

Estonia or e-Estonia – Digitalization as the Highest Priority for its European Presidency

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Abstract

On the 1st of July 2017 Estonia took over the Presidency of the Council of the EU for six months. The country experienced its first Presidency since joining the EU as a member of the community. On the 1st of January 2018 Estonia handed over the Presidency of the EU to Bulgaria. Estonia has placed as the central priority for its Presidency digitalization of civic and corporate life, and its remaining priorities for this six-month period are an open and innovative European economy, a secure Europe, and free movement and data exchange. E-Government is the business card of Estonia, which logically puts digitalization and the digital society at the heart of its Presidency. Estonia today uses the Internet as much as possible – for example, for online voting, tax payments, health records and services (personal pharmacy prescription drugs can be bought via personal code). A digital ID card gives access to a wide range of services. All this digitalization began in the early 1990s and was reinforced by the educational system.

Keywords: the EU, Estonia, digitalization, digital society.

“We have built a digital society and so can you.”

Estonia 2017

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Let’s remember with a few words which country is the Republic of Estonia.

It is country in the Northern Europe and it is the third east of the three Baltic states on the east coast of the Baltic Sea, with the capital – beautiful and ancient city Tallinn.

By 1991, Estonia was part of the USSR, as an autonomous republic in it. After its breakup, Estonia became an independent state. The population of Estonia is 1,315,635 (2017) and it is heterogeneous. The Estonian society has the following ethnic groups: 68.7% Estonians; 25.1% Russian; 1.7% Ukrainians; 0.8% Belarusian; 0.5% Finns, and 2.8% others (stat.ee, 2017).

Estonia was admitted to the EU Member State on 1 January 2004, member of the Schengen Zone on 21 December 2007, and member of the Euro zone on 1 January 2011.

1. Estonia in experience to follow its digital ambitions

Estonia ranks ninth in the 2017 European Index of Digitalized Economy and Society (DESI) – after Denmark, Finland, Sweden, the Netherlands, Luxembourg, Belgium, the UK and Ireland. But Estonia is the European champion in online public service provision and exceeds the EU average in terms of digital literacy and Internet use by citizens. As for high-speed and broadband Internet access, it is strong in mobile networks, but has a low fixed broadband bandwidth in terms of industry – despite progress in this area over the past 2017. The main challenge in Estonia is the digitalization of companies, which Estonians need to do more. In Estonia, the 4G network is widespread, and also access to mobile high-speed Internet and unlimited services. The main coverage of fixed broadband services has increased, but remains well below the EU average. The availability of Next Generation Access (NGA) is slightly above the EU average and the rapid adoption of broadband services is growing. In spite of these achievements, Estonia ranks 17th in terms of connection and only 25th place for cable broadband. For example, in Sweden, 51% of enterprises using computers have an ICT security policy; in Estonia, only 17% of companies have one. By this criterion, only Poland and Hungary are lagging behind Estonia by 13% and 10%, respectively. Estonia ranks 23rd in the use of social networks from business, and 20th in the use of the social networks by citizens. On the other hand, Estonia ranks 3rd in the EU when it comes to people reading news online. Regarding the use of the Internet as a whole, Estonia is sixth in Europe.

Estonia has also achieved good results with regard to Internet users in the social sphere of life, services and education. The high levels of digital skills and the potential of ICT professionals in the workforce, with the highest share of ICT professionals in total employment being registered in Finland – 6.6%, Sweden – 6.3%, and in Estonia – 5.3%. At the same time, the number of graduates in science, engineering, engineering and mathematics is low (news.err.ee, 2017).

In the era of the Internet everything can be “virtual”, including the state. In fact, nowadays the idea of “the virtual states” is no longer outside the realm of real possibilities. Estonia is the European state that works aggressively in this direction. In Estonia, e-Government and electronic voting are also a fact.

As small the former Soviet republic with a population of about one and a half million people, the Estonian society lives with the bad memory of the recent communist Soviet times. Due to its critical territorial proximity to Russia, Estonia is in constant readiness and vigilance for a possible the Russian military and cyber aggressiveness. Since gaining independence in 1991 to resist any Russian expansion, Tallinn has expressed a desire to become a member of NATO and the EU, confronting large contradictions in his society caused by the economic and social crisis that occurred immediately after the collapse of the USSR. The Estonian society has mastered the separatist turmoil and quickly emerged from the economic crisis. Catalyst and engine for the success of this small, formerly Eastern European country is: its desire to be a part of modern democracy and the introduction and modernization of the state – the 1990s of the twentieth

century – the use of resources in digitalization, digitalization and modernization of the state, because the Estonians knew then that the future was in the digitalization of our societies.

Estonia joins the EU and goes out to the world with some innovative ideas that strengthen its international presence and strengthen its national identity, such as becoming an “e-state”. Today Estonia is mostly known as a “digitalized country”.

