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## **E-COMMERCE MARKET IN UKRAINE: THE ROLE OF EUROPEAN AND INTERNATIONAL E-COMMERCE ORGANIZATIONS**

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**The article examines the role of international and European e-commerce organizations in the context of increasing the competitiveness of e-business in Ukraine. The analysis of trends in the development of the Ukrainian and global e-commerce market was carried out, the importance of the development of international e-commerce and advocacy bodies in accordance with the specified sector was emphasized.**

**The importance of sustainable digital transformation, which will contribute to growth and stimulate sustainable development, was highlighted separately. In this aspect, the need of implementation the legislation, standards and best practices of EU for the harmonization of the digital market of Ukraine as a whole was emphasized. Barriers to the development of e-commerce in Ukraine have been structured, which include: cognitive barriers; language barrier; cultural features; customer support; expansion of consumer rights protection policy in accordance with EU rules; internet connection speed; payment settings/payment services (currency conversion). In addition, the definition of “cross-border electronic commerce” was proposed.**

**Key words: e-commerce; digital commerce; online trading; Artificial Intelligence; European e-commerce marketplace; European digital commerce organizations; advocacy institute; cross-border e-commerce; international e-commerce.**

**Review of the professional and academic literature.** Unfortunately, in Ukraine there are no comprehensive theoretical and legal studies on the issue of international electronic commerce, in particular, the role of international organizations in digital commerce. However, the importance of studying the formation and development of the e-commerce market is confirmed by a significant number of scientific

works by Ukrainian and foreign scientists, mainly in the field of economics, including: O. L. Andronik, A. V. Voronin, D. O. Kotelevets, V. V. Lymar, K. O. Martyniuk, A. Summers, Gr. Duncan.

**Problem statement.** The COVID-19 pandemic, and a few years later the full-scale war of Russia against Ukraine, created conditions for Ukrainian business in which the transition of most businesses online became a way to survive rather than a tool for increasing sales and profits. The world, in particular Europe, is watching with bated breath the progress of our country on the way to victory, analyzing the state of the Ukrainian economy and the results of the implementation of a number of anti-crisis management plans.

**The purpose of the article:** to clarify the role of international and European e-commerce organizations for the electronic market of the EU and Ukraine. And to explore some modern IT solutions as tools to optimize business processes.

**Introduction.** Having signed the Association Agreement, Ukraine assumed considerable obligations, including: ensuring the gradual adaptation of Ukrainian legislation to the legislation of the European Union (EU), in accordance with the directions defined by the Agreement of the parties, therefore, one of which is e-commerce [1, p. 161]. With the increase in the scale of the Russian-Ukrainian war from February 24, 2022, and Ukraine receiving the status of a candidate country for EU membership from June 23 of the same year, the pace of preparations for our country's accession has significantly accelerated. These and other events became a motivational key for most theoreticians and practitioners of modern domestic scientific thought and, in particular, education to carry out further scientific research in the field of e-commerce with a pro-European emphasis.

The really famous organizations that analyze the Ukrainian market in the field of e-commerce in Europe as of today are "Ecommerce Europe" [2], "EuroCommerce" [3] and "eCommerceDB" [4]. Ecommerce Europe or as it is also called in Europe "the single voice of the European sector of the digital economy", this organization, through its national associations, represents more than 150,000 companies selling goods and services to consumers online in Europe. Ecommerce Europe acts at European level to help legislators create better conditions for online retailers so that their sales can continue to grow [2]. In turn, EuroCommerce is currently the main European organization representing the retail and wholesale trade sector. EuroCommerce covers national associations in 27 countries, industry associations and leading global players. The main tasks of the organization are:

- bringing under one roof national and specific sector associations and companies representing the diversity of the retail and wholesale;
- informing our members about EU policy and legislation;
- communicating on the contribution of our sector to society and the European economy;
- facilitating exchange of experience, best practice, and knowledge among members [3].

