services access points is not regulated.</p> <p>Q7. Information available on postal services is not regulated.</p> <p>Q8. Measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test letters is not regulated.</p> <p>Q9. Requirements for private letter boxes is not regulated.</p>



Value chain	Ecosystem	Legal	Standards
	<p>Q11. Delivery locations are similar as in the EU. <i>Challenge:</i> in rural areas delivery locations are limited to post offices.</p> <p>Q12. Delivery time is few days longer than in the EU, where delivery within 48 hours is common. <i>Challenge:</i> it is not common that goods can be tracked.</p> <p>Q13. Delivery to remote areas is similar as in the EU. <i>Challenge:</i> wide network of active postal offices is not fully aligned with the centralised approach (common in the EU) and provides possibilities for optimisation.</p>		<p>Q10. Technical features of parcel boxes for end usage is not regulated.</p> <p>Q12. Framework for secure, trustworthy and user-friendly opening systems for parcel boxes for home use (Interoperability) is not regulated.</p> <p>Q13. Requirements for electronic advanced data (EAD) in postal operations (Interoperability) is partially compliant as no requirements for electronic advanced data are prepared.</p> <p>Q14. Properties for packaging of boxable items is not regulated.</p> <p>Q17. UN / EDIFACT Exchange Specification is partially implemented.</p> <p>Q19. Electronic Data Interchange between postal handling organisations is partially compliant as the current facilities don't include necessary interfaces to share data to third parties abroad.</p> <p>Q25. CUSRSP Customs Response is not implemented.</p> <p>Q26. ITMREF V1 – Item referral is not implemented.</p> <p>Q27. REFRSP V1 – Referral response message specification is not implemented.</p>



Value chain	Ecosystem	Legal	Standards
<p>Customer service</p>	<p>Q17. Return delivery is not common because of logistics costs and lack of return specialised operators.</p>	<p>Q22. Availability of procedures for the out-of-court resolution of domestic and cross-border disputes concerning contractual obligations (ADR) is partially compatible as consumer's rights to complain and requirements for ADR aren't specified.</p> <p>Q23. Availability of an online dispute resolution platform for consumer disputes (ADR) is partially compatible as rules to establish ADR aren't specified.</p> <p>Q33. Security requirements and incident notification (security) is not regulated.</p> <p>Q53. Internal complaint handling system is not regulated.</p>	<p>Q2. Complaints handling principles is not regulated (it's not enacted yet).</p>
<p>The EU 2021 eCommerce package</p>	<p>Q7. The EU 2021 eCommerce package – IOSS: is not familiar to stakeholders and no preparatory actions done.</p> <p>Q14. The EU 2021 changes – electronic declarations only: is not familiar to all stakeholders and only fragmented preparations are done.</p> <p>Q15. The EU 2021 changes – simplified customs procedures: is not familiar to all stakeholders, including private delivery services, and no preparatory actions are done.</p> <p>Q16. The EU 2021 eCommerce package -- no exceptions to pay VAT: is not familiar to all stakeholders and no preparations are done.</p> <p>Q18. Harmonised ID, advanced electronic data and item level information exchange on parcels: are not commonly used by all the key stakeholders.</p>	<p>Q24. Customs declaration for all consignments of distance sales is not implemented.</p> <p>Q25. Special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries is not implemented.</p>	



Value chain	Ecosystem	Legal	Standards
Overall subjects		<p>Q34. Jurisdiction and territoriality of digital service providers is not regulated.</p> <p>Q36. Transfers of personal data to third countries or international organisations is partially compatible as no method for data transfer is indicated.</p> <p>Q38. Liability of intermediary service providers (contracts) is not yet enacted.</p> <p>Q47. Terms and conditions of providers of online intermediation services are partially compatible as there are no requirements for terms and conditions.</p> <p>Q48. Restriction, suspension and termination of online intermediation services is not regulated.</p> <p>Q49. Ranking in online intermediation services is not regulated.</p> <p>Q50. Differentiated treatment in relation to goods or services offered to consumers through online intermediation services is not regulated.</p> <p>Q51. Specific contractual terms are partially compatible as there are no requirements for specific terms to conduct relations in good faith / fair dealing.</p> <p>Q52. Access to data is partially compatible it's not required to communicate user's access to data.</p>	<p>Q32. Terms and Definitions is partially compatible as not everything is aligned yet.</p>

5 Recommendations report for Georgia

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



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

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

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

Recommendation / Action	Specification
<p>1. Establish a virtual warehouse as a re-usable database for marketplaces in the EU to place Georgian goods for sale in the EU market.</p> <p>Final goal: cross-border sales volume increase as businesses in Georgia list and manage inventory of goods for cross-border sale; and Georgian Post is connected to the database to trigger cross-border delivery once sales happen to deliver within 72 hours.</p> <p>Gaps addressed:</p> <p>E1. Availability of the global marketplaces is similar as in the EU. <i>Challenge:</i> global private logistics services enable delivery from the global marketplaces operating in the EU, but they face challenge to maintain high eCommerce volumes creating high rates for parcel delivery. Parcel forwarding services also make the marketplaces available but users have to be aware of them.</p> <p>E2. Usage of the global marketplaces is limited. <i>Challenge:</i> lack of awareness to use the global marketplaces and to set up cross-border logistics; language barrier.</p> <p>E3. Local marketplaces selling cross-border are not common. <i>Challenge:</i> lack of awareness to use the global marketplaces and to set up cross-border logistics; language barrier.</p> <p>E4. Localisation and personalisation of local marketplaces are not common as EUR currency and English are not common on marketplaces.</p> <p>E8. Post delivery is similar as in the EU. <i>Challenge:</i> expected delivery time standards in Georgia are slightly longer than the same or the next day delivery expected in the EU (within 48 hours).</p> <p>E12. Delivery time is few days longer than in the EU, where delivery within 48 hours is common. <i>Challenge:</i> it is not common that goods can be tracked.</p> <p>E17. Return delivery is not common because of logistics costs and lack of return specialised operators.</p>	
<p>1.1. Define a concept of a virtual warehouse for business in Georgia to list goods for cross-border sales and manage the inventory in real time</p>	<p>A national virtual warehouse can become a point for eCommerce ecosystem players in Georgia to complete cross-border transactions. Sellers list and manage the inventory of goods in the virtual warehouse (database). Cross-border transactions are enabled by connecting the EU marketplaces and the national postal operator to this virtual warehouse. The UPU already introduces software to connect eCommerce ecosystem players for cross-border transactions, which is accessible for UPU designated postal operators.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Develop concept and business case.



