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THE DIGITALISATION OF STATE REGULATION AND OVERSIGHT OF FEA: UKRAINE VS THE EU

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Abstract. The subject of this study is the digitalisation of state regulation and control of foreign economic activity in Ukraine within the European Union. This study aims to identify the characteristics of digitalisation processes in this area of state regulation and control, and to compare them with the European Union's experience. To this end, methods such as hermeneutic, legal-technical, comparative and systems analysis were employed. It has been established that foreign economic activity is a key component of state economic policy. This is because it enables the state to generate budget revenue through export and import trade, and to provide the population with necessary goods, works, and services. The key factors underpinning the need to introduce digital technologies into the regulation of international economic activity have been identified. These include optimising state regulation, enhancing oversight of trade procedures, increasing budget revenues, creating platforms for close co-operation between participants in foreign economic relations and improving the state's image on the international stage. The study has shown that the lack of harmonisation between Ukrainian and European Union regulations in international trade restricts businesses from carrying out export and import operations effectively on a large scale. Consequently, aligning this system of relations with a single digital standard would have a positive impact on the development of such economic relations. The article emphasises that the proper use of digital technologies in foreign economic activity must be underpinned by legislation. However, it concludes that the digitalisation of this sector cannot be fully encompassed, particularly given the rapid progress in the application of innovative digital technologies. The practical impact of digitalisation on the regulation of foreign economic activity, and the resulting outcomes, have been examined using the example of the customs regulation of goods, works and services exported, imported or transited between Ukraine and the European Union. Significant progress has been made in this area, particularly through the development and use of the 'Single Window for International Trade' single state information web portal, and participation in the European digital transit system (the New Computerised Transit System, or NCTS).

Keywords: foreign economic activity, export and import operations, international trade, digital technologies, digitalisation.

JEL Classification: F10, F14, F19, O33

1. Introduction

In today's world, the stable development of a country's economy is impossible without properly organised foreign economic activity, which facilitates the exchange of surplus and scarce goods, works and services, thereby generating the corresponding revenue from taxes, customs duties and levies for the state budget. Thus, international co-operation in the field of trade makes it possible to meet the population's needs for various goods, works and services in a balanced manner, even if a particular country does not produce such goods, works or services itself. Furthermore, engaging in active and effective foreign economic activity enhances a country's reputation on

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the international stage as a desirable counterpart in the international market.

Thus, three main objectives of foreign economic activity can be identified:

1) Ensuring that the population's needs for relevant goods, works and services are met.

2) Replenishing the state budget.

3) Establishing a positive reputation within the international community.

In view of the above, state regulation and supervision of foreign economic activity are appropriate and necessary measures on the part of the state; moreover, current realities – namely, the spread of digital technologies – make it necessary to digitise such regulation and supervision.

In turn, the course towards European integration currently being pursued by the Ukrainian state requires attention to be paid to the digitalisation of foreign economic activity within the European Union; firstly, with a view to Ukraine's European integration, and secondly, to ensure the effective conduct of foreign economic activity even before full accession to the Union.

Given the above, research into the chosen topic is relevant, and, in view of the constant innovations in digitalisation within this field, such research is novel.

The aim of this study is to identify the characteristics of digitalisation processes in the state regulation and control of foreign economic activity, in comparison with the European Union's experience in this area; accordingly, the following objectives were addressed:

1) To ascertain the need for the digitalisation of the regulation and control of foreign economic activity.

2) To establish the legal framework for the digitalisation of state regulation and control of foreign economic activity in Ukraine and the European Union.

3) To examine the manifestation of the digitalisation of foreign trade regulation using the customs sector as an example.

The achievement of the objective and the fulfilment of the set tasks were made possible through the use of the following research methods:

– Hermeneutic (defining the essence of digitalisation within the framework of the regulation of foreign economic activity);

– systems analysis (examining the mechanism of state regulation and control of foreign economic activity, in particular within the framework of customs procedures);

– legal-technical (examination of the provisions of current legislation on trade activities in the context of the manifestations of digitalisation within such provisions);

– comparative (identification of differences and similarities between the digitalisation of Ukrainian legislation, European Union legislation and their practical implementation).

