

**DMYTRO KULEBA**

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on 2020 to move  
forward in 2021



**PEKKA HAAVISTO**

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stable and  
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partnership  
between the  
United States and  
Ukraine



**ARTO LUUKKANEN**

Dilemma of  
political transition  
in New Post-  
Soviet Ukraine



# BALTIC RIM ECONOMIES

The Pan-European Institute publishes the Baltic Rim Economies (BRE) review which deals with the development of the Baltic Sea region. In the BRE review, public and corporate decision makers, representatives of Academia, as well as several other experts contribute to the discussion.

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TETIANA POLOZOVA &amp; IRYNA SHEIKO

# Trends of digitalization process in Ukraine

Expert article • 2943

The world has entered a new era when the impact of digital technologies is increasingly felt in all sectors of the economy. Digitalization is radically changing traditional industries and sectors. Classic business models are changing, conservative analog processes and operations are going online or losing at competition, in digital world it is possible to formulate personal proposals for each individual customer. Automation and robotics minimize the need for human resources and rapidly increase efficiency and productivity. Radical changes are also taking place in those industries that are considered basic for Ukrainian industry - metallurgy, oil and gas industry, energy, agro-industrial complex, etc.

The "Digital Agenda 2020", created by Ukrainian High-Tech Office, defines the main goals of digitalization in Ukraine as: stimulating the economy and attracting investments; laying the foundations for the transformation of sectors of the economy into competitive and efficient ("digitalization" of business); availability of digital technologies; creating new opportunities for the realization of human capital, development of innovative, creative and "digital" industries and businesses; development and world leadership in the export of "digital" products and services. The document also identifies the necessary steps for the digitalization of Ukraine in the fields of health, infrastructure, ecology, e-commerce, e-government, etc.

According to experts' opinion from the initiative "Digital Program of Ukraine", to reach a GDP of 1 trillion USD in 2030, it will take 3-4 years to actively stimulate the penetration of technology and innovation into the economy of such sectors that could potentially show significant growth, namely: mechanical engineering; military-industrial complex; transport and logistics; agricultural sector; food and processing industry; woodworking; metallurgy.

But now and in the next 5 years in Ukraine there are no conditions for any positioning among the digital leaders - the advanced 20-30 post-industrial countries in the world. Instead, Ukraine can be at least a regional leader in the field of complex and science-intensive engineering services as: programming in the field of industrial high-tech / creation of new software products, including new technologies 4.0; design (electrical, mechanical, electronic, technological, construction, etc.); industrial automation and complex engineering (including commissioning of industrial facilities); development and production of complex, small-batch or unique products.

Special attention should be paid to the creation of industrial clusters with the presence of high-tech areas, such as: robotics; bioengineering; 3D printing; artificial intelligence with a focus on the world market.

However, the development of the digital economy depends largely on the regulatory policy of the state and the creation of favorable conditions for all major stakeholders - innovators, investors, corporations. The field where the state can influence is quite wide - from legal protection to direct funding.

The impact of the Covid-19 pandemic on the global economy could provide additional incentives for companies to make greater use of digital technologies. Another response to the Covid-19 pandemic experience in the medium term is to increase the use of machines, robots and other digital technologies in production processes. By replacing human labor, automation reduces dependence on it. The use of such technologies to increase resilience to crises affecting production is an additional incentive.

Thus, the development of Ukraine's digital economy and society is a crucial factor for the success, competitiveness of Ukrainian business on the world stage, as well as for attracting investment to the country. However, a necessary condition is the state support of digitalization processes without attempts of over-regulation. For the domestic market, Industry 4.0 should be a catalyst for the growth of industry as well as the defense industry. The development of the digital economy and society of Ukraine is a crucial factor for the success of not only all reforms, but also Ukrainian business on the world stage. Today, Ukraine is an important player in the global digital market, but, unfortunately, only as an exporter of IT services and qualified personnel. ■

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