#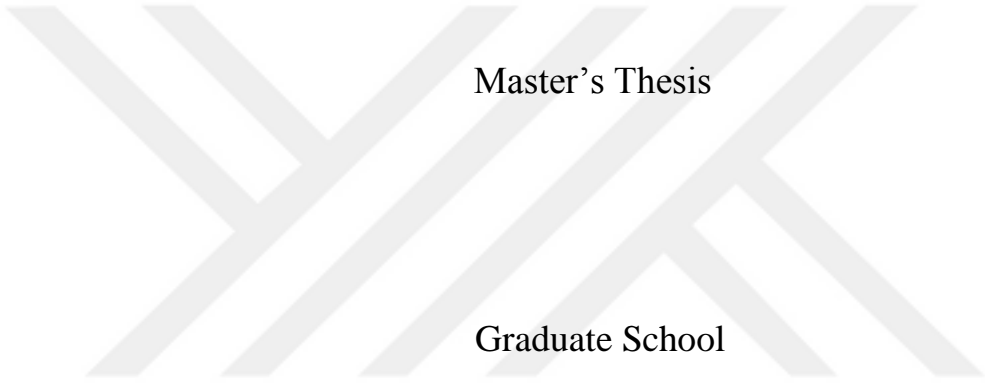 ESTONIA'S INFLUENCE ON THE IMPLEMENTATION OF THE EUROPEAN UNION'S DIGITAL SINGLE MARKET STRATEGY DURING ITS COUNCIL PRESIDENCY

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ESTONIA'S INFLUENCE ON THE IMPLEMENTATION OF THE EUROPEAN UNION'S DIGITAL SINGLE MARKET STRATEGY DURING ITS COUNCIL PRESIDENCY

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ABSTRACT

ESTONIA'S INFLUENCE ON THE IMPLEMENTATION OF THE EUROPEAN UNION'S DIGITAL SINGLE MARKET STRATEGY DURING ITS COUNCIL PRESIDENCY

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Political Science and International Relations

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This research aims to offer an exploratory look into the ways Estonia influenced the implementation of the Digital Single Market (DSM) Strategy of the EU during its Council Presidency. It attempts to narrow the gap in the literature on small states in the EU by exploring the agenda-setting processes during the Estonian Presidency period using the Multiple Streams Framework of Kingdon. Textual and statistical analysis were performed on academic articles, news bulletins, and data from the official websites of the Estonian Government, Estonian Council Presidency, and the European Union (EU) institutions. The results demonstrate that the Estonian Presidency took advantage of the three policy streams coming together during the Presidency period, creating a window of opportunity. The Estonian Presidency practiced selective engagement by focusing on the theme of digitalization and transferred its successful policies to the EU by framing issues accordingly. Furthermore, during the Estonian Presidency the annual Tallinn Digital Summits

were created, which - by fostering constructive discussion, cooperation, and the share of know-how - helped Estonia to possibly keep the window of opportunity open after its Council Presidency. The Estonian Presidency acted as a policy entrepreneur, often together with EU institutions, and also had a strong legislative impact. The agreements that were made during the Presidency fathered regulations on cross-border parcel delivery services, free flow of non-personal data, banning unjustified geo-blocking, and Value Added Tax (VAT) e-commerce package that has now come or are coming into force, fostering the implementation of DSM Strategy.

ÖZET

ESTONYA'NIN AVRUPA BİRLİĞİ KONSEYİ BAŞKANLIĞI SIRASINDA
AVRUPA BİRLİĞİ'NİN DİJİTAL TEK PAZAR STRATEJİSİ'NİN
UYGULANMASI ÜZERİNDE OLAN ETKİSİ

Baltepe, Nazlı Ece

Siyaset Bilimi ve Uluslararası İlişkiler

Tez Danışmanı: Doç. Dr. Alexander Bürgin

Mayıs, 2020

Bu araştırma, Estonya'nın Avrupa Konseyi Dönem Başkanlığı sırasında Avrupa Birliği'nin Dijital Tek Pazar Stratejisi'nin yürütülmesini etkilemekte kullandığı yollara keşif amaçlı bir bakış açısı sunmayı hedeflemektedir. Estonya'nın Avrupa Birliği Konseyi Başkanlığı dönemi sırasındaki politik gündem belirleme süreçlerini Kingdon'un Çoklu Akış Modeli temelinde araştırarak literatürdeki boşluğun doldurulmasına katkıda bulunmaya çalışılmıştır. Akademik makaleler, haber bültenleri ve Estonya Hükümeti'nin, Estonya Dönemsel Avrupa Konseyi Başkanlığı'nın ve Avrupa Birliği kurumlarının resmi sitelerinden alınan veriler üzerinde metin analizi ve istatistiksel analiz yapılmıştır. Sonuçlar, Estonya Avrupa Birliği Konseyi Başkanlığı'nın Başkanlık dönemi sırasında üç akışın bir araya

gelerek bir fırsat penceresi oluşturmasından faydalandığını göstermektedir. Estonya Avrupa Konseyi Başkanlığı, dijitalizasyon temasına odaklanarak ve başarılı politikalarını konu çerçeveleme yoluyla Avrupa Birliği'ne aktararak seçici angajmana girmiştir. Buna ek olarak, Estonya'nın Avrupa Birliği Konseyi Başkanlığı sırasında, yapıcı tartışmaları, işbirliklerini, teknik bilgi ve becerilerin paylaşımını teşvik ederek, Estonya'nın Avrupa Birliği Konseyi Başkanlığı sonrasında imkan dahilinde fırsat penceresini açık tutmasını sağlayan, yılda bir yapılan Tallinn Dijital Zirveleri oluşturulmuştur. Estonya Avrupa Birliği Konseyi Başkanlığı, bazen Avrupa Birliği kurumlarıyla beraber olarak politika girişimcisi rolünü üstlenmiş ve aynı zamanda da güçlü bir yasal etkiye sahip olmuştur. Estonya Avrupa Konseyi Başkanlığı sırasında yapılmış olan anlaşmalar, sınırlar arası paket taşıma servisleri, kişisel olmayan verilerin serbest akışı, haksız coğrafi engellemelerin yasaklanması ve e-ticarette Katma Değer Vergisi Paketi konularında yürürlüğe girmiş veya girecek olan ve Dijital Tek Pazar Stratejisi'nin uygulanmasını teşvik eden düzenlemelere kaynaklık etmiştir.

Anahtar Kelimeler: Estonya, Dijital Tek Pazar Stratejisi, Avrupa Birliği, Konsey Başkanlığı, Küçük Devletler, Çoklu Akış

To my grandpa…

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to my thesis supervisor, Assoc. Prof. Dr. Alexander Bürgin for all continuous support, guidance and encouragement he gave me during the long months I worked on this thesis.

I am grateful to my parents for their endless support and love. Thank you for making me the person who I am.

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LIST OF ABBREVIATIONS

5G: Fifth-generation Wireless

AI: Artificial Intelligence

EU: European Union

D9: Digital 9

DESI: Digital Economy and Society Index

DSM: Digital Single Market

eID: Electronical Identification

GDP: Gross Domestic Product

ICT: Information and Communication Technology

I-DESI: International Digital Economy and Society Index

IEEE: Institute of Electrical and Electronics Engineers

INTERPOL: International Criminal Police Organisation

IT: Information Technology

MSF: Multiple Streams Framework

NATO: North Atlantic Treaty Organization

R&D: Research and Development

R&D&I: Research, Development and Innovation

UK: United Kingdom

UNICRI: Interregional Crime and Justice Research Institute

VAT: Value-Added Tax

CHAPTER 1: INTRODUCTION

Digitalization is a very important theme in many areas of our modern world, including industry, education, governance, and public administration. Many parts of our lives are touched by the changes that digitalization brings. It is much easier to stay connected with the world; meetings can be conducted with one click, information is easier to access, bureaucratic processes are much faster, and, in some countries, even casting a vote in governmental elections can be done online. It is very important for governments, companies, and citizens to adapt those changes in order to ensure productivity and catch up with the times. There is no accepted definition of the term digitalization. In this study, digitalization refers to the use of digital technologies in almost every part of our life, including education, banking, working as well as citizens' interaction with government and government offering services to its citizens.

As with many other areas, commerce is also vastly affected by the changes that digitalization brings. Today, in modern communities, it is impossible to think of commerce and market as separate from digital developments. Digitally, everything is easily accessible, fast, borderless, verifiable, and instant. In cases where good security precautions are taken and well-regulated, digitally executed operations are also more secure than traditional ones. Digitalization saves time, is facilitative, and very useful for companies, citizens, and governments.