2. The Necessity of Digitising the Regulation and Supervision of Foreign Economic Activity

The rapid development of society towards the digitalisation of processes in public life makes it inevitable that the relevant legal relationships will be regulated with reference to digital solutions. In particular, this statement also applies to foreign economic activity.

The use of digitalisation solutions in state regulation and control processes will enable a whole range of challenges to be addressed, thereby promoting the development of foreign economic activity, as set out below.

Firstly, a digital approach to the regulation of cross-border business activities leads to significant optimisation of both state regulation and international business itself.

Thus, engaging in foreign trade requires a business entity to complete the relevant procedures depending on its area of business (licensing, patenting, obtaining permits and approvals, customs clearance, etc.), which demands a significant investment of time and other resources from the entrepreneur. The digitisation of such processes will enable businesses to complete all necessary procedures quickly and conveniently, generally without having to gather additional documents containing information already recorded in state and other registers, and without having to make repeated trips to seek advice, submit and/or collect documents from various authorities, and so on. Consequently, by having digital access to the relevant public services, a business saves time and money that might otherwise have been spent on these activities.

In turn, the digitalisation of licensing and other processes relating to international trade simplifies the procedures both for the entity responsible for carrying out such procedures – the relevant state authority or local government body – as it enables, in particular, a reduction in the number of staff required to carry out the relevant functions, the introduction of an effective system for storing documents in electronic repositories, and time savings when making requests to verify information, amongst other benefits.

Secondly, the digitalisation of the regulation of foreign economic activity will serve to strengthen control at all stages of regulation, in particular by clearly recording all processes (for example, the date of submission, the review of relevant documents, decisions taken and their content, etc.), which will minimise the possibility of any unauthorised interference by individuals with a vested interest in a particular utcome, which, in turn, reduces corruption risks in the regulation of foreign economic activity, boosts confidence in the public administration, and thus upholds the state's good reputation on the international market.

In light of the two points set out above, it is worth noting that a high level of automation in public services is a significant benefit for citizens and is in line with current trends in the development of digital government.

According to the Organisation for Economic Co-operation and Development, digital governance is the next stage in the evolution of e-government, arising from the spread of digital technologies and their integration into public administration processes. Unlike traditional e-government, which has largely focused on digitising services, digital government involves a comprehensive transformation of administrative processes, including their automation, integration and optimisation, as well as the elimination of inefficient or outdated procedures (OECD, 2014).

Generally speaking, another key benefit of the digital transformation of public administration is the creation of integrated digital platforms that ensure the efficient exchange of information between different government bodies and minimise the duplication of administrative procedures. The use of unified information systems significantly reduces the number of documents that businesses are required to submit repeatedly to various authorities, whilst also speeding up the process of administrative decision-making (Popelo et al., 2021, pp. 50–52).

Thirdly, the digitalisation of the regulation and control of external economic relations will lead to an increase in revenue for the state budget, in particular, through enhanced control over export and import operations, which, in turn, will enable close monitoring of tax receipts from such transactions, as well as encouraging a greater number of economic entities to engage in business activities, given the transparency of state regulation.

Fourthly, the digitalisation of state regulation could serve as a platform for bringing the regulatory systems governing the foreign economic activities of entities belonging to different states as close as possible together, through the introduction of similar procedures that will be clear and acceptable to all participants in international trade, thereby significantly simplifying direct interaction between such participants.

Various legal restrictions, regulations and tax policies in different countries may limit a company's ability to use digital technologies for foreign trade operations. For example, data retention requirements, GDPR compliance and other local regulatory requirements (Savchuk, 2024, p. 149).

That said, provided that common digital technologies were applied uniformly in the regulation of foreign trade, such restrictions could, in most cases, be avoided.

