REAL SAVINGS: WHAT UKRAINE WILL GET FROM THE IMPLEMENTATION OF THE DIGITAL SINGLE MARKET STRATEGY

Digital technology, transforming the world, forces all countries to develop digital innovative economies. According to the European Commission, the active introduction of innovative technologies and artificial intelligence will increase the world economy to 13 trillion euros by 2030. How Ukrainian business can benefit by implementing the electronic workflows using a digital signature and electronic seal, registered mail delivery, website security in the "business-business" and "business-state" segments, and by entering into the EU digital single market?

Why have the EU introduced a digital single market?

The EU is one of the main exporters of digital services in the world, nevertheless, the barriers to global digital trade have a significant impact on the activities of European companies. In particular, the Commission emphasizes that EU citizens and businesses often face barriers when using online tools and services. These barriers mean that consumers have limited access to some goods and services, businesses cannot benefit from the digitization of documents (contracts, shipping documents, etc.), and governments and citizens cannot fully take advantage of the benefits of the digital economy. The digital market opens new opportunities by eliminating key differences between the online and offline world, by breaking the barriers for cross-border online activities.

So, the European Commission estimated that:

- a digitization of the European economy by 2020 will potentially bring an additional 700 billion euros to the EU economy, which is 4% of the EU economy as a whole;
- a fully completed digital single market can bring 415 billion euros to the EU economy;
- 1.3 million new jobs may be created at the expense of additional investments, including through the introduction of new approaches to the legal regulation of telecommunications in the EU by the year 2025.

Based on these expected results, the main task of the European Commission is to eliminate technical and factual barriers into the usage of the online tools and services. That is why The Digital Single Market strategy for Europe, adopted in 2015, is one of the 10 political priorities of EU development.

Why does Ukraine need it?

Taking into account the provisions of the Association Agreement, Ukraine can become part of the EU digital single market, thereby increasing its exports to EU member states, moving into new markets and creating new jobs.

According to the research of the NGO "Ukrainian Centre for European Policy", provided that the national legislation is brought into full compliance with EU law provisions in the field of electronic trust services, Ukrainian economy can additionally obtain the savings of 261 million euros only in the relations between the business and the state (the calculations were done on the basis of the information published on the E-Data website and the cost of the life cycle of a paper document in Ukraine).

In addition, there are a number of expected benefits of integrating into The Digital Single Market strategy:

- actual expansion of the internal market;
- increasing the attractiveness of the internal market for transnational companies;
- establishing a sustainable approach to Internet governance through the cooperation of all stakeholders in order to support free and open international cooperation;
- formation of digital trade and investment policies, including through the conclusion of free trade agreements between Ukraine, the EU and third countries.
What prevents Ukraine from switching to the electronic document management?

The problem of implementation of the law on electronic trust services in accordance with EU law requirements is related to the impossibility of the application of the rule of obtaining a certificate of compliance with trust services, such as verification of electronic signatures and seals. A certificate of compliance is required by a qualified electronic trustee service provider to pass the qualification of a trust service, for example, the verification of electronic signatures and seals at the Ministry of Justice of Ukraine. As there are no accredited institutions able to issue such certificates of conformity in the middle of 2019, and the legislator has not been able to involve these kind of institutions from EU countries, the ideal legislation in practice does not work.

A unified regulation of the exchange and verification of electronic documents between the business and the inspection authorities is based on the general rules of Article 85 of the Tax Code of Ukraine. Subordinate legislation created for its implementation are of a general nature, which does not give assurances to the business that their rules will not be interpreted freely by civil servants, as well as representatives of the judiciary.

Even with the ideal legislative framework, the issue of the human factor remains. The availability of technological and organizational foundations requires training for their use by the local users. The resolution of this issue would require, apart from the creation of appropriate courses, to ensure the control over the implementation of the current legislation and the identification and support of the "champions", which in fact are local "pillars" for the introduction of new processes in government bodies.

What steps should Ukraine take to fully implement the digital market?

1) The executive authorities should bring their normative legal acts in line with the Law of Ukraine "On electronic trust services" and the requirements of EU legislation in this area, first of all, in the part of information security, work with primary electronic documents;

2) To allocate budget financing to the Central State Electronic Archives of Ukraine in terms of provision of lifetime storage of valuable electronic documents;

3) To train business representatives, government and local government officials, as well as officials of law enforcement and judicial authorities in electronic trust services;

4) Legislate the procedures for pre-trial and trial review of electronic documents. In particular, it is necessary to adopt a draft law "On amendments to certain legislative acts of Ukraine in connection with the adoption of the Law of Ukraine "On electronic trust services";

5) To introduce public services for the verification of qualified electronic signatures and seals;

6) To implement registered electronic delivery services in all public authorities.

The digitization of contracts and other documents and the simplification of paper procedures will allow Ukrainian businesses to simplify the entry into a European Single Market (potentially over 500 million consumers of goods and services) and create traditional market rules for European business in Ukraine. In addition to saving money in the relations "business-state", the development of the digital market and its full implementation in Ukraine, according to European rules of the functioning of this market, in particular their standardization, mutual recognition of Ukrainian electronic trust services by Ukraine and other parties to the Association Agreement will allow Ukraine to be a member of the EU digital single market.

Authors: Liubov Akulenko, Kateryna Potapenko NGO "Ukrainian Centre for European Policy";

Melashchenko Andrii, V.M.Glushkov Institute of Cybernetics of the NAS of Ukraine