As digitalization becomes more prevalent globally, almost all countries are trying to catch up with the changes that the digital era is bringing. Countries' readiness, digital productivity, and advancement in digitalization varies; some countries are further forward than others. The European Union (EU) is quite heterogenous in regard to digitalization – some countries are much further forward than others and the EU, as a whole, is not at the desired level and still lagging behind others. The EU has been aware of this problem for a long time and, in order to remedy it, has started efforts to catch up with the needs of the new digital age. Through striving to catch up with other digital leader countries and ensure digital productivity, the EU has adopted many strategies and initiatives in the last few decades. The most recent one, the

Digital Single Market (DSM) Strategy, was initiated in 2015 as one of the 10 political priorities of the European Commission (European Commission, n. d.-a).

This study analyses the influence of Estonia during its Council Presidency, which took place during the second half of 2017, on the EU's DSM strategy. It aims to explore the context, conditions, and factors that shaped Estonia's influence. This brings us to the following research question: How did Estonia influence the implementation of the EU's DSM Strategy during its Council Presidency?

Estonia has been selected for two reasons. First, Estonia is one of the most advanced member states in digital matters. Its e-government and e-governance services are very advanced, offering numerous e-solutions to its citizens. It also has tech-savvy citizens and a very developed Information Technology (IT) structure, which are very important for the digital advancement of a country. It is also the first country to introduce an e-residency scheme, allowing the holders to remotely become digital entrepreneurs in Estonia, removing borders in the business. Estonia is also part of international agreements of fostering digital advancement and a founding member of the Digital 9 (D9) collaboration network, acting as a world-renowned country known for its digital advances. After its successful Council Presidency, Estonia has also recently become recognized for its position as a pioneer in digitalization during its Council Presidency period, facilitating the implementation of the DSM Strategy and promoting digital productivity of individuals, companies, and governments, as well as removal of borders in e-commerce and digital development in the EU.

The second reason for choosing Estonia is its size; the influence of small states on EU governance remains a neglected theme in the literature on EU governance. Therefore, this study aims to contribute to literature on small states' influence on EU policies.

Methodologically, this study is based on John Kingdon's Multiple Streams Framework (MSF). According to MSF, influence depends on a favourable constellation of context conditions and applied agenda-setting strategies. Three streams are distinguished: the problem stream contains the salience of a problem, the policy stream includes the pre-existing expertise, knowledge, and solutions of a

problem, and the politics stream refers to the political processes affecting the agenda (Kingdon, 2014). While this analytical approach has become one of the most popular frameworks, it has been neglected in the literature on small states' influence on EU decisions. In the limited literature on Estonia's role in EU governance, no study has so far applied MSF. Therefore, this study aims to demonstrate the usefulness of MSF for an assessment of small states' influence on EU decisions.

The main finding of this study is that Estonia had a significant impact on the EU's Digital Single Market strategy during its Council Presidency. This is explained by favourable context conditions and Estonia's smart agenda-setting strategies. The context conditions were conducive for Estonia's influence in all three streams emphasized by MSF. In regard to the problem stream, there was the ongoing strive of the EU to take a leading position in the digital field due to the awareness of lagging behind others (World Economic Forum, 2012; European Commission, 2018a), as well as the disparity in digital development among EU member states (European Commission, 2019a; European Commission, 2018b), a problem that was salient. In the policy stream, there were many previous policies in the EU aiming at digital transformation and integration. The current strategy, DSM, was launched in 2015 as a policy intending to remedy the aforementioned problem (European Commission, n. d.-a). Estonia also had its own expertise and solutions in the digital field which it had been developing and using for a long time. Finally, regarding the politics stream, there was a favourable political environment for Estonia's influence due to the capabilities brought about by holding the Council Presidency, which is particularly important for a small state, as well as the support by the EU institutions to the Presidency. Those streams came together during the Estonian Presidency and opened a policy window which was successfully used by Estonia.

The agenda-setting strategies of Estonia can be summarized as follows. Firstly, Estonia focussed its whole presidency on one single issue: digitalization. Such selective engagement is especially important for a small country with relatively limited administrative resources compared to larger member states. The focus on one single theme has tremendously helped its Presidency's success (see also Panke and Gurol, 2018). Secondly, another successful agenda-setting strategy was issue framing. Estonia justified its initiatives by linking them to established policies and

rules which were widely perceived as legitimate. This contributed to the support of Estonia's initiatives by other member states, the Commission, and the European Parliament. This framing strategy is illustrated in particular by Estonia's proposal to consider the free flow of data as the fifth freedom of the EU, which helped the proposal to gain legitimacy and support (Council of the European Union, 2017a). A third agenda-setting strategy was to enable frequent knowledge exchanges via the newly established Tallinn Digital Summits. The first summit, in 2017, brought together EU leaders while subsequent summits also included non-EU countries' leaders and non-state actors. These exchanges in a deliberative setting fostered discussions and cooperation between the member states and knowledge partners. This raised an awareness of the EU's digital deficits that, in turn, contributed to the implementation of the EU's DSM strategy. A final agenda-setting strategy was close coordination and cooperation with the European Commission. The joint policy entrepreneurship contributed to digital advancement in the EU. For instance, the DSM Strategy was initiated by the Commission without significant impact; when the Commission and Estonia promoted the DSM strategy together, they were able to evoke a new dynamic in the Council.

There is evidence for Estonia's influence on the EU's DSM strategy in two regards. Firstly, Estonia's Presidency had legislative impacts; political agreements concluded during its Presidency were subsequently implemented as legislative regulations. For instance, the regulations banning unjustified geo-blocking and cross-border services that came into force in 2018 and the Value-Added Tax (VAT) e-commerce package that will apply from 2021 are resulting from political agreements concluded with the Commission or Parliament during the Estonian Presidency. Also, the regulation of the free flow of non-personal data that has been in force since 2019 stems from the Estonian Presidency, as a concept introduced as the fifth fundamental freedom of the EU during the Presidency period. Secondly, Estonia's establishment of an institutionalised, regular exchange forum, the Tallinn Digital Summits, contributes to Estonia's ongoing influence. The Tallinn Digital Summits are now annual events, giving Estonia the chance to maintain its influence after its Council Presidency.

This study is structured as follows. The Chapter 1 will include the review of relevant studies in the literature. Section 1. 1. is on existing literature on the power

relations within the Council while 1. 2. focuses on literature on the Council Presidency. In section 1. 3., existing literature on the Council Presidency after the Lisbon Treaty and debates on its relevance are reviewed. The section 1. 4. contains the review of the literature on small states' Presidency; the first part offers general literature on small states' influences on EU policy-making. The second part describes the opportunity to exert influence, which is offered to small states through holding the Presidency, according to the literature. Chapter 2 is introducing my case selection and methodology. In this chapter, section 2. 1. focuses on the reasons for my case selection, offers a short overview of other studies in the same issue, and explains the gap this study aims to narrow in the literature. Section 2. 2. will introduce the methodological part of this study and explains the reasons for the selection of the method used. Chapter 3 gives an account of the analytical framework of this study in detail. Chapter 4 analyses the empirical findings of this study; section 4. 1. analyses the context conditions that contributed to Estonia's influence while section 4. 2. is on the agenda-setting strategies used by Estonia during its Council Presidency. Section 4. 3. studies Estonia's legislative impact as well as the impact of the Tallinn Digital Summits organized in Estonia. Finally, in the conclusion the discussion of previous chapters, the outlook of Estonia's influence and the digitalization in the EU, and my final remarks are offered.

CHAPTER 2: LITERATURE REVIEW

2. 1. Power relations within the Council

As with many concepts in International Relations and Political Science studies, there is no consensus on the definition of power of a state. The concept of power is dependent on theory. As with other concepts, they take their meaning and means of explanation from the theories in which they are embedded (Guzzini, 1993). This chapter will offer an overview of the sources of bargaining power in the Council in the conceptual framework of Tallberg.

According to Tallberg (2008), there are three possible sources for a state's bargaining power in the Council: state sources of power, institutional sources of power, and individual sources of power. The first, state sources of power, is the most fundamental. However, the other two sources can be equally important and might even dominate the first in some cases.

State sources of power refers to the bargaining power of the national executives of a member state stemming from the member state itself. It has two dimensions: aggregate structural power and issue-specific power.

Aggregate structural power refers to the total amount of capabilities and resources of a state, such as its territory, population size, economic power, and/or military power. The larger member states often set the Council's framework for negotiations following their own interests. However, sometimes just having a bigger population size or economic power is not enough. The key point is that the member state must have a large set of capabilities in order to gain a bigger influence. Italy is a striking example of that. It is an EU member state that has many advantages, such as a large population and economic power, but it is unable to translate its potential power due to its lack of political stability.