Recommendation / Action	Specification
	<ol style="list-style-type: none"> 2. Validate the concept with the key involved stakeholders – businesses, Georgian Post (including UPU's Postal Technology Centre¹⁷), the Customs Department, several EU marketplaces and national postal operators – and agree on cooperation. 3. Prepare technical specifications for the virtual warehouse, including API connection, availability in English and displaying prices in EUR (currency converter based on the daily fixed rate provided by the European central bank for free and can be used).
<p>1.2. Initiate pilot programme enabled by the virtual warehouse to connect businesses in Georgia, postal operators and the EU marketplaces</p>	<p>Businesses in Georgia, postal operators and the EU marketplaces should be able to integrate through API to list real time inventory of goods via their interfaces. Once a sale is complete, they should notify through API the virtual warehouse. Then, Georgian Post trigger cross-border delivery to ensure cross-border delivery within 72 hours, including picking up the goods, pre-filling customs declaration forms and creating labels and IDs (barcodes) that are in line with the UPU standards (UPU S10 / CEN/TS17073) for the track- and traceable barcodes on the parcels; as well as the unique digital description of the goods in the parcel (e.g. HS codes for establishing the necessary electronic pre-declaration in advance) to be shared with the national postal operators/or private postal service providers (i.e. CEP operators) in the EU for the last mile delivery. It is recommended to make available the UPU standards (S10) and CEN/TS 17073 related systems of parcel identification for private parcel delivery operators and logistics services as well as Georgian Post (to enable both in parallel). Private parcel delivery operators, logistics services and the national postal operator should be able to use in parallel the UPU standards and CEN/TS 17073 related systems of parcel identification.</p> <p>Such cooperation schemes already used in projects in the EU and within the UPU network. Connection through API makes the concept a re-usable database for marketplaces in the EU to place goods of Georgia for sale in the EU market.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Knowledge transfer from similar projects in the EU and within the UPU network. 2. Define and complete preparatory actions to launch the pilot (e.g. planning, organisational set up, allocate budget). 3. Identify and sign cooperation agreements with interested businesses, postal operators to ensure support, cooperation and usage of the virtual warehouse. Support signing agreements with the EU marketplaces, including agreeing on the payment terms and conditions. 4. Ensure that Georgian Post is technically capable to assign barcodes in line with the UPU standards (UPU S10 / CEN/TS17073 standard; HS-codes / GTIN) and share electronic advanced data within the UPU postal network. 5. Ensure that businesses are technically capable to assign Global Trade Item Number (GTIN) to listed goods to enable cross-border tracking in related customs documents, including the necessary HS Codes. 6. Introduce training programme for businesses (including the marketplaces in the EU) to use the virtual warehouse. Share information and benefits among stakeholders regarding the virtual warehouse and its concept through the Chamber of Commerce, eCommerce Association of Georgia, Ecommerce Europe, European Business Associations, European Commission and other relevant parties.

¹⁷ UPU's Postal Technology Centre (PTC) is the global technology provider for designated postal operators, just like Georgian Post. The PTC may provide the necessary IT support and systems to Georgian Post to a very large extend already today.



Recommendation / Action	Specification
	<ol style="list-style-type: none"> 7. Support marketplaces in the EU technically to connect to the virtual warehouse through the developed API. Ensure that the EU marketplaces support cross-border return operations. Consider involving and signing agreement with specialised return operators to enable cross-border returns. 8. Launch and monitor the pilot implementation, including setting up regular observation workshops involving the stakeholders. 9. Complete the pilot programme and define the required improvements (if needed). 10. Consider scaling up and implementing the tested solution with a broader scope.
<p>2. Establish national pavilion account(s) ("Best of Georgia") on the EU marketplace(s) allowing businesses in Georgia to list goods for cross-border sales, while reducing cost to enter the market and consolidating marketing efforts.</p> <p>Final goal: <i>cross-border sales volume increase as businesses in Georgia inquire to list goods for cross-border sale through a single national account and get support with marketing.</i></p> <p>Gaps addressed:</p> <p>E1. Availability of the global marketplaces is similar as in the EU. <i>Challenge:</i> global private logistics services enable delivery from the global marketplaces operating in the EU, but they face challenge to maintain high eCommerce volumes creating high rates for parcel delivery. Parcel forwarding services also make the marketplaces available, but users have to be aware of them.</p> <p>E2. Usage of the global marketplaces is limited. <i>Challenge:</i> lack of awareness to use the global marketplaces and to set up cross-border logistics; language barrier.</p> <p>E3. Local marketplaces selling cross-border are not common. <i>Challenge:</i> lack of awareness to use the global marketplaces and to set up cross-border logistics; language barrier.</p> <p>E4. Localisation and personalisation of local marketplaces are not common as EUR currency and English are not common on marketplaces.</p>	
<p>2.1. Identify cooperating parties in Georgia and the EU</p>	<p>Best practices: public bodies register a national account on cross-border marketplaces and invite local businesses to list goods under one account. This concept is called national pavilion of local brands. This practice exists in different countries and can complement bi-lateral governmental agreements subsidised by states. Examples: Lithuania, New Zealand, Austria, Hungary. Businesses benefit as they experience lower cost to enter cross-border markets and save on marketing efforts as one national account is being promoted instead of different national brands. Such national accounts also add trust and credibility.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Define the budget and confirm funding sources (possibly based on trade related subsidies and beneficial treatment) for registration, operation and marketing at the cross-border marketplaces operating in the EU. 2. Identify responsible representatives in Georgia, such as the Chamber of Commerce and eCommerce Association of Georgia, to own a national account at the cross-border marketplaces operating in the EU. 3. Identify businesses in Georgia who are willing to sell cross-border through the concept of the national pavilion.



