

## **GROWTH OF THE DIGITAL ECONOMY AND THE MAIN LEGAL ISSUES IN REGULATING IT**

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**Abstract:** *digital economy is becoming one of the biggest activities in the sphere of the international economy, with the more usage of the internet and globalization and Covid-19, the digital economy is taking the leading role in international economic trends. However, this new type of economy is causing challenges in terms of regulating it legally. The development of this new cross-border economic reality will inevitably influence legal principles and demand reconsidering some of the approaches to traditional legal models of regulating different types of economic activities.*

**Keywords:** *digital economy, international economy, traditional legal approaches, legal regulation, data protection, privacy, monopoly.*

## **РОСТ ЦИФРОВОЙ ЭКОНОМИКИ И ОСНОВНЫЕ ПРАВОВЫЕ ВОПРОСЫ ЕЕ РЕГУЛИРОВАНИЯ**

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**Аннотация:** *цифровая экономика становится одним из крупнейших видов деятельности в сфере международной экономики, в связи с более широким использованием Интернета, глобализацией и Covid-19, цифровая экономика играет ведущую роль в международных экономических тенденциях. Однако этот новый тип экономики вызывает проблемы с точки зрения его правового регулирования. Развитие этой новой трансграничной экономической реальности неизбежно повлияет на правовые принципы и потребует пересмотра некоторых подходов к традиционным правовым моделям регулирования различных видов экономической деятельности.*

**Ключевые слова:** *цифровая экономика, международная экономика, традиционные правовые подходы, правовое регулирование, защита информации, неприкосновенность частной жизни, монополия.*

**Introduction:** The digital economy is the economic activity that results from billions of everyday online connections among people, businesses, devices, data, and processes. The backbone of the digital economy is hyperconnectivity which means the growing interconnectedness of people, organizations, and machines that results from the Internet, mobile technology and the internet of things (IoT) [1].

Despite the growth of the digital economy, there are legal challenges the digital economy has been creating. Digitalization is changing the economic and political relationships in the global economy. Governing the digital economy to harness its benefits while addressing its risks requires international cooperation: data flows across borders and the largest technology companies have a global reach [2]. There is a substantial need for regulatory modernization in the digital economy and nowadays one can state the existence of the new “digital” economic reality, for the legal regulation of which the old legal apparatus showed itself not only ineffective but also restraining the actively developing economic processes. Therefore, there is a pressing need to tackle this issue and to try to search for solutions and new pathways.

**Main body:** Although the recent ongoing pandemic has had adverse effects on the international economy, it and the innovations in the technology, however, has brought a place for the development of the digital economy. Humanity has already known the preferences of the digital economy, people can do their shopping remotely, make their bookings while staying at their home, and even “bring the cinema to their home” with the help of the digital economy. On the second side, the digital economy can benefit businessmen too. They can reduce the expenses for the employees and spread their production throughout the world. These reasons are making the digital economy widespread in the countries. According to the report of the United Nations Conference on Trade and Development, amid slowing economic activity, COVID-19 has led to a surge in e-commerce and accelerated digital transformation. As lockdowns became the new normal, businesses and consumers increasingly “went digital”, providing and purchasing more goods and services online, raising e-commerce’s share of global retail trade from 14% in 2019 to about 17% in 2020 [3].

As the digitalization of the economy is ubiquitous, we can see it in every sector of the economy. In a traditional way, due to the fact that the sectors of the economy are regulated differently, the newly spreading trend in the world economy triggered off and is likely to continue to pose numerous challenges. Challenges regulation of the digital economy faces: to keep pace with innovation while at the same time understanding and managing the regulatory risks that are involved.

One of the risks that are involved in the digital economy regulation is consumer data protection and privacy. They are key factors that need to be taken into account when creating a legal framework for the regulation of the Internet economy. Data in a digital economy is important not only for privacy protection but also for data security and security. Although the benefits of new technologies and trade models are immense, new technologies also pose new risks due to privacy, security and

ethical concerns, including autonomous systems that make decisions, for example in autonomous vehicles [4].

Digitalization in the economy can also bring monopolies in the world economy thanks to the barriers to competition. As traditional industries are being destroyed, tech companies move into new business areas such as information technology, healthcare, education, and health care. Moreover, digital platforms often have a network characteristic. The more participants in a social network, the more attractive it is for people to join the correspondingly large network. In the end, the company that has the most participants prevails. But international organizations are not stopping their action on the regulation. For example, the EU recently agreed on the terms of its Digital Markets Act, a new proactive approach to regulating competition in the digital economy. The Act is expected to force tech giants including Google, Meta, Apple and Amazon to change how they integrate their digital services and handle customer data [5].

There are some international organizations and cooperations of the countries which play a key role in high-level policy development and coordination for government leaders among the large economies and measures to facilitate the digital economy and monitor developments. Among these, the WTO, the UN (especially, the UN Commission on International Trade Law), the Group of Twenty (G20), the Group of Seven (G7), and also the OECD are addressing the legal issues of regulating the digital economy and implementing regulatory and enforcement measures in a wider context.

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