Individual sources of power can be important in achieving bargaining power. There are two types of individual sources of power: personal authority and expertise. Personal authority can include the individual personality traits of a national

executive, their increasing influence over a long period of serving, and personal relations with other leaders – among others – as individual sources of power. Possessing expertise and information during the bargaining process is important as well; a better-informed negotiator is in a better position in the bargaining process for shaping outcomes according to the interests of the country they represent.

Issue-specific power is another type of power sourced by the state. Some small and medium-sized states hold more power on specific issues than their aggregate structural resources would suggest. Issue-specific power is a state's bargaining power in a specific issue; having significant dedication or resources in a certain field can result in that state having bargaining power in that issue. An expression of this could be seen in smaller sized states in the Council that exert more power on certain issues than would be expected from their size and aggregate structural resources. Such states can shape the EU's policy utilizing their experience, expertise, status quo on an issue, or by exporting their national policies.

A very important source of power at the Council of the EU is the institutional source of power, which is shaped by the institutional settings of the Council. There are two types of institutional sources of power: the power of the chair and the power of veto.

The equal formal right of blocking proposals in case of unanimous voting is another good example of an institutional source of power. This is called the power of veto. During the unanimous voting, as opposed to the Qualified Majority voting, every member state has an equal chance of blocking, regardless of their size or other sources of power. If used wisely, the power of veto can be exploited in order to influence the negotiation outcomes in the Council according to a member state's interests.

Finally, in the Council the power of chair is the power that a state derives by holding the Presidency position. The presidency can grant a lot of power to the country holding it; even small states can have a lot of influence during the presidency period by keeping some issues away from the agenda and placing its pet issues into it.

2. 2. The Council Presidency

The Council of the EU is where the EU's policy agenda is set. It is not one of the legislating bodies of the EU, but rather adopts conclusions during the Council meetings where the priorities, issues, and actions to take are identified. It is formed by the 27 heads of government or EU member states, the President of the EU Commission, and the European Council President. (European Council, 2020). The Council is one of the main decision bodies of the EU, the other being European Parliament. Council meetings take place in 10 different configurations, each on different policy areas. The Council does not have fixed members; each member state sends their minister responsible for the policy area of the configuration for that meeting. The meetings, except for the Foreign Affairs Council, are chaired by the relevant minister of the member state that holds the Presidency (European Union, 2020).

Holding the Council Presidency gives the state the responsibility of advancing the work of the European Council on EU legislation, as well as guaranteeing the continuity of the EU agenda and cooperation among EU member states. The Presidency is in an important position and it needs to act as an honest broker with neutrality in order to fulfil its duties properly. The position rotates among EU member states with 6-month intervals. During these 6 months, the Council meetings (excluding the Foreign Affairs Council) and meetings of the Council's preparatory bodies are planned and chaired by the Presidency. Furthermore, the Presidency represents the Council in its relations with other institutions of the EU. It works closely with the President of the European Council and the High Representative of the Union for Foreign Affairs and Security Policy. The state that holds the Presidency has a detailed programme on the presidency term (European Council, 2020).

Tallberg (2003) describes Presidency as a special type of governmental entrepreneurship, providing the holder of the Chair certain agenda-setting instruments without delegating any explicit power to it. The Presidency can attract attention to a neglected issue and respond to a recognized problem by developing proposals. It can also develop new institutional practices as a specific form of institutional entrepreneurship, structuring future decision-making and cooperation.

Institutional entrepreneurship has been practiced by member states holding the Presidency a few times, which has thus presented new practices to the Council or developed the office.

2. 3. The Council Presidency after the Lisbon Treaty: Still Relevant?

The Lisbon Treaty, which entered into force on 2009, brought many changes to the institutional framework of the EU, one of the most drastic being the European Council turning into a formal institution. Furthermore, the new office of the full-time European Council President was created. The term of office for the new full-time European Council President is 2.5 years, once renewable. The European Council President is elected by their peers, chairs the European Council meetings, cooperates with the President of the Commission and the rotating Council Presidency in the preparation of the draft agenda of the European Council meetings, monitors the outcome of the meetings, acts as a facilitator in the European Council for cohesion and consensus, ensures a better functioning decision making process, represents the European Council in the European Parliament internally, and represents the EU externally. (Anghel and Drachenberg, 2019). The European Council President guarantees the continuity and preparation of the works of heads of states or governments (European Council, 2019b). With the creation of the office of the full time European Council President, some tasks that previously belonged to the rotating Council Presidency, such as setting the agenda of the European Council and preparing the European Council meetings, now lays mostly with the European Council President. (Anghel and Drachenberg, 2019).

Another important change that came with the Lisbon Treaty was the Council Presidency Trios. The rotating Council Presidencies now work in trios for a duration of 18 months; three member states that share a common agenda and a set of major issues to be presented to the Council (European Council, 2020). Also, the EU High Representative for Foreign Affairs and Security Policy now chairs the Foreign Affairs Council instead of the rotating Presidency (European Union, 2020).

The system of the rotating Presidency, which was in operation since the Council of the EU's formation under the Treaty of Rome, was aimed to balance the power between large and small member states, with each member state having equal chance

to have the Presidency as well as to have a representative for the EU for the public. However, as the workload of the Council got heavier with the EU getting larger in both competence and number of members, criticism towards the rotating Presidency of the EU Council increased. The continuity, external communication, and credibility delivered by the rotating Presidency were questioned in particular. The Presidency Trios and the newly created office of the fulltime European Council President aimed to respond to those criticisms (Copeland, 2011).

The reforms that came with the Lisbon Treaty also introduced the discussion of whether the influence and role of the rotating Council Presidency is overshadowed by that of the new European Council Presidency. The European Council President has many advantages over the rotating Council Presidency, such as a greater legitimacy due to being elected by its peers, greater scope of capabilities, and a longer term. Also, the rotating Council Presidency has a limited role in some areas, especially in external relations with the Foreign Affairs Council being chaired by the EU High Representative for Foreign Affairs and Security Policy. Those changes have borne the following questions: Is the rotating Council Presidency still a potentially important position for the member state holding it? What is the new role of the rotating Presidency in the EU following the Lisbon Treaty?

After the Lisbon Treaty entered into force, some time needed to pass before its true implications became significant. Earlier studies on the influence of the rotating Council Presidencies after the Lisbon Treaty are pessimistic, while later studies demonstrate that the Council Presidencies are still relevant and influential. Kaczyński (2011), in his study on Polish Council presidency term, argues that the political agenda of the Council meetings are controlled mainly by the European Council President after Lisbon severely limited the influence of the rotating Presidencies, having mainly administrative and legislative functions rather than political functions. Also, Van Hecke and Bursens (2010) argue, based on the Belgian Presidency, which was the first Presidency after the Lisbon Treaty, that agenda-setting is to be done by the European Commission and President of the European Council rather than the Belgian Presidency; they go on to say that, after Lisbon Treaty, even though still relevant the Presidency has lost much of its scope in politics. However, Bürgin (2013) holds that The Council Presidency can still offer a great opportunity of

influence to the member state holding it, as shown in the example of the common policy entrepreneurship practiced by the Danish Presidency and the Commission, influencing the EU's opening of a visa liberation process with Turkey. Furthermore Kaznowski (2014), in his study on the Polish and Lithuanian Presidencies' influence on the development of the Eastern Partnership, supports that the Council Presidency still has a significant influence after the Lisbon Treaty via its use of agenda-shaping and brokering roles. Therefore, it can be concluded that the Presidency is still a relevant position and can be an influential opportunity for the member state holding it, given that the member state prepares well in advance of the Presidency period to render it successful.

2. 4. Council Presidency of the Small States

2. 4. 1. Influence of Small States in EU Policy-Making

The influence of small states in EU policy-making is usually derived by other sources of power rather than their aggregate structural power, which is limited. Thorhallsson and Wivel (2006) hold that small states are more dependent on international institutions than bigger states. Thus, it is more challenging for them to influence EU decision-making. They support that while assessing the power of states, other sources of power than its material resources should also be taken into account. Small states can be a great power in issue areas where discursive power, economic flexibility, and diplomatic competence play a bigger role than traditional resources of power. A small state's influence can vary as the contexts change, depending on the policy area and institution. In order to gain the administrative force necessary for pressing their interests, small states prioritize particular policy areas rather than focusing on all issue areas. They aim to exert positive influence on issues in their favour as they do not have the administrative capacity to influence decisions that concern others. In the EU, small states often build coalitions in order to influence EU policies, which is proven to be decisive in positive outcomes. Also, in cases of unanimous voting, small states have the same equal right to block proposals as the bigger states. Simple majority voting also offers equal power to the small states as bigger states. However, in Qualified Majority Voting, small states clearly have a disadvantage in influencing the outcome. Thus, even though small states are limited by their little aggregate structural power, they can compensate with the power they

may hold in other areas. Their power depends a lot on context and they tend to influence issues in their favour rather than trying to change others' existing opinions. Also, they are more likely to build coalitions.