Recommendation / Action	Specification
	<ol style="list-style-type: none"> 4. Identify the cross-border marketplaces operating in the EU who are willing to cooperate by allowing Georgia to be an intermediary by creating a national account and registering goods of local businesses for sale. 5. Identify payment provider that can act as an intermediary for processing payments from the owner of the account to businesses selling goods. 6. Facilitate signing agreements between the parties. It is recommended that services to the businesses in Georgia are funded by the authorities and provided free of charge for the businesses.
<p>2.2. Open a pilot national pavilion account on selected marketplace(s)</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Register a pilot national pavilion account on selected marketplace(s). 2. Consult with the marketplaces selling in the EU and identify commercial items that have the best fit for the market creating good opportunities for sales. 3. Consult with the businesses in Georgia on inventory to be listed for sales. Agree on the fulfilment processes – e.g. businesses handle delivery themselves after sales notification, delivery is implemented by marketplaces if businesses decide to use their fulfilment infrastructure. 4. List goods to launch sales. Owner of the account should assign responsible contact person to operate the account on a daily basis. 5. Launch marketing campaign (e.g. "Best of Georgia") for the national pavilion account on the EU marketplace(s) 6. Launch and monitor the pilot implementation, including setting up regular observation workshops involving the stakeholders. 7. Complete the pilot programme and define the required improvements (if needed). 8. Consider scaling up and implementing the tested solution with a broader scope.
<p>3. Enhance capacity of Georgian Post and private parcel service providers to deliver commercial items within 24 hours inside Georgia for cross-border transportation by establishing consolidated central distribution networks with centralised warehouses, fulfilment and sorting facilities.</p> <p>Final goal: <i>Georgian Post and parcel delivery operators use centralised networks for clearance, sorting and transportation of parcels to the cross-border hubs (office of exchange) to enable daily dispatch abroad. The aim is to reduce delivery time for domestic and cross-border delivery of commercial items.</i></p> <p>Gaps addressed:</p> <p>E8. Post delivery is similar as in the EU. <i>Challenge:</i> expected delivery time standards in Georgia are slightly longer than the same or the next day delivery expected in the EU (within 48 hours).</p> <p>E11. Delivery locations are similar as in the EU. <i>Challenge:</i> in rural areas delivery locations are limited to post offices.</p> <p>E12. Delivery time is few days longer than in the EU, where delivery within 48 hours is common. <i>Challenge:</i> it is not common that goods can be tracked.</p>	



Recommendation / Action	Specification
<p>E13. Delivery to remote areas is similar as in the EU. <i>Challenge:</i> wide network of active postal offices is not fully aligned with the centralised approach (common in the EU) and provides possibilities for optimisation.</p>	
<p>3.1. Assess understanding of the benefits/best practices of centralised postal networks for clearance and delivery of commercial items to the cross-border hubs (office of exchange)</p>	<p>Although Georgian Post uses three centralised warehouses for cross-border transportation¹⁸, it is recommended to further support clearing process of postal points where items are received, sorted and transported to the centralised hubs. Decentralised network with active postal offices in all regions of the country is an old state of art, which is recommended to be updated according to the global UPU best practices. The network of post offices should be used for the clearance (i.e. collection) of postal items in general (in most cases on a per item basis). Commercial collection should happen until a given time to achieve timely transportation to the Office of exchange for sorting and handling for dispatch to a third country. This "closing time" shall be in line with time required to achieve up to 24 hours for dispatch to a third country postal territory. It is recommended to use the existing network of cross-border centralised warehouses as a basis to enable cross-border transportation.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Consult stakeholders involving Georgian Post, private parcel operators and logistics businesses by organising workshops for awareness and practice transfer of centralised postal infrastructure for domestic clearance according to the UPU requirements and practices of the EU countries. 2. Consult Georgian Post to explore actions and possibilities to centralise postal infrastructure to achieve a speedy clearing (including postal offices) in urban and rural areas, transporting consignments to parcel operations in central hubs (i.e. offices of exchange or OE).
<p>3.2. Consider clearance of certain postal offices that deliver items to the central hubs (offices of exchange) to establish efficient networks capable to dispatch abroad within 24 hours</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Prepare the state-of-play and impact assessment and design of the future infrastructure and organisational (including processes) scheme with centralised postal infrastructure (warehouses, fulfilment and sorting facilities) for the clearance and sorting of commercial items (parcels); 2. Implement an action plan to collect parcels (including the usage of certain regional postal offices) to establish a highly efficient, centralised postal infrastructure as per the UPU and commercial requirements, in line with best practices in the EU.
<p>4. Facilitate cooperation between Georgian Post, private parcel delivery and logistics operators by establishing co-sharing agreements and the usage of unified parcel identifiers (such as outlined in standards CEN/TS17073) to track last mile delivery to urban and rural areas of Georgia.</p> <p>Final goal: <i>the national postal operator and private sector parcel delivery operators signed cooperation agreements to co-share the last mile delivery in Georgia and to dispatch cross-border consignments within 24 hours from order (after handing over to postal service provider). The aim is to establish co-sharing agreements for delivery to ensure optimal usage of infrastructure and postal rates.</i></p>	

¹⁸ International Mail Processing Centres: GETBSA; GETBSB; GETBSC.



Recommendation / Action	Specification
<p>Gaps addressed:</p> <p>E9. Availability of international logistics operators is similar as in the EU. <i>Challenge:</i> global private logistics services face challenge to maintain high eCommerce volumes creating high rates for parcel delivery limiting involvement in eCommerce ecosystem.</p> <p>E10. Parcel delivery network is similar as in the EU. <i>Challenge:</i> although global logistics players are available, they face challenge to maintain high eCommerce volumes creating high rates for parcel delivery limiting involvement in parcel delivery network; despite multiple delivery operators are commonly used for domestic delivery, it is not common for cross-border transactions.</p>	
<p>4.1. Initiate stakeholder consultations to promote the benefits and best practices of co-sharing on the last mile delivery. Identify potential parties willing to co-share delivery and set conditions according to the EU benchmarks</p>	<p>Best practices: in the EU countries, it is common for the national postal operator to use barcodes and identifiers, which can be read by private parcel operators. This makes cooperation and co-sharing practices in the last mile possible for the public and private operators.</p> <p>Due to service parameters (Quality of Service), volumes sent to Georgia could be delivered by the operator best suited on the last mile. "Downstream access" may allow private postal service operators to use the existing postal infrastructure for the last mile delivery of pre-sorted parcels. "Up-stream access" may allow private postal operators to collect consignments from senders to transfer them for sorting at the cross-border hub, or even to dispatch to a third country – allowing related rebates (equivalent to the cost savings of Georgian Post).</p> <p>The national operator remains the owner of the transaction, but the private parcel operator receives a share of revenue for the delivery. Tracking is enabled by usage of the common barcodes and identifiers. Such cooperation is based on bilateral agreements.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Organise a workshop to promote the benefits and best practices (including terms and conditions and suggested sharing schemes) of cooperation to co-share the last mile delivery between Georgian Post and private parcel operators. Involve Georgian Post and the key private postal operators. 2. Identify the key parcel delivery operators in Georgia who are willing to enter bilateral agreements for last mile delivery cooperation. Additional assessment of their capability to deliver according to quality standards is required (e.g. ability to deliver within 24 hours).
<p>4.2. Set and technically support requirements for cooperating parcel operators to use common barcode to identify parcel at any point of the cross-border supply chain</p>	<p>To enable cooperation between the parcel delivery operators, it is recommended to use common barcodes. This makes it possible for parcel delivery operators to identify content of parcels and for parties to track items at any point of the supply chain. The European Committee for Standardisation (CEN) has developed the appropriate specification. Such a harmonised labelling specification shall be supported by the usage of the Global Trade Item Number (GTIN) and HS codes to achieve an automated description of the content of the consignment according to the UPU-WCO customs data model and mandatory use of Electronic Advanced Data (EAD).</p> <p>A basis for this recommendation can be a project related to postal electronic data system has been initiated in Georgia, which aims to align to the EU standards and requirements.</p> <p>Possible step:</p> <p>Consult Georgian Post, the Customs Department and other relevant stakeholders about the need to make available the UPU standards (M33-12) and CEN/TS 17073 related systems of parcel identification for private parcel delivery operators and logistics services as well as Georgian</p>