In addition, EuroCommerce advocates as a single voice for policy and legislative outcomes in line with what their sector stands for. In this aspect, as researcher O. Prokopenko rightly points out, advocacy is a key function of business associations, without which effective representation and protection of the interests of their members would be impossible. It transforms a certain association from an object of regulation, dependent on the will of regulatory bodies, into a full-fledged subject of government relations. As a consequence, advocacy provides an opportunity not only to respond to the proposed course of development of a certain industry, but also to participate in the formation of the rules of the game in the relevant sector [5, p. 4].

Recently, the Amsterdam University of Applied Sciences & Ecommerce Europe researching e-commerce issues, together with "Ecommerce Europe" and "EuroCommerce" developed the "European E-Commerce Report 2022", which provided accurate statistical data on a number of important issues in the field of digital commerce. Thus, according to research data in Ukraine, as of 2022, the percentage of the

population with access to the Internet reached 67 %, for comparison in 2019, and before the COVID-19 pandemic, only 59 % of the population had access to the Internet. As for e-shoppers, the percentage of Internet users who bought goods or services online in 2022 stopped at 48 %, when in 2019 there were only 39 % of active e-shoppers [5, p. 92]. It is clear that the digital commerce market is constantly improving and developing, attracting more and more users from all over the world. Inevitably, it is worth saying that in the near future, the involvement of the population in using the “Internet” network will reach 100 %, when the percentage of e-buyers will remain at least half of the total value.

Returning to the issue of using artificial intelligence to optimize processes in business and production in the conditions of tough global technological competition that awaits Ukraine on the European market. It is worth noting the successes of one of the largest export companies of Ukraine – an international company in the field of food and agricultural technologies, as well as retail “MHP” [6]. As Forbes Ukraine informs, already in April 2022, in fact immediately after the beginning of the military invasion of Ukraine, “MHP” restored the volume of product exports to the pre-war level, and in nine months of 2022, the export direction increased by 32 %, up to \$1,1 billion and is 59 % of the total turnover [7]. The success of almost any company often largely depends on the adaptation of the business, as we have already noted, to the real state of affairs. Therefore, as reported by AgroTimes, as of March 2023, the export giant “MHP” has been actively using artificial intelligence in production for more than five years. Smart Technologist Assistant, in other words, “Virtual zoo-technician”, or as it is also called in the company, is an application for employees with a convenient and interesting interface. The above-mentioned virtual assistant, developed on the basis of artificial intelligence, is able to inform not only about technical points in certain sections of the poultry farm, the correctness of the equipment’s operation, or about the quality of the staff’s work. The company, combining Deep Learning and artificial intelligence algorithms, is able to monitor even the mood of the birds in the henhouse, which, like monitoring the state of vital signs, definitely improves the quality of products [8].

Artificial intelligence in Ukraine, following the example of the EU and the USA, is already beginning to be involved by lawyers to solve analytical or other legal tasks. Contractum from “Liga: Zakon” is popular in Ukraine, it allows lawyers to analyze contracts in the Ukrainian language with the help of artificial intelligence, ChatGPT from “OpenAI”, that is able to quickly make a basic analysis of legislative acts with references to them. They also use such systems as Lynn and Klaritylaw, which use AI algorithms to quickly analyze non-disclosure agreements (NDAs) and data processing agreements (DPAs), which saves a lot of time. AxDraft, as one of the most successful Ukrainian projects in the field of smart IT solutions, this universal contract management platform is able to explain the terms and simplify the understanding of the latter. As of today, AxDraft is the most powerful document generation tool on the legal market in Ukraine.

In addition to attracting additional IT innovations as a tool for improving business profitability and competitiveness, expert analytical studies are also important. Thus, the international statistical organization eCommerceDB [4] conducts strategic analysis of companies, online stores and markets, using not only current but also historical and forecasted profit indicators. ECommerceDB also provides analytics based on data such as logistics, internet traffic, payment options, delivery service providers and even social media activity. The service provided by this organization can become the basis for making strategic decisions by the company, for example, when it comes to entering new markets. Statistical reports developed by eCommerceDB, using the comparison method, are able to identify the competitors of a certain company, allow to find and choose new potential business partners for them.