Panke (2010, 2012a, 2012b) refers to the disadvantages that smaller states face during EU policy shaping due to their limited bargaining power. Smaller states have fewer votes in the case of Qualified Majority voting, in addition to other factors such as less economic power and a smaller number of experts. This often affects their negotiating power in the Council, giving their votes smaller influence in decision-making. Nonetheless, they can become influential by prioritizing issues and developing strategies in order to persuade others. Also, Björkdahl (2008) underlines the importance of the use of strategies by studying Sweden's promotion of conflict prevention as an example of the norm advocacy performed by a small state to influence the EU. In spite of some disadvantages that are an intrinsic part of being a small state, using the right strategies can help them in influencing policy outcomes.

2. 4. 2. Council Presidency of Small States: An Opportunity to Exert Influence

Small states do have certain disadvantages due to various reasons such as their limited resources. This is also the case in their Council Presidencies. Panke (2012a) holds that in order to overcome the difficulties that come with limited bargaining power caused by limited aggregate structural power, small states need to be well-prepared for their Presidency term and have effective arguments in order to persuade others. The disadvantage that comes from having fewer capacities than the bigger states could be handled by developing innovative and compelling technical or scientific arguments and focusing resources on a specific policy or issue. The prioritization they practice while selecting their Presidency priorities plays a crucial role in the success of small states' Presidencies. Small states have limited resources and they need to make this selection carefully (Panke, 2010, 2012a, 2012b ; Panke and Gurol, 2018).

There have been many successful and influential Presidency terms of small states in spite of their disadvantages, both before and after the implementation of the Lisbon Treaty. For example, the Irish Presidency term was successful through its good relations with both Germany and France. In addition to this, good personal relations

between Blair and Ahern allowed Ireland to contribute toward success in the European Council of June 2004, during a crisis between Germany and France (Quaglia and Moxon-Browne, 2006). Danish Presidency was also very influential thanks to close cooperation with the Commission (Bürgin, 2013; Bendel, 2016). Luxembourg's similarly experienced positive relations with the Commission; in conjunction with its well-prepared priorities, this greatly contributed to the success of its Presidency (Högenauer, 2016)."

Therefore, while small states' Council Presidencies may have disadvantages, they can also have successful Presidencies and take advantage of the opportunities produced by holding that Presidency. This depends on various factors, such as how well they prepare for the Presidency, how they use the agenda-shaping strategies, and how closely they cooperate with European institutions and more influential EU member states. The Presidency of small states remains relevant and potentially influential after the implementation of the Lisbon Treaty, as demonstrated by various studies.

CHAPTER 3: CASE SELECTION AND METHODOLOGY

3. 1. Case Selection

I chose the case of digitalization in general as it is an important and emerging area of study in the literature of Political Sciences and International Relations. It is a dynamic, recent, young area that is always birthing new topics to work on and discuss.

Estonia is a country with very limited resources excluding those in the digital field. Firstly, Estonia is classified as a small state based on its population and its economic power, which are the most commonly used marks in measuring a state's size. Estonia had a population of 1.32 million as of 1st January 2017. Its population accounts for 0.26% of the total population of the EU. Estonia is the 4th smallest member state by its population (Kivilaid, Servinski, Tischler, 2017).

In addition to having a small population size, Estonia is a country with a Soviet past and was relatively poor following the fall of the Soviet Union at 1991. Following its separation from the Soviet Union, Estonia, like other Baltic ex-soviet states, aimed to integrate with Europe due to economic and security concerns. In 1995, Estonia applied for becoming an EU member state and in 1998 accession negotiations have started. Estonia became an EU member state in May 2004 with 9 other countries, and in 2011, it joined to Eurozone (Tambur, 2019). In 2004, the year Estonia became an EU member, Estonia's Gross Domestic Product (GDP) per capita based on purchasing power standard was nearly half of the EU average, standing at 58% (Estonian Ministry of Foreign Affairs, 2014).

As mentioned by Panke and Gurol (2018), the economic power that a state holds reflects the resources available for utilisation while fulfilling their tasks associated with the Council Presidency. Therefore, it is important to assess that state's resources and availability to conduct the Presidency successfully. In 2017, the GDP of Estonia was 23,002.3 million euros, while together EU member states' GDP was 15,330,010.9 million euros and the country average was 547,501.014 million euros. As Estonia's GDP is well below the country average, it could be said that Estonia is

one of the smaller states in the EU based on its economic power.

However, Estonia's perceptual size is not small. Estonia holds big issue-specific power based on its knowledge, expertise, commitment, and resources in the digital field. With its leader position in digital alliances, high number of experts in the field, and experience of developing and using e-solutions, Estonia is a powerful country in the digital field both in the EU and globally. During a wide-ranging interview, Estonian President Kersti Kaljulaid said about Estonia: "A small country has only one natural resource and it is located between our ears" (Tambur, 2018). Estonia, with its scarce resources, managed to become an influential country thanks to its advances in the digital field. As Estonia had nothing else to invest in, it focused on digital development from the beginning, which then resulted its position as a pioneer country in digitalization.

The case of Estonia is quite unique as it is a country that owes almost all of its influence and power to its advances in digitalization. While there are other countries that are influential in this field, they also have other sources of power being highly developed countries. Estonia is a former Soviet country that was very poor just 27 years ago and the positive effects of digitalization are easily observable in the life standards in the country, as well as the power and influence that this country has inside international organizations. Also, other digitally advanced countries are undergoing a transformation through the digitalization of government services that have already existed on paper. Estonia built its whole system digitally from scratch, making it a very interesting case to select.

I chose to study the influence that Estonia has on the DSM Strategy as it is easier to observe the influence and power Estonia has in the EU, an international organization that has inner power dynamics which could be used to explain the influence that Estonia has over other Member States. The DSM Strategy of the EU is a new and fresh area to study; it is upon this strategy that Estonia has a particular influence. It is a suitable case for the study of the ongoing the rise of observable issue-specific power of Estonia. The Council Presidency of Estonia presents an ideal period to observe the rise of Estonia via utilizing and taking advantage of its position, both as a policy entrepreneur and institutional entrepreneur.

Therefore, Estonia is an example of a small state that owes most of its power to its digital developments, having a low amount of aggregate structural power. Studying the period of Estonian Council Presidency demonstrates an interesting example of how and under what conditions a small state can derive influential power.

Two academic studies have been conducted on the Estonian Council Presidency, both contributing to small state literature. One of these was completed prior to the Presidency term, discussing the opportunities and challenges that Estonia was expected to have during the Presidency (Bendel and Magnusdottir, 2017). According to this study, the Estonian Presidency, as a presidency of a small state, was expected to have a problem solving and mediating approach and would avoid taking risks. It was predicted that it would focus on establishing a pro-European image as a member state. Having power derived from its knowledge and expertise in the digital field (as well as having an Estonian, Andrus Ansip, at the powerful position as the Vice-President of Digital Market), Estonia was also expected to underline the importance of e-solutions. This emphasis of e-solutions was expected to be framed as a common European interest rather than a national interest. As mentioned in The Action Plan for preparations of the Estonian Presidency of the Council of the EU (Republic of Estonia Government Office, 2015), Estonia was planning to promote e-solutions and to advance the information society within all EU policies during its Presidency term. As one of Estonia's own strengths, Estonia saw the Presidency as a potential opportunity to share its experiences and focus on activities aimed at exploiting the opportunities offered by the e-solutions and the information society at the European level.

The other study was conducted after the Council Presidency term of Estonia concluded as a comparison study between Estonian and Maltese Council Presidencies (Panke and Gurol, 2018). This study considers the Estonian Council Presidency to have been very successful. The Estonian Presidency had only four priorities; each included items related to the theme of digitalization. As the Estonian Presidency had a small number of priorities it was able to engage with them strongly and systematically, which is an appropriate thing to do for small states with limited resources. By picking and choosing their priorities, which is also called selective

engagement, smaller states save their resources and can more efficiently take advantage of the window of opportunity that opens with the Council Presidency. Estonia, as a digital leader in the EU, actually had one core Presidency priority – digitalization - in which it is already very advanced. The Estonian Presidency also went beyond the DSM by including themes of e-solutions, aiming to achieve well-being of citizens and economic success. Panke and Gurol underline the influential position of the Estonian Council Presidency by noting examples of its success, such as the organisation of the first Tallinn Digital Summit, the signing of the Tallinn Declaration of eGovernment, and the organisation of the conference of Health in the Digital Society in Tallinn. Digital topics became high on the EU's agenda and many discussions on the theme of digitalization were triggered in the EU.