Recommendation / Action	Specification
	<p>Post (to enable both in parallel). Private parcel delivery operators, logistics services and the national postal operator should be able to use in parallel the UPU standards and CEN/TS 17073 related systems of parcel identification.</p>
<p>4.3. Initiate pilot programme to test cooperation between Georgian Post and 2-3 private parcel delivery operators/logistics operators using the common barcodes to identify parcels when co-sharing the last mile delivery</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Develop concept and business case. 2. Validate the concept with the key involved stakeholders. 3. Define and complete preparatory actions to launch the pilot (e.g. planning, organisational set up, allocate budget). 4. Set terms and condition of ownership of transactions – i.e. which parcel delivery operator receives is generally responsible for a transaction and co-shares revenues for a delivery. Agree on the revenue split model according to the EU benchmarks. Agree on the expected standards of the quality of service provided by operators. 5. Sign bilateral agreements. 6. Launch and monitor the pilot implementation, including setting up regular observation workshops involving the stakeholders. 7. Complete the pilot programme and define the required improvements (if needed). 8. Consider scaling up and implementing the tested solution with a broader scope.
<p>5. Further strengthen the integration of Georgian eCommerce ecosystem actors into EU networks.</p> <p>Final goal: <i>increased collaboration of the eCommerce ecosystem stakeholders of Georgia with the EU ecosystem actors through transfer of the EU knowledge and practices.</i></p> <p>Gaps addressed:</p> <p>E7. The EU 2021 eCommerce package – IOSS: is not familiar to stakeholders and no preparatory actions done.</p> <p>E14. The EU 2021 changes – electronic declarations only: is not familiar to all stakeholders and only fragmented preparations are done.</p> <p>E15. The EU 2021 changes – simplified customs procedures: is not familiar to all stakeholders, including private delivery services, and no preparatory actions are done.</p> <p>E16. The EU 2021 eCommerce package -- no exceptions to pay VAT: is not familiar to all stakeholders and no preparations are done.</p>	
<p>5.1. Consider for the eCommerce Association to join Ecommerce Europe's national member associations</p>	<p>To ensure exchange of critical information about the changes that are introduced consistently, it is advised to Georgia to participate on a national level in regular events between the stakeholders. The Ministry of Economy and Sustainable Development of Georgia confirms interest in coordinated approach to communicate the EU knowledge and practices in eCommerce area.</p> <p>Possible steps:</p> <ol style="list-style-type: none"> 1. Establish responsibility for the eCommerce Association or the Chamber of Commerce to represent Georgia as an institutional partner informing eCommerce stakeholders of Georgia about the global and the EU eCommerce changes/updates.



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



Recommendation / Action	Specification
	<p>A basis for this recommendation can be a project related to postal electronic data system has been initiated in Georgia, which aims to align to the EU standards and requirements.</p> <p>Possible owner: the Customs Department.</p>
<p>6.2. Implement standards required for exchange of electronic advanced data in postal operations (for both, designated operator, as well as the private operators)</p>	<p>Implement standards for necessary electronic data lodging of digital customs pre-declarations on item level in line with:</p> <ol style="list-style-type: none"> 1. Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code, Annex B, "super-reduced dataset". 2. CEN/TR 17536 - Postal services – Requirements for electronic advanced data (EAD) in postal operations compliant to security and customs requirements. 3. UN / EDIFACT messages. <p>A basis for this recommendation can be a project related to postal electronic data system has been initiated in Georgia, which aims to align to the EU standards and requirements.</p> <p>Possible owner: the Customs Department.</p>
<p>6.3. Adapt processes and IT systems of the Customs Department, postal and logistics operators to the requirements of the pre-arrival information exchange by connecting to Import Control System 2</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Assess the current state of awareness and preparatory actions for the mandatory electronic customs declarations and simplified customs procedures from 1 January 2021. 2. Assess the current IT systems and prepare for any updates needed to connect to the new system – Import Control System 2. This includes exit and entry summary declarations, as well unique transport ID on consignment level (including connectivity to e-AWBs). 3. Assess and adapt processes and IT systems to the data requirements for the pre-arrival information exchange¹⁹. Identify potential software developers who could help to adjust. 4. Assess changes needed in businesses process as simplified procedures²⁰ become available to parcel delivery services. 5. Introduce training programme for stakeholders to use electronic customs declarations and simplified customs procedures. <p>A basis for this recommendation can be a project related to postal electronic data system has been initiated in Georgia, which aims to align to the EU standards and requirements.</p> <p>Possible owner: the Customs Department, Georgian Post, private postal and logistics operators.</p>