Thus, according to data of statistics giant eCommerceDB, Ukraine is the 58th largest e-commerce market with a projected revenue of 2,759.1 million USD by 2023, ahead of Hungary. Revenue is expected to exhibit a CAGR of approximately 13.8 % during the period 2023–2027, leading to a projected market volume of USD 4,625.1 million by the end of 2027. In 2023, the Ukrainian e-commerce market contributed to the growth rate of the global world market by 17.0 %. So, as of today, food products and personal hygiene products are the largest market in Ukraine, accounting for 33.5 % of Ukrainian

e-commerce revenue. This is followed by fashion with 25.4 %, electronics and media with 23.6 %, furniture and appliances with 10.1 %, toys, hobbies and other with 7.5 %. At the same time, the largest player on the Ukrainian e-commerce market is the platform rozetka.com.ua. In 2022, the store's revenue amounted to USD 246.2 million, followed by such trading platforms as apple.com and makeup.com.ua as the second and third largest online stores with annual revenue of 92.8 million and 46.3 million USD, respectively. In total, the top three accounts for 40.1 % of the revenue of the top 100 online stores of Ukraine [4].

In total, retailers and wholesalers sell goods and provide necessary services to customers more than a billion times a day. The e-commerce sector creates 1 in 7 jobs, offering diverse careers to millions of people around the world, most of whom are young people. The next important aspect that needs to be settled for Ukraine is the harmonization of cross-border e-commerce. Thus, the EU4Digital Initiative, aimed at expanding the EU's Single Digital Market, has been implementing projects to harmonize the digital markets of the Eastern Partnership, including the Ukrainian one, since 2016. The purpose of such an initiative, among other things, is the development of the potential of the digital economy and society through the reduction of roaming tariffs, the development of high-speed broadband to stimulate the economy and the expansion of electronic services, coordinating cyber security and harmonization of digital structures in society, in areas ranging from logistics to health care, professional development and job creation in the digital industry [9].

In addition, according to the EU4Digital baseline report "R.3.3-2. Analysis Report of the EU eCommerce Baseline in the Legal, Standards and eCommerce Ecosystem Areas" [10], as an important stage for the promotion of cross-border e-commerce between Europe and Eastern partner countries. The working group on e-commerce managed to identify 70 key aspects in the field of legislation. This includes, in particular, legislative regulation of consumer rights protection, parcel delivery, security of network and information systems, geo-blocking, data protection, responsibility of online intermediaries and other areas [9]. And after the entry into force of the legislative package of this Report [10] from July 2021, the latter has made an important impact on cross-border e-commerce, which includes new rules for the movement of commercial goods across the border, as well as establishing a new tax payment process through the single window import system.

A great advantage for Ukraine today and in the coming years is the adoption of normative legal acts, taking into account statistical and analytical reports and recommendations (as soft law documents) of international organizations on digital commerce. In addition, it is important to finance scientific research and the translation by linguists of the necessary number of legislative provisions and regulatory legal acts of the EU in the e-commerce sector, in order to enable the use of the latter in legislative, scientific and other important areas. Another big plus would be the appearance in our country of organizations following the example of European partners [2–4] would carry out a conditional association of key players of the Ukrainian e-commerce market, who would be able to carry out advocacy in accordance with their sector.