Panke and Gurol hold that the Council Presidency boosted Estonia's image as a digital leader, amplifying its reputation and making a name for itself as a "beacon of digitalization" (p. 149) thanks to its successful Council Presidency. Despite its small size, the influence Estonia had on the EU agenda and the image boost it enjoyed during its Council Presidency term was caused by its strong engagement with a limited number of priorities chosen carefully, all within the same theme.

My study differs from the abovementioned previous works on Estonia's Council Presidency in two regards. First, in this study MSF is used, an approach that has been neglected by other studies on Estonia's Council Presidency. Second, this study considers Estonia as an institutional entrepreneur. Institutional entrepreneurship is defined as the development of new institutional practices that shape future co-operation and decision-making. Estonia's institutional entrepreneurship is implied by the organization of the Tallinn Digital Summits and Digital Presidency Gateway. The former in particular helped Estonia to keep the policy window open by organizing an annual knowledge exchange platform; this has provided lasting influential power even after its Council Presidency period.

3. 2. Methodology

This is a qualitative study offering an exploratory look into the research topic. The research method is textual analysis of news bulletins, published interviews, articles, and books written in this field as well as analysis of statistics. I also performed a

policy tracing analysis of the EU's digital policy, studying its development and the changes that occurred before, during, and after the Estonian Council Presidency. I used official data and documents provided by EU institutions, government institutions of Estonia, the official website of Council Presidency of Estonia, and websites of Tallinn Digital Summits for all years for my textual and statistical analysis during my research on Estonian influence on the EU's digital agenda. The EU institutions', the Estonian Council Presidency's, Tallinn Digital Summits', and the Estonian Government's official websites are reliable sources with up-to-date and transparent data sharing. I used news bulletins to analyse data offered by the published interviews conducted by journalists with various experts or politicians and to follow the news on my research topic, which offers a deeper understanding of the events that occurred. I conducted textual analysis on the academic articles and books in the field and the research topic in order to gain insight into the academic literature on the issue, as well as the available theoretical frameworks to be used in this study.

CHAPTER 4: ANALYTIC FRAMEWORK

4. 1. The context conditions for agenda-setting: The Multiple Streams Framework

Kingdon, in his landmark work on agenda-setting, "Agendas, Alternatives, and Public Policies", presents the aforementioned MSF which builds on an organizational choice model called garbage can model (Cohen, March and Olsen, 1972). First, Kingdon (2014) defines agenda as, "the list of subjects or problems to which government officials, and people outside of government closely associated with those officials, are paying some serious attention at any given time." (p. 3). According to this model, there are three independent process streams; problems, policies, and politics. There are also policy entrepreneurs, individuals who make the link between the streams of problems, politics, and solutions. When they successfully bring problems and solutions together at the right time they cause the policy window to open, from which they can take advantage. Kingdon describes those individuals as people who are willing to invest their resources in hopes of a future return, advocate their pet solutions, and strive to link them to a problem. In return, they hope to promote their personal interests and values, as well as to influence the shape of public policy.

MSF is selected for studying Estonia's influence on the implementation of the DSM Strategy during the Estonian Council Presidency period as it has a high explanatory power in studying which conditions led to the opening of the policy window, as well as which agenda-setting strategies used by Estonia resulted in its influence. This framework also provides us a wider perspective, helping us to study the influence of Estonia combined with the conditions that occurred at that time, the agenda-setting strategies practiced by Estonia, and the chronological development of the digitalization in both Estonia and the EU. This will therefore help us explore the bigger picture and not only the mechanisms limited to one period of time or single institution. MSF is able to explain all mechanisms/conditions related to the research question.

4. 1. 1. The Problem Stream

Problem stream refers to the recognition and salience of a problem; that an issue is defined as a problem by the policy makers and is challenging the system. The problems can become evident following an indicator of a problem, a dramatic event, or feedback. Monitoring the different activities and events by governmental or non-governmental agencies, studies done on a particular problem at a given time point can provide the indicators of an issue. The indicators can provide information about the size of the problem as well as whether any changes to the issue exist. A changing situation is usually seen as more problematic. However, often a focusing event or crisis needs to occur to gain sufficient attention.

4. 1. 2. The Policy Stream

The policy stream refers to the expertise, accumulated knowledge, and perspectives of specialists in the field of the issue. Furthermore, development of a new technology or invention could also create pressure for a policy change. Princen (2011a) refers to the policy stream as a "solution stream", and says that it, "consists of proposals for government action" (p. 115) while using this model to analyse the EU policy process. He also defines the solutions in this model as not responses to problems, but rather previously created solutions "sold" to the decision-makers when a problem presents itself. The solutions, as policy options, are developed and refined by people in government, research institutes, universities, and private industries whom are not necessarily responding to a problem. When there is an available problem, they try to link their solution to this problem.

4. 1. 3. The Politics Stream

Finally, the politics stream refers to the political processes that affect the agenda. Changes in the political arena, such as a change in public opinion or the administration, might create the impetus for a policy change. When those three streams come together in a favourable condition for change, a policy window - which is an opportunity, a critical time for pushing issues to the top of the agenda - opens. This window opens temporarily; if the opportunity is missed and window is closed, the policy advocates would need to wait for another time that the window will be open if they want to have an influence on the policies (Kingdon, 2014).

Regarding the politics stream in the EU's policy-making, the influential role of the Council Presidency is a debated topic. Researchers and practitioners are not in agreement as to whether the Council Presidency can pose as an opportunity to influence the EU's political agenda to the state holding it. Traditionally, the dominating perspective in the literature was quite pessimistic regarding the agenda-shaping capacity of the Presidency. Various studies argue that the Council Presidency is merely a temporary chairmanship and not an executive position with decisions to make; they state that it has no power (Corbett, 1998), that, "the presidency lacks most vital attributes and possesses most of the worst defects typically pertaining to executive power" (Coombes, 1998, pp. 7), that, "any Presidency, however worthy and able, can only influence, at best, 5–10 per cent of the issues" (de Bassompierre, 1988 pp. 103), or merely describe the Presidency as a, "responsibility without power (responsabilite´ sans pouvoir)" (Dewost, 1984 pp. 31). The Presidency's capacity of setting priorities is perceived as reduced as well; the Presidency's agenda-setting is seen as vulnerable to unexpected sudden events that dominate the agenda (Hayes-Renshaw and Wallace, 1997).

Tallberg (2003) challenges the dominant understanding of the capability of the Presidency by suggesting that the Council Presidency gives a lot of opportunities to exert influence on the EU policy agenda. He argues that the equation of agenda-setting and influence over the EU agenda has caused the aforementioned pessimistic understanding, as there are also other ways in which influence can be exerted. He suggests the umbrella term "agenda-shaping" as three forms of agenda influence: namely agenda-setting, agenda-structuring, and agenda exclusion. The first, agenda-setting, refers to the, "introduction of new issues to the policy agenda". Agenda-structuring refers to the, "emphasizing or de-emphasizing of issues already on the agenda" and agenda exclusion refers to the, "active barring of issues from the policy agenda" (p. 5).

In his later work, as mentioned in previous chapters, Tallberg (2008) introduces different sources of bargaining power in the EU Council. Among the institutional sources power, the section of The Power of the Chair has the Presidency position at its focus. For the EU Council, the Presidency has great significance. This is especially true for smaller states, as they find it to be a big source of power during

the period of their Presidency. Small- and medium-sized states rank the Council Presidency as the most important source of power in the EU Council since their structural power is limited. Even though part of the agenda is usually determined previously, it is the Presidency's responsibility to prepare the agenda for the Council meetings. The Presidency can include issues decided by itself in the agenda and therefore exercise its influence upon it. The Presidency carries many important responsibilities and duties in the Council during that period, giving it high institutional bargaining power.

Elgström and Tallberg (2003) also assert that the Council Presidency offers an additional opportunity to canvass its domestic interests to the member state that holds the Presidency via the priorities it sets. The initial work for the Presidency Programme starts years before the Presidency; the member state which is going to hold the Presidency goes through a process of interest aggregation by identifying Presidency priorities and key concerns. The interest aggregation process occurs at a national level. The issues that form the Presidency priorities are usually required to be composed of national interests while also framed as European concerns. Also, progress in the aforementioned issues should be likely during the Presidency. If demonstrable progress is achieved on the issues that form the Presidency priorities, the Presidency can be considered successful. The Presidency agendas can include regional, socio-economic, and constitutional priorities.

Another important aspect of the politics stream is the cooperation between the EU institutions and the Council Presidency. Close inter-institutional coordination can be very influential in shaping the outcomes of agenda-setting during the Presidency period. Panke (2010) states that smaller states can especially benefit from cooperation with the Commission during their Presidency term in order to compensate for their limited argumentative power. The Commission can help a small state to get prepared to its Presidency term by informing it of the contents of a dossier in advance. Also, contacts with the Commission can help the Commission to support the arguments of a member state by arguing in favour of that state. Also, Vanhoonacker, Pomorska, and Maurer (2011) hold that cooperation with the Commission or Council Secreterariat can be influential by bringing a long-term approach, as six months are too short for making any difference.