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

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



Recommendation / Action	Specification
<p>7. Adjust legislation, IT systems and business process to prepare the Customs Department, Revenue Service, private parcel delivery and logistics operators, and online retailers for introduction of Import One Stop Shop (IOSS) and removed VAT exceptions.</p> <p>Final goal: <i>cross-border trade is not delayed and is faster as the Customs Department, Revenue Service, private parcel delivery and logistics operators, and online retailers aware of procedures to collect VAT at the point of sale and ready to declare VAT for all commercial items. VAT is paid to a country of destination.</i></p> <p>Gaps addressed:</p> <p>L25. Special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries is not implemented.</p> <p>E7. The EU 2021 eCommerce package – IOSS: is not familiar to stakeholders and no preparatory actions done.</p> <p>E16. The EU 2021 eCommerce package -- no exceptions to pay VAT: is not familiar to all stakeholders and no preparations are done.</p>	
<p>7.1. Implement special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries</p>	<p>Implement the special scheme as regards certain value added tax obligations for distance sales of goods imported from third territories or third countries according to the Directives and Regulations of the VAT eCommerce package.</p>
<p>7.2. Adapt processes and IT systems of the Customs Department, Revenue Service, private parcel delivery and logistics operators, and online retailers to be able to collect VAT and/or recognise commercial items cleared from VAT by connecting to IOSS</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Assess the current state of awareness and preparatory actions for the removed VAT exceptions and integration with the Import One Stop Shop from 1 July 2021²¹. 2. Adjust systems and procedures of the Customs Department and online retailers to connect to the new system – IOSS – to be able to collect VAT or recognise commercial items cleared from VAT (below €150). 3. Adjust systems and procedures of the Customs Department and online retailers for the data storage requirements, if needed. 4. Adjust systems and procedures of the Customs Department, Revenue Service, private parcel delivery and logistics operators to deal with the increase in the volume of packages that are subject to VAT (cost, time, space wise), as all items will be subjects to VAT. 5. Adjust systems and procedures of the Customs Department, Revenue Service, private parcel delivery and logistics operators that would allow to distinguish between the packages that the VAT has already been collected for by platforms (via IOSS system at the point of sales) vs those which have to be collected by postal delivery operator.

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



Recommendation / Action	Specification
	<p>6. Adjust systems and procedures of Revenue Service that would allow to send taxes collected from IOSS system to tax authorities of a destination country. Also, assess the needed change in processes when businesses will have opportunity to cancel VAT registrations for cross-border taxes procedures, which will be replaced with IOSS.</p> <p>7. Review contracts (and terms of use) with sellers and buyers.</p> <p>8. Introduce training programme for stakeholders to use IOSS.</p> <p>Possible owner: the Customs Department, Revenue Service, Georgian Post, private postal and logistics operators, online retailers.</p>
<p>8. Adjust IT systems and business process to prepare the Customs Department, private parcel delivery and logistics operators, and online retailers for usage of the harmonised ID system ensuring interoperability of item identification.</p> <p>Final goal: <i>the Customs Department, private parcel delivery and logistics operators, and online retailers assign harmonised identifiers (ISO/IEC 15459 compliant Serial Shipping Container Code (i.e. SSCC by GS1) as well as the UPU's mandatory S10 13-digit Item ID for postal items) to items making it possible for any eCommerce stakeholder to read and re-use identifiers for own purposes. Such harmonised usage of identifiers creates interoperable solution making cross-border transactions faster (e.g. faster customs clearance as parcels can be identified on item level) and easily tracked on item level.</i></p> <p>Gaps addressed:</p> <p>E18. Harmonised ID, advanced electronic data and item level information exchange on parcels: are not commonly used by all the key stakeholders.</p>	
<p>8.1. Adapt processes and IT systems of the Customs Department, private parcel delivery and logistics operators, and online retailers to be able to assign and read harmonised identifiers on item level</p>	<p>Possible steps:</p> <ol style="list-style-type: none"> 1. Assess the current state of awareness and preparatory actions for the item-level tracking using harmonised ID system from March 2021²². 2. Identify alternative service providers to implement item-level tracking (ISO/IEC 15459 compliant barcodes, as well as UPU S10 mandatory codes for postal items). 3. Assess the current IT systems and prepare for any updates needed to connect to solution to assign and read harmonised identifiers on item level. 4. Introduce training programme for stakeholders to assign and read harmonised identifiers on item level. <p>A basis for this recommendation can be a project related to postal electronic data system has been initiated in Georgia, which aims to align to the EU standards and requirements.</p> <p>Possible owner: the Customs Department, Georgian Post, private postal and logistics operators, online retailers.</p>

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



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

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

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

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

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

Recommendation / Action	Specification
<p>9. Improve the overall legal framework of cross-border eCommerce by introducing fundamental principles and critical requirements. Final goal: <i>the legal framework and main standards related to eCommerce correspond to the EU general framework and the consumers feel safe to shop online.</i> Gaps addressed:</p> <p>L34 Jurisdiction and territoriality of digital service providers are not regulated. L36. Transfers of personal data to third countries or international organisations is partially compatible as no method for data transfer is indicated. L38 Liability of intermediary service providers (contracts) is not yet implemented. L47 Terms and conditions of providers of online intermediation services are partially compatible as there are no requirements for terms and conditions. L48 Restriction, suspension and termination of online intermediation services is not regulated. L49 Ranking in online intermediation services is not regulated. L50. Differentiated treatment in relation to goods or services offered to consumers through online intermediation services is not regulated. L51. Specific contractual terms are partially compatible as there are no requirements for specific terms to conduct relations in good faith / fair dealing. L52. Access to data is partially compatible it's not required to communicate user's access to data. S32. Terms and Definitions is partially compatible as not everything is aligned yet.</p>	<p>9.1. Align the national legal framework and standards by binding with the fundamental principles allowing</p> <p><i>Enhance legal security of networks and information systems:</i></p> <ul style="list-style-type: none"> • L34. Require a legal representative in the country of foreign digital service provider of marketplace, search engines, cloud computing.



Recommendation / Action	Specification
<p>cross-border eCommerce between Georgia and the EU countries</p>	<p>Directive (EU) 2016/1148 on the level of security of network and information systems.</p> <p><i>Improve data protection of transfers of personal data to third countries:</i></p> <ul style="list-style-type: none"> L36. Stipulate that any transfer of personal data which are undergoing processing or are intended for processing after transfer to a third country shall take place only if the conditions are complied with by the controller and processor. Indicate legible mechanisms or any special tools for transfer of personal data to third countries. <p>Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, Art 44, 46</p> <p><i>Introduce critical requirements for electronic platforms (online intermediation services):</i></p> <ul style="list-style-type: none"> L47. Establish the requirements to the terms and conditions of providers of online intermediation services. L48. Stipulate that where a provider of online intermediation services decides to restrict or suspend the provision of its online intermediation services to a given business user in relation to individual goods or services offered by that business user, it shall provide the business user concerned, prior to or at the time of the restriction or suspension taking effect, with a statement of reasons for that decision on a durable medium. L49. Require that providers of online intermediation services shall set out in their terms and conditions the main parameters determining ranking of products on the marketplace and the reasons for the relative importance of those main parameters as opposed to other parameters. L50. Require that providers of online intermediation services shall include in their terms and conditions a description of any differentiated treatment which they give, or might give, in relation to goods or services offered to consumers through those online intermediation services 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. L51. Require that providers of online intermediation services include specific contractual terms in order to ensure that contractual relations between providers of online intermediation services and business users are conducted in good faith and based on fair dealing. L52. Require that the providers of online intermediation services shall include in their terms and conditions a description of the technical and contractual access, or absence thereof, of business users to any personal data or other data, or both, which business users or consumers provide for the use of the online intermediation services concerned. <p>Regulation (EU) 2019/1150 on promoting fairness and transparency for business users of online intermediation services, Art 3-5, 8-9.</p> <p><i>To standardise terms and definitions with international eCommerce practices:</i></p> <ul style="list-style-type: none"> S32. Align national eCommerce terms and definitions with the EU and international standards. <p>Regulation 2018/644 on Cross-border parcel delivery services.</p>
<p>10. Improve online marketing and electronic sales capacities of Georgian traders to improve visibility for the EU customers by introducing legislative and standardisation compliance aspects of eCommerce marketplaces and platforms.</p> <p>Final goal: <i>products of Georgia are presented on the marketplaces selling in the EU, clearly identifiable and promoted to the potential target segments.</i></p>	