Fifthly, given the widespread recognition of the prospects for digitalisation, the maximum and effective implementation of technology in state regulation and oversight of the external economic sphere will create a correspondingly positive image for the state within the international community, which, in turn, will enable it, for example, to make progress on European integration and participation in other international organisations, attract greater investment, and carry out the export and import of goods, works and services more effectively, and so forth.

Therefore, the digitalisation of public regulation in Ukraine through the creation and development of the Diia Portal serves as an example of effective and light-touch state intervention in supporting and regulating business for many countries around the world, including members of the European Union.

In particular, the Ukrainian project Diia.Business is a platform for the development of entrepreneurship, which has already begun to act as an economic 'digital attaché' in foreign markets (Mekhovych, Laushkin, 2025, p. 116), given that digital platforms provide various user groups with new opportunities for interaction and also have a significant impact on competitiveness.

An example of state support for innovative development is the Diia.City legal framework, introduced to stimulate the development of Ukraine's IT industry and digital economy. Thanks to special tax and legal conditions, this framework helps to create a favourable environment for technology companies to operate, attract investment, develop high-tech entrepreneurship and enhance the competitiveness of Ukraine's IT sector in the international market (Ministry of Digital Transformation of Ukraine, 2024).

Considering that the above list of advantages can be continued and specified, the digitalization of state regulation and control of the external market is a promising and necessary direction of state public administration policy.

As A. Sorokina, L. Lebedeva and T. Lositska point out, digitalisation is a key factor in economic resilience, as automation, continuity and the ease of integration of digital technologies enable the economy to cope better with shocks, adapt to new conditions and recover from crises (Sorokina, Lebedeva, Lositska, 2024, p. 355).

At the same time, when introducing digital regulation, it is important to bear in mind that such an introduction is nevertheless accompanied by certain risks that require mandatory, imperative intervention. These challenges include, in particular, ensuring sufficient funding for digitalisation processes, the protection of personal data, the issue of cyber-attacks, the standardisation of technologies and their international recognition, and others.

3. The Legal Basis for the Digitalisation of State Regulation and Control of Foreign Economic Activity

The possibility of applying digitalisation technologies in the regulation of any activity must first be enshrined in the relevant legislative act. Such provision guarantees, in particular, the principle of legal certainty, whereby a person involved in the relevant legal relationship can clearly navigate the law and, in particular, be aware of the range of tools they may use in that relationship. The sphere of economic activity, in particular foreign economic activity, is no exception.

An example of how the trend towards global digitalisation has been enshrined in economic regulation is the Concept for the Development of Ukraine's Digital Economy and Society for 2018–2020, approved by Resolution No. 67-p of the Cabinet of Ministers of Ukraine dated January 17, 2018, the main objective of which was defined as achieving the digital transformation of existing economic sectors and the creation of new ones, as well as transforming areas of daily life into new, more efficient and modern ones. (The Resolution of the Cabinet of Ministers of Ukraine "On the Approval of the Concept for the Development of Ukraine's Digital Economy and Society for 2018–2020 and the Adoption of an Action Plan for its Implementation" of 17.01.2018, No. 67-p.). This concept covered issues such as the main objectives of the digital development of the economy, the principles and directions of digitalisation, and so on; however, it did not contain any specific references to the digitalisation of the regulation of foreign economic activity specifically.

However, given the Ukrainian regulator's track record regarding the extension of such initiatives, the concept of a fixed extension for the coming years, as mentioned above, has not been adopted.

At the same time, issues relating to the digitalisation of society and the state, particularly those concerning economic sectors, continue to feature in the regulatory sphere, notably in the Concept for the Development of Artificial Intelligence in Ukraine, approved by the Cabinet of Ministers of Ukraine by Order No. 1556-p of December 2, 2020 (The Resolution of the Cabinet of Ministers of Ukraine "On the Approval of the Concept for the Development of Artificial Intelligence in Ukraine" of 02.12.2020, No. 1556-p), the National Economic Strategy for the period up to 2030, approved by Resolution No. 179 of the Cabinet of Ministers of Ukraine dated March 3, 2021 (The Resolution of the Cabinet of Ministers of Ukraine "On the Approval of the National Economic Strategy for the Period up to 2030" of 03.03.2021, No. 179), and so forth.