Following are some examples of cooperation between EU institutions and Presidencies, which was beneficial and often necessary for both sides.

According to Bengtsson (2001), Swedish Presidency in 2001 had good relations with the Commission, which also helped its success. The road map presented by the Commission was adopted in the Göteborg meeting as a part of the Swedish package, which illustrates how the Commission had a central and functional position during the Swedish Presidency. Also, having good relations with the Commission was necessary for the Swedish Presidency due to the Commission's decisive role in the enlargement area.

Denmark is also one of the states that cooperates with EU institutions regularly during its Presidency terms. The 2002 Danish Presidency's external representation was focused on enlargement, which also involved cooperation between the Presidency, EU Parliament, and the EU Commission. Especially during the conclusion of accession negotiations with ten member states, the EU Parliament supported the Danish Presidency (Rasmussen, 2002).

Bürgin (2013) holds that the Danish Council Presidency, which took place in 2012, has also practiced a common policy entrepreneurship with the EU Commission. During the Danish Presidency, a window of opportunity opened and favourable conditions for a policy change occurred at the same time. The Danish Council Presidency and EU Commission took advantage of this as common policy entrepreneurs and succeeded in making the desired policy changes.

A final politics-stream related factor that potentially effects the success of a Council Presidency is the reputation of the member state holding it. If the member state has high credibility and reputation, this would influence the Presidency in a positive way. For example, according to Van Hecke and Bursens (2011), the Belgian Presidency in 2010 benefited from their reputation as an experienced member state in Presidency (the 2010 Presidency was Belgium's 12th time holding the Presidency Chair) and a member state that has political elites in the favour of the EU. The Belgians are also known for their language skills, which fosters better communication with European partners.

The office of the Presidency also gives the member state that holds it a reputational power. As the Presidency is regarded as a position that is interested in the common European good, if the state holding it lobbies the Presidency successfully, it can take advantage of the good reputation of the office of Presidency in order to pursue its own interests (Panke, 2010).

4. 2. *Agenda-Setting* Strategies in the EU Policy Processes

Princen (2011b) states that, "agenda-setting is about having an issue considered by policy-makers" (p. 927). Princen (ibid.) further explains that agenda-setting has an important role in policy-making, as consideration of an issue is a precondition for decision-making. For a decision to be made on an issue, that issue should first be taken into consideration. Agenda-setting strategies, explaining how some issues come into the agenda, can help us understand an important element of policy processes and, at large, how the EU's political system works.

There are various agenda-setting strategies, three of which are to be explained in this chapter: Issue-framing, prioritization, and frequent exchange in policy forums.

4. 2. 1. Issue-Framing

Princen (2011a) suggests that the way the issues are defined has a crucial role in policy processes. There is no given definition of the problem; it is rather something that political actors strive to influence. The problem definition is also called a "frame". The way an issue is framed determines the venue, which is the institutional forum, that will deal with the issue. The venue that deals with the issue determines the type of policies to be developed. Therefore, it is important to frame an issue in a way that appeals to the targeted venue. The way an issue is framed includes and excludes some policy options; therefore, it is an important strategy in agenda-setting. Princen (2007) holds that issue framing has additional importance in the EU as the issue's relevance in the European scope needs to be justified. Issues need to be framed in a way that will fit into the EU's scope, justifying why the EU is the venue where the issue will be handled.

There are several examples of issue-framing in the EU's policy-making processes. Littoz-Monnet (2012) demonstrates that policy framing plays a central role in the EU

agenda through the example of the EU Cultural Policy. She argues that the "Creativity" frame gained importance following the Maastricht Treaty as justification of bringing the issue to the European level and subsequent focus on the cultural policy in the Lisbon Agenda. She also argues that the knowledge economy rhetoric of the Lisbon Strategy has provided a larger concept to the creativity frame. Lisbon Strategy's focus on potential of competitiveness has helped redefining the creativity agenda. As the EU has acknowledged the potential of cultural and creative industries, along the same lines as the Lisbon Strategy's aims, culture found full recognition at the intergovernmental level. Minichbauer (2006) also argues that the economization of the EU Cultural Policy was rooted in the Lisbon Strategy, along the same lines as the Lisbon Strategy's aims. Garcia, de Wolff, and Yilmaz (2018) have analysed the EU's sport policy and adoption of Erasmus+ programme using the agenda-setting theory. This study demonstrates the importance of issue framing in EU policy making on the Commission's decision to include sport as a small chapter of a larger programme (Erasmus+), causing the low visibility of the sport policy. There is also literature on the digital agenda of the EU without using the agenda-setting theory. Mansell (2014) analyses the digital agenda of the EU, its formation and change in past years, and its place in the European policy space from a critical viewpoint. He argues that the information society issues climbing higher on the agenda of the EU can be explained by policy succession and path dependency causing the digital agenda of the EU to be unable to fulfil its potential of a more balanced approach.

4. 2. 2. Prioritization

In the Council of Ministers, a broad selection of issues are negotiated. Small member states struggle to participate in all issues due to their limited resources. Prioritization of issues, also called selective engagement, is one of the counter-strategies that small member states use in order to remedy this problem. (Panke and Gurol, 2018). Small states tend to prioritize issues that they deem a priority in their domestic terms in varying levels depending on their capabilities (Laffan, 2006).

Prioritization of issues allows small states to develop positions backed by up-to-date scientific knowledge. Via prioritization, small states concentrate their limited capabilities on getting prepared to deal with selected salient issues and improve scientific support to positions by using external expertise in order to better defend

them. This also links with interest groups that can be established, fostering information gathering on technical and scientific backgrounds and policy implications (Panke, 2010). Smaller states can also concentrate their diplomatic power on prioritized issues, rendering the engagement with lobbying and coalition-building to be more effective. The more limited the capacities of a state, the more likely it is to be selective in choosing the issues it engages, resulting in a smaller amount of issues being pursued (Panke and Gurol, 2018).

Svetličič and Cerjak (2015) demonstrate an example of prioritization of national interests in their study on the Slovenian Presidency. They concluded that Slovenia had a small number of Presidency priorities due to its limited resources as a small state. Those priorities included strengthening the European perspective in the Western Balkans. Slovenia's national interest - which it aimed to promote during its Presidency - was the enhancement of its reputation as a competent new EU member state. By including that priority, which was composed of their national interests put into the framework of common interests, Slovenia aimed to take advantage of the Presidency.

4. 2. 3. Policy Transfer via Frequent Exchange in Policy Forums

Dolowitz and Marsh (1996) define policy learning as, "the process by which actors borrow policies developed in one setting to develop programmes and policies within another" (p. 357). Policy transfer can be coercive (forced) or voluntary; Dolowitz and Marsh use the term "lesson-drawing" for the voluntary policy transfer (ibid). Technological advances have made policy learning easier and faster, causing policy learning to become more prevalent (Dolowitz and Marsh, 2000). Global economic forces (Dolowitz and Marsh, 2000; Parsons, 1996), as well as the development of communication and the international organizations such as the EU, advocating or often enforcing similar policies through different countries are affecting countries and expanding the information that policy-makers can reach, rendering policy-makers able to gain more ideas and knowledge about policies, programs, and institutions, as well as their functions in other jurisdictions. International policy networks, epistemic communities, or advocacy coalitions develop and promote policies. Furthermore, civil servants and politicians from different countries can meet more easily thanks to the developments in communication. All of those factors foster

policy transfers that increasingly shape policies, affecting the governments looking for a policy solution and making them more likely to look abroad (Dolowitz and Marsh, 2000).

Policy transfer is also very prominent in the EU's policy processes. In EU policy-making, a new issue represents a challenge of capacity-building in order to deal with that issue. One of such capacity-building practices is the development of expert groups, forums, platforms, and networks working on a given issue formed by the Commission. Those groups consist of experts from interest groups or member states, helping to get expertise from outside, and "plugging" new issues and support from the stakeholders. Also, a type of such capacity-building efforts is the creation of networks to share best practices, fostering the achievement of EU-wide consensus where binding legal or political legislation is unavailable (Princen, 2011b).

Policy forums are a form of collaborative structures that have diverse members that do not serve a single interest, induce repeated interaction, have organizational boundaries between the forum and the issue network outside, and deal with issues of the society or politics (Fischer and Leifeld, 2015). They can be broad in scope or focused on a specific issue (Feiock, 2013). The participants of a policy forum might aim to solve policy problems by lobbying for the solution favoured by them, legitimizing their political goals, giving visibility to an issue, networking and trust-building, learning about the issue they are dealing with, practice venue shopping, and gaining increased reputation and visibility (Fischer and Leifeld, 2015). Policy forums, which provide frequent exchanges of the participants, are ideal venues for policy learning.