Recommendation / Action	Specification
<p>Gaps addressed:</p> <p>L2. Prohibition of unfair commercial practices is not yet implemented.</p> <p>L3. Recourse to the codes of conduct (Unfair commercial practices) is not regulated.</p> <p>L4. Adequate and effective means to combat unfair commercial practices is not yet enacted.</p> <p>L5. Requirements for distance contract, contract medium and language are not implemented yet. Also, the type of language is not specified.</p> <p>L6. Compulsory information to provide before placing an online order is not implemented yet.</p> <p>L7. Formal requirements for confirmation of the distance contracts (Consumer rights) is not yet enacted.</p> <p>L8. Obligations of the trader and the consumer in the event of withdrawal is not implemented yet.</p> <p>L10. Conformity of consumer goods with the contract is not yet enacted.</p> <p>L13. Misleading commercial practices of paid advertisement are not yet regulated.</p> <p>L14. Misleading omissions for products offered on online marketplaces (Consumer protection) is not yet regulated.</p> <p>L15. Information requirements for distance contracts of digital content and digital service (Consumer protection) is not yet regulated.</p> <p>L16. Information requirements for distance contracts when price is personalised on the basis of automated decision-making are not regulated.</p> <p>L17. Fake price reductions are not regulated.</p> <p>L18. Misleading omissions about consumer reviews of products is not regulated.</p> <p>L19. Enforcement of proportionate and effective remedies is partially compatible as consumer's rights for remedies (e.g. price reduction) are not explicitly defined.</p> <p>L20. Injunctions for the protection of consumers' interests is not implemented yet.</p> <p>L21. Consumer protection in the indication of the prices of products offered to consumers is not implemented yet.</p> <p>L28. Authenticity logo for online sale of medicines is not regulated.</p> <p>L29. Transparency of cross-border tariffs for parcels is partially compatible as transparency is not regulated.</p> <p>L35. Unjustified blocking and limiting a customer's access to the trader's online interface are not regulated.</p> <p>S30. Trustmark for ethical standards in the digital marketplace is not implemented.</p> <p>S31. CE marking, Blue Guide - Comprehensive guidance on the implementation of EU product rules are not implemented.</p>	
<p>10.1 Legally define online marketplaces and introducing rules of their accessibility</p>	<p><i>Improve the legal protection and accessibility</i> of foreign consumers to Georgia-based online marketplaces:</p> <ul style="list-style-type: none"> L35. Prohibit unjustified blocking or limiting a customer's access to the trader's online interface. <p>Regulation (EU) 2018/302 on addressing unjustified geo-blocking.</p>
<p>10.2 Improve the protection of consumers when buying on eCommerce</p>	<p><i>Improve the legal framework in the identified critical aspects of consumer protection when buying on eCommerce platforms against unfair commercial practices:</i></p> <ul style="list-style-type: none"> L3. Encourage the control of unfair commercial practices by recourse to the national bodies providing codes of conduct.



Recommendation / Action	Specification
<p>platforms in Georgia by improving the legal framework and compliance to standards of digital platforms</p>	<p><i>Improve the legislation on consumer rights:</i></p> <ul style="list-style-type: none"> • L5. Enact the draft law provision. Lay down requirements for the compulsory information that is required to include in distance contracts between the trader and the consumer and the conditions when these requirements can be altered. explicitly describe the characteristics and the nature of the language that shall be used in the contracts concluded online. • L6. Enact the draft law provision. For a contract concluded online that requires a payment from the consumer, require the consumer, when placing his order, to explicitly acknowledge that the order implies an obligation to pay. Require that the trader explicitly indicates whether any delivery restrictions apply, and which means of payment are accepted before the consumer places his order. • L8. Enact the draft law provision. Define a maximum period of time for the consumer to withdraw from a distance contract without giving any reason and without incurring any costs. Impose the maximum legal delay for the trader to conduct the reimbursement of all received payments. <p>Directive 2011/83/EU on consumer rights. Art 8, 13-14.</p> <p><i>Provide better enforcement, modernisation of consumer protection rules:</i></p> <ul style="list-style-type: none"> • L16. Introduce the requirement for the trader to inform in case when the price is personalised by automated decision-making. <p>Directive (EU) 2019/2161 on consumer rights. Art 4.</p> <p><i>Improve the acceptance of national products for online sale on the EU markets:</i></p> <ul style="list-style-type: none"> • S30. Implement a national trust mark certification scheme or adopt an international one to improve the level of trust by local and international consumers. This scheme authenticates that an eCommerce company established on the national territory has made a commitment to work in compliance with the national (or regional, international) Code of Conduct, guaranteeing ethical standards in the digital marketplace. <p>The Ecommerce Europe Trustmark.</p> <ul style="list-style-type: none"> • S31. Provide independent conformity assessment and certification mechanisms for CE marking of products manufactured by local manufacturers. <p>CE marking Blue Guide - Comprehensive guidance on the implementation of EU product rules.</p>
<p>10.3 Enhance the performance of national platforms by enforcement and modernisation of consumer protection rules</p>	<p><i>Provide better enforcement of consumer protection rules for online sale:</i></p> <ul style="list-style-type: none"> • L17. Require indicating the prior price applied by the trader for a determined period of time prior to the price reduction (sales). • L18. Require informing about the ways of collecting reviews on products by actual customers and their authenticity. • L19. Define that the consumer harmed by unfair commercial practices, shall have access to proportionate and effective remedies, including, where relevant, a price reduction or the termination of the contract. • L20. Enact the drafted legislative provision. Designate the courts or administrative authorities competent to rule on proceedings commenced by qualified entities. • L21. Enact the drafted legislative provision. Stipulate the indication of the selling price and the price per unit of measurement of products offered by traders to consumers in order to improve consumer information and to facilitate comparison of prices.