At the same time, specific regulatory measures concerning the state regulation and control of foreign economic activity in Ukraine have never been properly and sufficiently established.

This is evidenced, in particular, by the content of one of the leading pieces of legislation in the field of foreign business relations, namely the Law of Ukraine "On Foreign Economic Activity". Indeed, this law contains isolated references to the resolution of issues relating to legal regulation or control through the use of digital technologies. For example, the provisions of Article 16 of the said Act provide for the obtaining of a licence via the 'single window' mechanism and the signing of relevant electronic documents with a digital signature (The Law of Ukraine "On Foreing Economic Activity" of 16.04.1991, No. 959-XII).

That said, given that, in practice, foreign economic activity is largely linked to digitalisation, this piece of legislation should not be regarded as exemplary in terms of enshrining digitalisation.

However, there is a compelling reason for this conclusion: the lag between theoretical regulatory frameworks and the technological processes actually taking place. Indeed, in practice, digitalisation processes are faster and more flexible than the regulatory framework, which is linked, in particular, to the complex, multi-stage process of adopting regulatory acts. Consequently, many digital tools, which are generally of an applied nature, are widely used in practice but lack clear regulatory underpinnings.

The European Union's regulatory framework for embedding digitalisation in the regulation of relevant relationships is also more declaratory in nature, setting out possible and desirable directions for digitalisation in the relevant areas, rather than enshrining actual digital mechanisms in the relevant legislation.

For example, current developments in the legal regulation of the digitalisation of public administration in the European Union are based, in particular, the European Digital Single Market Strategy, on the basis of which the European Union's 'Digital Europe' programme for 2021–2027 was adopted, aimed at developing digital infrastructure and technologies, supporting e-government and implementing digitalisation in public administration (Riadinska, Pluhatar, 2025).

Although this programme is not an example of a regulatory act setting out clear provisions on the digitalisation of foreign economic activity, it serves as a guide for the future implementation of digitalisation processes, with a view to subsequently establishing their legal framework.

At the same time, there are also instances where the manifestations of digitalisation in the management of foreign economic activity are specifically and precisely enshrined, both in Ukrainian legislation and in European Union legislation, which comprises various directives, regulations and agreements, in particular on free trade, and so forth. For example, the Union Customs Code, adopted by Regulation (EU) No 952/2013 of the European Parliament and of the Council of October 9, 2013, serves as an example of a legislative act in which the impact of digitalisation is evident in the regulation and control of foreign economic activity (Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (recast)).

4. The Administration of the Customs Sector as an Example of the Digitalisation of State Regulation and Control of Foreign Economic Activity.

Given the importance of foreign trade to Ukraine and the need to strengthen its position in global markets for high value-added products, the streamlining of customs procedures takes on particular significance. Efficient and rapid customs clearance consequently leads to a reduction in trade costs, an increase in the competitiveness of exporters and an expansion of their presence in international markets (Volpe Martincus et al., 2015, pp. 132–135).

Thus, customs administration of export and import operations is a key component of the regulation of foreign economic activity. This importance is confirmed, in particular, by the fact that the European Union, having a well-established customs system, has imposed a number of requirements on Ukraine in this area as part of the European integration process.

The customs systems of European Union countries, unlike Ukraine's, have a well-established and well-honed mechanism for co-operation across many aspects of customs administration: procedures for the import and export of goods, customs security risk management, integrated information systems, and so on (Peretiatko, 2025). At the same time, it is worth noting that in recent years Ukraine has made significant progress in aligning with the European Union in this area, in particular through the digitalisation of state regulation and control.