CHAPTER 5: EMPIRICAL ANALYSIS

5. 1. Context conditions that contributed to Estonia's influence

The context conditions for Estonia's influence were highly favourable during its Council Presidency term. The problem, policy, and politics streams necessary for policy changes have come together, creating the ideal moment for Estonia to strengthen its reputation as a digital leader and have an influential power in the EU's digital field as a small state.

5. 1. 1. Context Condition for Estonia's Influence: Problem stream

At the problem stream, there was already high salience in the EU. The development of the digital policy of the EU is a response to a problem which has increasingly became more salient; the deficiency of the EU's competitiveness in the digital field compared to other leading states. There is an ongoing gap between the actual level of the EU's digital productivity and the targeted level (norm). The EU as a whole is striving for the targeted level of development with influence from several factors. The current norm for the European digital agenda is formed by the factors of perceived threat following foreign cyber-attacks, such as the one in 2007 (Traynor, 2007), ethical concerns within the development of Artificial Intelligence (AI) (European Commission, 2018c), and the digital race between the countries. Many other factors are contributing to the actual situation. The salience of the gap between the actual situation of the digital agenda and the norm created the impetus for changes in the EU's digital agenda.

The attempts of the EU to gain competitivity in the digital field are not new; there had been many initiatives that shared this aim. According to Mansell (2014), over time and with each new policy, the information society issues became more important within the EU policy agenda. The white paper on Growth, Competitiveness, and Employment was published in 1993 (European Commission, 1993). Subsequently, in 1994, the Action Plan for Information Society was published (European Commission, 1994); both of these emphasized the importance of the development of information infrastructures. Mansell (2014) holds that experts' opinions gave direction to the EU's digital agenda in those years; following the

European Council's representative group of "prominent persons" from industry and policy makers' suggestion, the Action Plan for Information Society included regulation, standards, and market facilitation via institutional means. Similarly, another group of experts invited by the Directors General Industrial Relations and Social Affairs recommended Information and Communication Technologies (ICT) be seen only as complementary to human skills and resources, emphasizing the importance of developing skills and knowledge in the use of information, as well as the functionality of services. Benefits for humans were underlined rather than the sole development of the technology. In addition, when eEurope − An Information Society for All strategy - was announced in 1999, it emphasized possible benefits of a digital knowledge-based economy that would lead to better quality of life for people, such as job creation, competitiveness, or growth.

The EU aims to take a leading position in the digital field. However, member states still have different positions, with some performing worse while others are quite advanced. This disparity is an ongoing problem according to the Digital Economy and Society Index (DESI) 2019, as seen in Figure 1.

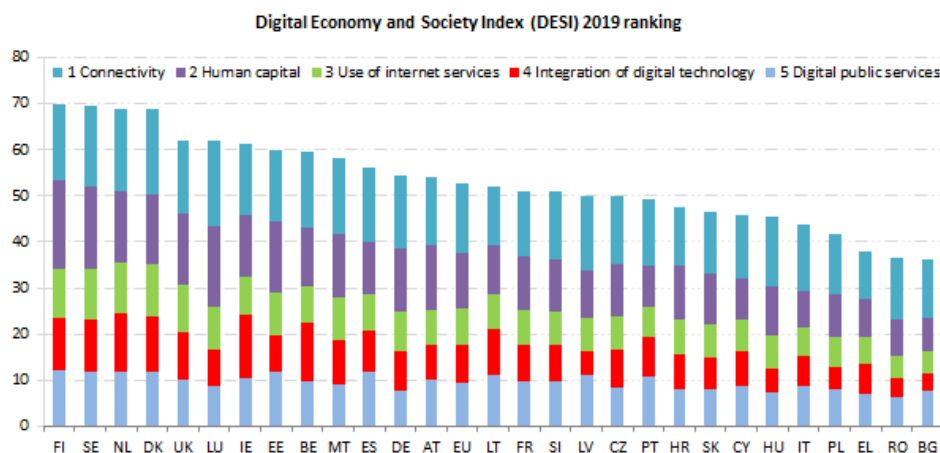Figure 1. Digital Economy and Society Index (DESI) 2019 Ranking (Source: European Commission, 2019a).

This disparity of digital improvements could also be seen in the development of e-governments of different member states, as demonstrated in the E-government Benchmark of the EU (European Commission, 2018b). This disparity poses an important obstacle on the road of digitalization of the public administration in the EU

as a whole. Also, when the change in the International Digital Economy and Society Index (I-DESI) - which is a report that offers an assessment of the scores of EU member states and 17 non-EU member states in five policy areas between 2013 to 2016 - is observed, it is visible that the EU as a whole was still lagging behind other major economies of the World by 2016 (European Commission, 2018a).
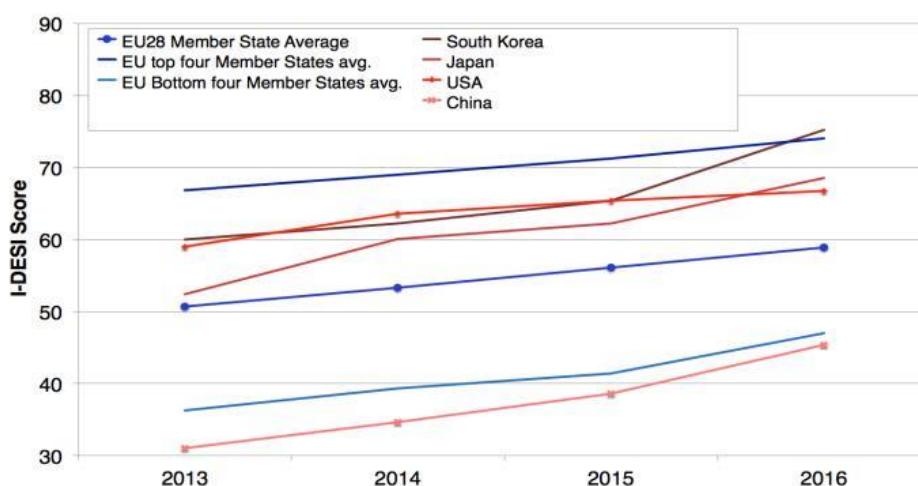
Figure 2. Average Scores Across All Dimensions for I-DESI 2013-2016 (Source: European Commission, 2018a p. 14)

As demonstrated in Figure 2, top countries in digital development often surpass leading non-EU countries. However, the lowest countries are so low that the EU as a whole stays way behind those leader countries. The real problem appears to be the disparity among EU member states in means of digital development. As this problem became more salient, a need for a new institutional effort aiming to remedy this problem appeared. This resulted in new incentives and investments of the EU and ultimately birthed DSM, the current strategy of the EU in the digital field.

5. 1. 2. Context Condition for Estonia's Influence: Policy Stream

5. 1. 2. 1. Existing digital policies

At the policy stream, there were existing digital policies in the EU that Estonia could build on. To begin with, the Lisbon Strategy aimed to make Europe, "the most competitive and dynamic knowledge-based economy in the world, capable of

sustainable economic growth with more and better jobs and greater social cohesion" (European Parliament, 2000, p. np). This has affected many policy areas via the way it framed issues, including the digital field.

The EU's plans regarding its digital agenda were also influenced by issue-framing stemming from the Lisbon Agenda. The eEurope 2002 Strategy in 2001 (European Commission, 2001) and eEurope 2005 Action Plan in 2002 (European Commission, 2002) objectives were under the theme of economic growth, in line with the Lisbon Agenda, such as facilitating private investment, job creation, and boosting productivity. Mansell (2014) states of the i2010 Strategy in 2005 that, "arguably it persisted with the emphasis on growth over social development" (p. 206).

According to the Europe 2020 Competitiveness Report: Building a More Competitive Europe (World Economic Forum, 2012), the deadline of Lisbon Strategy's target of making Europe a leader in economy in means of competitiveness had passed in 2010; there has not been much improvement by that date. The search for new incentives to reach that target continued and, following the Lisbon Strategy, the Europe 2020 and A Digital Agenda for Europe were established.

