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for E-commerce: Economic, legal and institutional factors



Session 5: E-commerce country experiences: Best practices, success factors, performance drivers and lessons learned

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01

In recent years, e-commerce has been rapidly developing in the country. Retail trade turnover in Azerbaijan in 2016 amounted to AZN 25,613,000 and 46,227,000 manat in 2017.

02

Broadband Commission for Sustainable Development According to The State Of Broadband 2017: Broadband Catalyzing Sustainable Development, this figure ranks 7th among the 196 countries in the world, and among the 148 developing countries.

03

Azerbaijan ranks 7th among 148 countries in the number of households in the developing countries. At present, there are 80 internet-consumers per 100 people. Mobile internet is also widely used.

04

Azerbaijan ranks 68th out of 144 countries in the B2C ecommerce index of the United Nations Conference on Trade and Conflict (UNCTAD).

Domestic Trade In Azerbaijan



01

Annual growth is about 2 times more than a year. 96.3% of electronic trade turnover comprised non-food products (cosmetics, software, ICT, music, video, games, books, etc.).

02

The volume of purchases per person via Internet is 3.01 USD. For comparison, the same figure in the United States - \$ 1074 per person, and \$ 141 in Russia. In Serbia, where the gross domestic product is approximately the same as in Azerbaijan - \$ 93.

03

In January-October 2017, the value of products sold in the country's retail trade network amounted to 28.0 billion manat. That is, the volume of electronic commerce accounts for 0.165% of total retail trade.

Electronic Trade Stimulating Policy



Stimulating actions



Solutions for customer
confidence



Tax rebates



Discounts for access to
global markets



Support for small and
medium businesses



Application of e-commerce
certification



Simplify registration
procedures



Expansion of electronic
payment capabilities

Main Problems



Providing the rights and obligations of buyer and seller



Presence of unregistered retailers on social networks



Insufficient knowledge



Lack of special government support for e-commerce activity



Necessity of stimulating measures for online payments in electronic commerce in Azerbaijan



Customs control over imported products through electronic commerce



Poor customer confidence in e-commerce



Incompatibility with international standardization systems, lack of national technical regulations

Formation of Indivisible Management Mechanism



The Republic of
Azerbaijan Ministry of
Economy

Ministry of Taxes of the
Republic of Azerbaijan

State Customs
Committee

Ministry of Transport,
Communications and High
Technologies of the
Republic of Azerbaijan

Cooperation Agreements



This cooperation should be carried out in several directions.



Technological

indivisible on integrated or integrated infrastructure solutions



Administrative

It envisages the joint activities of separate institutions at the administrative and institutional level



Normative

To improve the new legislation

Activities Of State Institutions In This Process



In order to arrange tax audits on e-commerce, all internet resources created in the country for commercial purposes should be subject to taxation and that their income should be reported in accordance with tax legislation. Detection of persons who perform such activities unlawfully is the main duty of tax authorities.



In ordinary international transactions, customs authorities can inspect the imported or exported goods. Since e-commerce operations are outside of the public authorities' oversight, the customs authorities are unable to intervene in these transactions. And as a result, the customs duty can not be applied because imported goods are not known for personal consumption or sale.

The Role Of High Technologies



As a result of the development of modern technologies, new technology trends (blockchain, cryptanalysis, big data, etc.) are on the agenda. These trends can have both positive and negative aspects. For example, the use of cybercrime. For this reason, both scientific and practical work must be carried out in the direction of cyber security.



According to international research, innovative development of the digital economy is related to the application of cloud technologies in all areas. Processes in this direction are under way in our country. At present the network of data centers is being formed in the country. Business entities, along with government agencies, also begin to benefit from data centers services.



The use of artificial intelligence enhances the effectiveness of electronic commerce platforms. This, in turn, is an important criterion for keeping national platforms competitive in the global market.



Target



01

Formation of effective collaboration between government agencies and resulting exchange of information

02

Supporting local entrepreneurs engaged in e-commerce (SME)

03

Strengthening partnerships between public and private organizations

04

Improving legislation, adopting international standards and national technical regulations

05

Increasing electronic sales of domestically produced goods and packaging for access to global markets

06

Developing mechanisms for detecting and punishing persons engaged in illegal e-commerce in Azerbaijan

07

Involvement of international companies in formal cooperation

08

Implementing incentives for e-commerce participants

09

Mutual recognition of cross-country electronic signatures

Expected Results



01

Existing legislation will improve

02

The country's access to global markets will be increased, transit information services will be expanded

03

Delivery and delivery of e-commerce products from leading manufacturers to CIS and other countries will be implemented

04

The volume of revenue from e-commerce will increase in the gross domestic product

05

The role of foreign and local investment in e-commerce development will increase

06

The activity of small and medium businesses will increase

07

The potential for the production of competitive products and service sector will be strengthened

08

Security in e-commerce will be further ensured

09

There will be a stimulating effect on non-cash payments

10

Ensure active participation of the population in e-commerce and increase the reliability of e-commerce

11

The number of e-commerce electronic resources will increase

12

Illegal e-commerce activities will be minimized



**Thank you very much for
your attention.**