In the context of the digitalisation of customs clearance procedures for the foreign trade sector, the introduction of the 'single window' mechanism should be regarded as a key development; in accordance with the provisions of Article 4(1)(19-1) of the Customs Code of Ukraine, this is a mechanism for interaction (including via a personal account) between declarants and other interested parties and the customs authorities, other state bodies, institutions and organisations authorised to carry out licensing or control functions relating to the movement of goods and commercial vehicles across Ukraine's customs border, which enables the one-off electronic submission, via the single state information web portal 'Single Window for International Trade', of documents and/or information for the purpose of complying with the requirements governing the movement of goods and commercial vehicles across Ukraine's customs border (The Customs Code of Ukraine, 2012).

In other words, the 'single window' mechanism brings together most of the procedures involved in the customs clearance of export and import operations, thereby making them more convenient and reliable for all parties involved in such transactions. In view of the above, the Single State Information Web Portal 'Single Window for International Trade' can be regarded as the main digital platform for the development of digital regulation.

The 'single window' concept is also applied by the European Union and is set out in the provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council of October 9, 2013 (Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (recast)).

In practice, this concept is reflected, in particular, in successful digital solutions – both at the national level in Ukraine and at the level of the European Union – such as the introduction and development of facilities enabling businesses to submit customs declarations and other supporting documents electronically via specialised platforms or systems, the use of electronic digital signatures and electronic document management, and so on.

The continuation of the concept of digitalisation and the simplification of customs regulations should be seen in Ukraine's accession, as a candidate for membership of the European Union, to the Convention on the Common Transit Procedure, the Convention on the Simplification of Formalities in Trade in Goods, which has made it possible to join the common transit procedure based on the New Computerised Transit System (NCTS), and the Authorised Economic Operator (AEO) programme, which are key trends in digitalisation based on the implementation of European digital practices into the day-to-day operations of the State Customs Service of Ukraine and its regional offices (Fedotov, Nazarko, 2023, p. 98).

As a result, according to the State Customs Service of Ukraine, an unprecedented 142,000 transit declarations were processed in 2025, whilst domestic transit via the NCTS increased by almost 2.5 times (The State Customs Service of Ukraine, 2026).

The above clearly illustrates the importance of the digitalisation of state regulation of international trade and the need to continue this process and to develop new, innovative tools for co-operation.

5. Conclusions

Digitalisation is a crucial stage in the development of the current legal landscape, not only in Ukraine but also in the European Union. Digitalisation processes require particular attention in the context of public administration of foreign trade, given the vital importance of international export and import links for the stability of the state.

Hence, the need to digitise public administration and the oversight of business entities' international trade activities stems from a number of potential and significant opportunities, the likelihood of which increases substantially when digital technologies are implemented to the fullest extent and most effectively within the existing system of international trade regulation. Overall, once the digital element has been fully integrated into the regulation and control of external economic relations, Ukraine will have the opportunity, within the framework of these relations, to establish a fully transparent, responsive, functional and effective system of legal regulation, which will in turn ensure adequate revenue for the state budget and enhance the country's image within the international community.

In view of the above, despite the significant investment required to introduce and maintain the proper functioning of digital technologies, digital transformation is an inevitable consequence of current government policy, particularly in the context of European integration processes.

In particular, to implement digitalisation, Ukraine, like the European Union, is taking steps to enshrine these transformational processes in legislation, thereby guaranteeing that the rights and interests of participants in foreign trade are protected when they use technological tools, and thus laying the foundations for giving the relevant digital component the form of a mechanism for the legal regulation of economic relations. However, given the rapid pace at which the need to introduce new innovative technologies is developing, such regulation will always lag behind actual technological progress.

The practical significance of the digitalisation of public administration in the field of foreign economic activity is particularly evident in the customs sector, as it is this sector which, under the influence of European integration, has undergone significant transformations and demonstrated the effectiveness of introducing information technology into the state regulation of trade, particularly in terms of co-operation with the European Union.

Considering the above, Ukraine's digitalisation of the public administration of foreign trade relations is not yet perfect or complete, particularly when compared with European Union standards; however, in the near future, this digitalisation is likely to yield excellent results.

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