In the early 1990s, Estonia sought to become a “smart” country by fully implementing digital technologies into its infrastructure and educational projects. Moreover, the Estonian government attaches great importance to the use and access to the Internet and declared it as a basic human right in 2000. Since then, the Tallinn administration has been actively working to improve the use of the Internet throughout the country, including in rural areas, and to develop online government services. Estonian efforts in this direction have paid off: the Estonian government claims that now its people have access to 99% of government services online. In 2001, the Estonian government presented as a pioneer the use of “intelligent” identification documents by issuing its 2048-bit chip identification cards to its citizens, maps through which they can vote in local elections online.

Tallinn’s efforts to make Estonia a “digitalized country” do not stop there. Recently, the Estonian administration took another step further by becoming the first country in the world to launch the so-called e-Residency program that will issue digital identification numbers to foreigners all over the world to become “virtual residents of Estonia without having to live in the country”. The program allows “e-Residents” to start their own companies or take part in business ventures in Estonia and within the EU to have access to local authorities and banking services through Internet. As Tallinn argues, the e-Residency program allows foreigners from and around the world to become residents of Estonia without actually having to enter the country at all, but at the same time to make international cultural and commercial contacts with Estonia. According to the Estonian Immigration Service, it has received online e-Residency applications from people from 138 countries so far.

Of course, becoming an Estonian citizen does not entitle you to receive social benefits, or to earn a retirement pension unless you work for an Estonian company even, if it is online. The aim of the program is to attract foreign investment and to encourage foreign investors to set up their own companies in Estonia, to increase revenues from government taxes, attract new customers to the Estonian economic and banking markets and to the service sector.

Shortly after the Brexit referendum in the UK, the Estonian government launched a website titled “Why Stay in the EU?”, Which promotes an e-residence program among British businessmen through which they could continue to have free access to the EU market in the coming years, even if the British are not part of the EU.

To obtain the status of genuine Estonian citizens, however, the candidate for Estonian citizenship must still stay in the state for at least 183 days for 12 months to acquire real citizenship.

Meanwhile, Tallinn also proposed the idea of “estcoin”, i.e. a state-sponsored version of “bitcoin” to be used as a means of transactions for its e-Residents. However, the project is blocked by the European Central Bank President Mario Draghi, because Estonia is a member of the Eurozone and therefore has no power to issue its own currency even if it is virtual (Simon, 2017).

However, the ideas for e-Residency and estcoin proposed by the small Baltic state have opened many new opportunities – through the total digitalization of our societies, it is likely that within a few decades these ideas will become conventional wisdom terms of “nationality” and “citizenship”.

2. The eastern president: “Time is the government to invest in technology”

A political approach is for government to declare it, but declare: “It is time for governments to invest in technologies that will automate many operations, and will also change and make life easier for society as a whole – as it did in Estonia” – these are words by Estonian President Kersti Kaljulaid in an interview with Norway’s newspaper *Aftenposten*. In the interview, K. Kaljulaid also said: “It is high time for governments to start gathering and admitting that they need to invest in technologies that are beneficial to their people”. K. Kaljulaid’s thesis is that the total switchover to the digital or digital society not only affects the automation of processes in factories, industry, but also changes the life of the whole society – the way of structuring the social space, the public and the private sphere of the personality. The transition to a digital society takes place in cooperation with the authorities, the economic sector, but it first happens in the minds of the individual citizens, in the head of every person.

Estonia’s success mainly lies in the fact that it is the first country to digitalize public services, including the health and school system, as well as the organization of elections for state and local government. Today in Estonia, 99% of the services are available online. K. Kaljulaid says: “With instant digital identification, as in Estonia, it is possible to save human life”. This is a particularly valid thesis in the field of health care, which requires a flash reaction – the electronic chip of the ID card contains the necessary health information for the person in trouble.

K. Kaljulaid’s wish is that, as soon as possible, all the EU citizens have access to medical care throughout the EU through their medical data on their ID cards. For example, if a German citizen becomes ill in Greece, the local doctor will have access to the medical history of the person and be able to apply faster the necessary treatment without the person being threatened, by losing time to establish additional information for his/her health status. When citizens are actively involved in a digitalized society, they realize that it can be really useful, safe, and reliable (baltictimes.com, 2017).

When Estonia began to build its information society about two decades ago, it was very difficult to collect digital data from individual citizens. In general, the population does not have access to the Internet and does not even have computers or digital devices to use it. It takes a lot of courage and willingness to invest in IT solutions and to help the citizens themselves to set off on the road to digital and information technologies.

The Estonian thesis with which its European Presidency begins is: “We have built a digital society and so can you”. Estonia or e-Estonia invites us to share and to follow the digital journey towards building a digital society (estonia.com, 2017).

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