Regarding cross-border e-commerce or international e-commerce, this issue has not actually been investigated, the Law of Ukraine "On Electronic Commerce" [11] does not define this concept. Analyzing the publications of authoritative Ukrainian scholars in the field of law, it is worth saying that the issue of international/cross-border e-commerce is almost unexplored. Complex studies of representatives of the scientific elite in the field of economics and international economics are more common. However, according to American scientists A. Summer and Gr. Duncan, that electronic commerce is rather a legal category, since it provides for the presence of international and intra-trade paper and electronic contracts, including: sales contract; deliveries; factoring; leasing; contract on trade representation or mediation; consulting contracts. And what is important, the principle of legal regulation applies to this economic and legal category [12, c. 72]. In our opinion, the concept of "cross-border e-commerce" can be defined as relations aimed at obtaining profit, which arise during the sale of goods or services to a customer (participant of relations) abroad using information and communication

systems (via Internet platforms / e-commerce websites), as a result of which the participants of such relations have mutual rights and obligations.

In fact, already today large companies or even small online stores in Ukraine offer their goods and services to buyers in other countries. This concept is quite simple, but few people manage to establish a similar cooperation with a foreign consumer. The reasons for this are: cognitive obstacles (low level of digital literacy, lack of knowledge of important aspects of electronic commerce among consumers and enterprises); language barrier (few people, even in Ukraine, buy goods or services from English websites, due to ignorance or poor understanding of a foreign language, this rule also works in the reverse order); cultural features (it is about the ability to convey the correct meaning, despite the fact that the necessary information has already been translated); customer support; expansion of consumer rights protection policy in accordance with EU rules; internet connection speed; setting up payment / payment services (currency conversion); establishment of logistics routes; ignorance of customs rules, etc. The list we have given is not exhaustive, we leave the issue of legal regulation of cross-border e-commerce and, in particular, trade, open for future research.

**Conclusion.** Summarizing the above, we can conclude that today an important task for our state is still the adaptation of the legislative framework to recognized world standards and, in particular, the law of the European Union with the aim of harmonizing the Ukrainian e-commerce market. Recommendations and analytical reports of international organizations on digital commerce, although not too popular, would be useful for domestic law-making practice and business in general. Ukrainian enterprises, following the example of European partners, need to conditionally unite in organizations to lobby for their own interests regarding the absence of necessary provisions or the correction of gaps in the legislation, which are quite likely to slow down the pace of development of a strategically important economic sector. Actually, the advocacy institute is able to significantly balance the above-mentioned interests. The development of such a concept as “cross-border electronic commerce” and providing it with a legal basis will allow domestic enterprises to accelerate the acquisition of the status of full participants in the EU electronic market.

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**РИНОК ЕЛЕКТРОННОЇ КОМЕРЦІЇ В УКРАЇНІ:  
РОЛЬ ЄВРОПЕЙСЬКИХ ТА МІЖНАРОДНИХ ОРГАНІЗАЦІЙ ІЗ ЦИФРОВОЇ КОМЕРЦІЇ**

У статті досліджено роль міжнародних та європейських організацій із цифрової комерції у підвищенні конкурентоспроможності електронної підприємницької діяльності в Україні. Проаналізовано тенденції розвитку українського та світового ринку електронної комерції, підкреслено важливість розвитку міжнародної електронної комерції та органів адвокатури відповідно до означеного сектору.

Окремо виділено важливість стійкої цифрової трансформації, що сприятиме зростанню і стимулюванню сталого розвитку. В цьому аспекті наголошено на необхідності імплементації законодавства, стандартів та передової практики ЄС для гармонізації цифрового ринку України загалом. Структуровано бар'єри для розвитку електронної комерції в Україні, до яких належать: когнітивні перешкоди; мовний бар'єр; культурні особливості; підтримка клієнтів; розширення політики захисту прав споживачів відповідно до правил ЄС; швидкість інтернет-з'єднання; налаштування оплати / платіжних сервісів (конвертація валюти). Окрім цього, запропоновано визначення дефініції “транскордонна електронна комерція”.

Ключові слова: електронна комерція; цифрова комерція; онлайн-торгівля; штучний інтелект; європейський ринок е-комерції; європейські організації із цифрової комерції; інститут адвокатури; транскордонна електронна комерція; міжнародна електронна торгівля.