Recommendation / Action	Specification
	<p>Directive (EU) 2019/2161 on better enforcement of consumer protection rules.</p> <p>Create the legal framework enhancements on parcels delivery related to non-fiscal aspects of support of local traders and the consumer protection of both EU and local buyers:</p> <ul style="list-style-type: none"> • L28. Introduce a common logo for legally operating online pharmacies/retailers. • L29. Require that for distance contracts for online sale of goods, all traders concluding sales contracts with consumers that include the sending of cross-border parcels shall make available, at the pre-contractual stage, information about the cross-border delivery options in relation to the specific sales contract and charges payable by consumers for the cross-border parcel delivery.
<p>11. Enhance the security aspects of Georgian eCommerce platforms and their attractiveness for the EU customers by introducing legislative and standardisation compliance aspects of <u>electronic payment</u>.</p> <p>Final goal: <i>assure maximum consumer protection when using electronic payment on eCommerce platforms.</i></p> <p>Gaps addressed:</p> <p>L45. Removal of surcharges for the use of credit cards and debit cards is in the process of amendment.</p>	
<p>11.1 Improve consumer protection mechanisms by enhancing requirements applied to electronic payment on eCommerce platforms</p>	<p><i>Improve the legal framework on the critical aspects of secure electronic payment on eCommerce platforms:</i></p> <ul style="list-style-type: none"> • L45. Enact the requirement that payment service providers shall not offer or request a per transaction interchange fee of more than a certain fixed percentage. <p>Regulation (EU) 2015/751 on interchange fees for card-based payment transactions.</p>
<p>12. Allow safe <u>placing of online orders</u> for contracts concluded online, especially for cross-border sales.</p> <p>Final goal: <i>assure the maximum level of consumer and trader contractual protection in case of contracts concluded online.</i></p> <p>Gaps addressed:</p> <p>L1. Consumer contracts are not regulated as legislation does not stipulate that the contract shall be governed by the law of the country where the consumer has his habitual residence.</p>	
<p>12.1 Assure the availability of fair and transparent contractual mechanism for contracts concluded online</p>	<p><i>Improve the consumer contracts for contracts concluded online with foreign consumers:</i></p> <ul style="list-style-type: none"> • L1. For the contract concluded between a consumer and a supplier located in different countries, stipulate that the contract shall be governed by the law of the country where the consumer has his habitual residence. <p>Regulation (EC) No 593/2008 on the law applicable to contractual obligations, Article 6(1).</p>



Recommendation / Action	Specification
13. Improve the time of cross-border <u>parcel delivery</u> between Georgia and the EU countries by implementing standardised electronic data interexchange. Final goal: <i>allow processing of all cross-border data on parcels between Georgia and the EU countries in standardised electronic format in advance.</i> Gaps addressed:	L9. Delivery of purchased goods is not regulated as the legislation does not specify the maximum allowed time for the trader to deliver the goods. L30. Provided services by the national designated postal operator is not implemented yet. L31. Postal security requirements for the provision of electronic advance data (UPU) are partially compatible as the national postal operator and courier organisations do not exchange advance data about parcel-post items with the other authorities of the country (sanitary, phytosanitary, quality standards, IPR). L32. Security measures for cargo or mail that fly from / to the country into the EU is not regulated regarding transport cargo. S1. Measurement of the transit time of end-to-end services for single piece priority mail and first-class mail is not regulated. S4. Method for measurement of parcel transit time for cross-border parcels is not regulated for all postal operators. S5. Re-forwarding is not regulated. S6. Distance to postal services access points is not regulated. S7. Information available on postal services is not regulated. S8. Measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test letters is not regulated. S9. Requirements for private letter boxes is not regulated. S10. Technical features of parcel boxes for end usage is not regulated. S12. Framework for secure, trustworthy and user-friendly opening systems for parcel boxes for home use is not regulated. S13. Requirements for electronic advanced data (EAD) in postal operations (Interoperability) is partially compliant as no requirements for electronic advanced data are prepared. S14. Properties for packaging of boxable items is not regulated. S17. UN / EDIFACT Exchange Specification is partially implemented. S19. Electronic Data Interchange between postal handling organisations is partially compliant as the current facilities don't include necessary interfaces to share data to third parties abroad. S25. CUSRSP Customs Response is not implemented. S26. ITMREF V1 – Item referral is not implemented. S27. REFRSP V1 – Referral response message specification is not implemented.



Recommendation / Action	Specification
<p>13.1 Improve the legal framework for faster and more reliable cross-border parcels delivery</p>	<p><i>Improve consumer rights protection:</i></p> <ul style="list-style-type: none"> L9. Specify the maximum allowed time for the trader to deliver the goods by transferring the physical possession or control of the goods to the customer <p>Directive 2011/83/EU on consumer rights, Article 18.</p> <p><i>Improve postal security requirements for the provision of electronic advance data:</i></p> <ul style="list-style-type: none"> L30. Enact the drafted legislation provision. L31. Require the national designated postal operator exchanging advance data about parcel-post items with the other authorities of the country (sanitary, phytosanitary, quality standards, IPR) via electronic data interchange messaging. L32. Require that air carriers that fly from the country must ensure that transport cargo carried to the EU is physically screened or comes from a secure supply chain which is validated according to the EU regulation. Require that air carriers that fly from the EU countries must ensure that transport cargo carried to the country's national territory is physically screened or comes from a secure supply chain which is validated according to the national regulation. <p>UPU Convention Manual, Article 8.1.</p>
<p>13.2 Accelerate processing of cross-border data on parcels by implementing Digital Postal Services and electronic data interexchange standards</p>	<p><i>Improve the quality of delivery services by learning from the international standards:</i></p> <ul style="list-style-type: none"> S1. Introduce a standard method for measuring of the transit time of end-to-end services for single piece priority mail. Provide a standardised measurement method that assure that the measurements are done in an objective and equal way for all operators, CEN/EN13850. S4. Introduce quality of service measurement for transit time of cross-border parcels, based on tracking and tracing events and applicable to all postal operators, CEN/TS 15472:2016. S5. Specify methods for measuring the quality of a re-forwarding service of domestic addressed mail that is delivered by postal service operators to an address that deviates from the one presented on the postal item, CEN/TR 16894. S6. The national regulatory authority for the postal sector should provide a methodology for the quality of services measurement of distance to postal access points, CEN/TR 15735:2008 - Postal services – Quality of service – Distance to access points. S7. The national regulatory authority for the postal sector should provide a methodology for the quality of services measurement of information available on postal services and conditions of access to such information, CEN/TS15511:2008 – Postal services – Quality of services. S8. The national regulatory authority for the postal sector should provide a methodology for the quality of services measurement of loss and substantial delay in priority and first-class single piece mail collected, processed and distributed by postal service operators, CEN/TS 14773:2004. <p><i>Improve interoperability for cross-border delivery:</i></p> <ul style="list-style-type: none"> S9. Specify the requirements for private letter boxes, so that postal items of a certain size fit into letter boxes, CEN/EN 13724:2013. S10. Specify the technical features of parcel boxes for end use to harmonise unattended delivery of eCommerce parcels, CEN/TS16819:2015.



Recommendation / Action	Specification
	<p><i>Assure the interoperability of parcels delivery between the EU and Georgia</i> by introducing national standards for:</p> <ul style="list-style-type: none"> • S12. Unattended delivery solutions (i.e. parcel locker systems/ parcel boxes) for home use (requires prior consent by the recipient), CEN/TS 17457. • S13. Define the national requirements for electronic advance data submission in domestic or international postal operations (for all commercial items sent to consumers) as a pre-requisite for digital customs or transport security related declaration (Requirements for electronic advanced data (EAD) in postal operations compliant with UPU-WCO customs data model and the EU Customs Data Model). Prepare requirements for electronic advanced data in postal operations regarding commercial items which will be a pre-requisite for any digital customs or transport security related declaration sent to EU authorities prior to any border crossing into the EU (Measure will be applied by the EU in 2021), CEN/TR 17535. • S14. Introduce a national standard framework defining physical properties and characteristics for the packaging of boxable items to be delivered directly into private letter boxes, as well as environmental aspects of such packaging, applicable to all national postal/courier operators, CEN/TR 17535. <p><i>Introduce Digital Postal Service's standards :</i></p> <ul style="list-style-type: none"> • S17. Please see the Recommendation 6 in the Ecosystem part. <p><i>Implement Electronic Data Interchange between postal handling organisations based on UPU electronic exchange messaging standards in line with the mandatory UPU-WCO data model:</i></p> <ul style="list-style-type: none"> • S19. Create the necessary electronic data interchange interfaces to third party data applications abroad, including the EU authorities, postal handling organisations and authorised economic operators in the EU Member States, UPU M30. • S25. CUSRSP Customs response to postal operator on mail items, UPU M44. • S26. ITMREF which supports the communication from the destination postal operator to the origin postal operator, UPU M53. • S27. REFRSP supports the communication from the origin postal operator to the destination postal operator UPU M54.
<p>14. Set up the required conditions to assure eCommerce <u>customer service</u> by creating online Alternative Dispute Resolution mechanism and assuring transparency in case of serious security incidents.</p> <p>Final goal: <i>assure the maximum level of consumer support in case of disputes and security incidents.</i></p> <p>Gaps addressed:</p> <p>L22. Availability of procedures for the out-of-court resolution of domestic and cross-border disputes concerning contractual obligations (ADR) is partially compatible as consumer's rights to complain and requirements for ADR aren't specified.</p> <p>L23. Availability of an online dispute resolution platform for consumer disputes (ADR) is partially compatible as rules to establish ADR aren't specified.</p> <p>L33. Security requirements and incident notification (security) is not regulated.</p> <p>L53. Internal complaint handling system is not regulated.</p> <p>S2. Complaints handling principles is not regulated. The regulatory authority for the postal sector does not enforce the application of a national standard for complaints handling related to domestic and cross-border postal services.</p>	



Recommendation / Action	Specification
<p>14.1 Assure the availability of online procedures for the out-of-court resolution of domestic and cross-border disputes concerning eCommerce contractual obligations</p>	<p><i>Create a national legal framework of Alternative Dispute Resolution (ADR) for consumer disputes supporting eCommerce:</i></p> <ul style="list-style-type: none"> L22. Introduce alternative dispute resolution (ADR) means that allow settling a complaint out of court with the assistance of an impartial dispute resolution body. Establish harmonised quality requirements for ADR entities and ADR procedures in order to ensure that consumers have access to high-quality, transparent, effective and fair out-of-court redress mechanisms to provide a higher level of consumer protection. Introduce the type of ADR such as Conciliation, Ombudsmen, Arbitration, and Complaints boards. L23. Lay down rules for online dispute resolution platform for consumer disputes facilitating the independent, impartial, transparent, effective, fast and fair out-of-court resolution of disputes between consumers and traders online. <p>Directive 2013/11/EU on alternative dispute resolution.</p> <p><i>Create a mechanism of handling complaints by providers of eCommerce platforms and intermediation services:</i></p> <ul style="list-style-type: none"> L53. Introduce a requirement for providers of online intermediation services to provide an internal system for handling complaints. <p>Regulation (EU) 2019/1150 on promoting fairness for business users of online intermediation services.</p>
<p>14.2 Assure the transparency of eCommerce services in case of serious security incidents</p>	<p><i>Improve the framework of security requirements and incident notification to manage the risks posed to the security of Online marketplace, Online search engine, Cloud computing services:</i></p> <ul style="list-style-type: none"> L33. The digital service providers established on the national territory and offering services of Online marketplace, Online search engine, Cloud computing services should be responsible to identify and take appropriate and proportionate technical and organisational measures to manage the risks posed to the security of network and information systems. They must be required to notify the competent authority without undue delay of any incident having a substantial impact on the provision of a service that they offer within the national territory and/or abroad. The competent national authority may have authority to inform the public about individual incidents or require the digital service provider to do so, where public awareness is necessary in order to prevent an incident or to deal with an ongoing incident, or where disclosure of the incident is otherwise in the public interest. <p>Directive (EU) 2016/1148 concerning measures for a high common level of security of network and information systems across the Union, Art 16.</p>
<p>14.3 Improve the quality of customer services for parcels delivery by introducing quality standards</p>	<ul style="list-style-type: none"> S2. Enact the draft legal provision. Enforce the application of a national standard for complaints handling related to domestic and cross-border postal services. Request that the standard's guidelines for compensation and redress procedures are mandatory to be applied by the postal organisations of the country, CEN/TS14012.



6 The next steps and considerations

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

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

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

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

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