By 2009, the EU was realizing that the gap between the norm and the current situation was still wide. In other words, the EU as a whole was lagging behind in the digital race, into which the world had entered long ago. This was the impetus of the preparation of other strategies. A Strategy for ICT R&D and Innovation in Europe: Raising the Game (European Commission, 2009), which was published just before A Digital Agenda for Europe, reflects the salience of this problem and clearly states that. "to reinforce its strengths and seize new opportunities in ICT, Europe needs to raise its game" (p. 5). Problems in the EU's digitalization are listed in this document; in the EU, there is a growing deficit in people skilled in ICT, this being a very important field that could also provide a response to the societal challenges of the EU, such as sustainable healthcare or privacy. There are barriers limiting the growth of ICT businesses; the funding mechanisms to support Research, Development, and Innovation (R&D&I) are complicated, the ICT Research and Development (R&D) efforts are fragmented, and the same can be said of the markets for ICT innovation. The document continues to give concrete plans and predictions set for 2020 if Europe

manages to meet the established targets. Those predictions were very optimistic, estimating that by 2020 Europe would double its investments (both private and public) in ICT R&D, that all business expenses in ICT R&D would be invested by the businesses grown by Europe in the last 20 years, that Europe would foster an additional 5 ICT poles of world-class excellence, and that the ICT sector of Europe would supply no fewer than the amount of its share of the global ICT market, in case the set targets would be met (European Commission, 2009).

A Digital Agenda for Europe was announced in 2010 (European Commission, 2010) as one of the seven flagship initiatives of Europe 2020 strategy, with a strong emphasis on the economy; a greater bandwidth and better Internet networks for the future. However, by 2012, the gap between the norm and current condition were still not filled and the EU as a whole was still lagging behind other leading countries (such as Canada, the United States, and Japan) under the digital agenda pillar, one of the 7 pillars under the Smart Europe sub-index of the Europe 2020 Competitiveness Index. The competitiveness was divided within Europe too, with the lowest country scoring 3.76 and highest scoring 5.77 under the Digital Agenda pillar (World Economic Forum, 2012).

The DSM is the most recent digital strategy of the EU, active from 2015 to today, aiming to remedy the aforementioned disparity and ensure the homogenous digital development of all EU member states. Proposed by the European Commission in 2015, the aim of the DSM Strategy is to ensure that Europe takes full advantage of the new digital era in the fields of economy, industry, and society. 2016 and 2017 saw the end of roaming charges, the modernisation of data protection, the agreement to unlock e-commerce by stopping unjustified geo-blocking, and the cross-border portability of online content. EU needs to meet up with the changes in the digital era in order to protect its citizens and allow them to take new opportunities. (European Council, 2019a). The EU aims to put 28 digital markets into one, creating the European DSM and breaking down the barriers to online activity across borders. The DSM Strategy is made up of three policy pillars: improving access to digital goods and services, an environment where digital networks and services can prosper, and digital as a driver for growth (European Commission, n. d.-a).

In conclusion, there were many pre-existing attempts and solutions of the EU in order to remedy the aforementioned gap between the norm and actual situation, which is that the EU was lagging behind other global digital leaders and a disparity exists among the EU member states in terms of digital development and productivity, as demonstrated on Figure 1 and Figure 2. In other words, there were already existing policies on this salient problem.

5. 1. 2. 2. Estonia's Expertise

A second important policy-stream related conducive context factor was Estonia's own expertise in the digital field. Estonia was very advanced in this field and already had policies and solutions in order to achieve digital development and productivity. Digital IDs have been available since 2002 and E-voting has been possible in Estonia since 2005. (e-Governance Academy Foundation, 2016). The early onset of the E-government in Estonia's independent history indicates that the whole governance system has been built digitally instead of a digital transformation that occurred later. According to Anthes' account (2015), the cyber-lawyer and professor at the University of South Australia School of Law, Clare Sullivan, reports that following the independence from the Soviet Union, Estonia's senior government officials and Prime Minister were committed to IT. As the country was very poor and did not have many resources, they focused on the development of IT.

Estonia keeps increasing the amount of e-solutions it offers to its citizens. E-solutions help in increasing the communication opportunities between the citizens and the state. As one of the leading states in the digital field, Estonia has started to issue e-residency to non-citizens and is the first country in the world to do so. The e-residency scheme provides e-residents with a government-secured digital identity that allows digital authentication and digital signing of documents. It gives the e-residents the opportunity to start a company in Estonia without being there physically. As of 2017, there are around 27,000 e-residents.

Estonia has very tech-savvy citizens which use the Internet and e-government services widely. In 2011, the Estonian e-voting broke the world record with 67% of the population participating in a census over the Internet. 87% of Internet users aged 16-74 in Estonia used public sector services and information. Furthermore 87% of

the residents aged 16-74 used the Internet in the 1st quarter of 2016 and 85% of the residents in the same age group use the Internet daily. Of the 16-24 years old Internet users, 91% use the Internet via their mobile phones. In the 16-34 year-old group, almost everyone uses the Internet. Of the income tax returns, 96.3% of them for the year 2016 were submitted electronically. Of the 16-74 year-old group, 87% interacted with the public authorities online in the last year (EU-28 average is 58%), 78% submitted official forms (EU-28 average is 34%), 75% obtained information from the websites of public authorities (EU-28 average is 50), and 47% downloaded official forms (EU-28 average is 35%). (Kivilaid et al, 2017). Having such a digitally literate population has made it easier to implement digital solutions into e-governance and e-government services.

E-Estonia is a success story of establishing a connection between the government and its citizens. As a country with one of the best e-services and IT infrastructure in the world, it has succeeded in digitally connecting its citizens to government services. The citizens have started to use the provided e-services, such as e-taxes, e-police, e-school, e-voting, and e-banking routinely, especially following the introduction of electronic identifications (eID) in Estonia. Utilizing eIDs, Estonian citizens have access to over 600 e-services offered by the Estonian government and businesses are offered over 2400 e-services.

In Estonia, within 18 minutes a new company can be established on the PC. 100% of the schools and local governments have computers, 99% of the bank transfers are made electronically, 95% of the medication is bought with a digital prescription, 80% of the families have a computer at home, 30% of the votes were cast over the Internet during the parliament elections in 2015, and 88% of homes have a broadband Internet connection. These are all indicators of an e-society (e-Estonia, e-Governance in Practice, 2016). Finally, 99% of the public services are online 7/24. Thanks to its safe, convenient, and flexible digital ecosystem, Estonia achieved a high level of transparency in governance and built trust. Annually, over 800 years of working time is saved in Estonia via the use of online public services. Only 3 services are impossible digitally and require citizens leave their houses: marriages, divorces, and real-estate transactions. The use of the digital signature started in 2002 in Estonia and has the same legal standing as the handwritten signature. Its use helps

save 5 days per year per each adult of working age. Each month, a stack of paper 300 meters high is saved through the use of the digital signature in processes ("Estonia is the world's first country to also function as a digital service", 2017).

5. 1. 3. Context Condition for Estonia's Influence: Politics Stream

One of the things that formed the politics stream of context conditions of Estonia's influence is Estonia's own reputation as a leader in digital organizations and agreements. Estonia's pivotal role in the digital field is highly recognized in the international arena. Following are examples of Estonia's reputation as a digitally developed country and a digital leader.

To begin with, the United Kingdom (UK) and Estonia have signed the agreement "Memorandum of Understanding on digital services". Minister for the Cabinet office, Francis Maude, said about the agreement:

"Estonia is one of the most connected countries in the world and a trailblazer in public sector ICT and cyber security. I was hugely impressed when I visited Estonia last year by how much of government there is online, with e-voting, e-health, e-schools and virtually all tax returns completed on line in minutes. In the UK we have embarked on a similar journey to create digital public services that are so good, people will prefer to use them" … *"This Memorandum of Understanding also shows our commitment to the principle of international cooperation that we share as members of the Open Government Partnership, promoting the lessons and benefits of open government and transparency internationally, and learning from the experiences of other countries."* ("UK and Estonia sign Memorandum of Understanding on digital government", 2013)

As a part of the agreement between Estonia and the UK, Peter Herlihy of Government Digital Service of UK visited Tallinn, Estonia, in 2013. He expressed how impressed he was by the Estonian e-government and e-governance system and argued that Estonia should be taken as an example by the UK. He went on by describing the open register, showing the information of the citizens held in the systems with the reasons for holding and who is authorized to access it. The

information of who has accessed their data is also visible to the citizens themselves; therefore, the "watchers" are also being watched. He holds that the control of their own data is in the hands of the citizens themselves and Estonia's tiny population size had made it possible to make easy changes; neither the tax revenues, nor the national resources are large. According to Herlihy, the fact that Estonia started as a clean state upon its independence in the 1990s helped them build their whole system digitally; Estonia is not transforming into digital systems, having built its systems digitally from the beginning. (Herlihy, 2013).

Estonia is also home to the North Atlantic Treaty Organization (NATO) Cooperative Cyber Defence Centre of Excellence, based in Tallinn, Estonia. As the hub of collaborate efforts to take cyber security measures in member countries, this makes it a leading country and hub of the cyber defence of the EU. The founding of this centre was in response to a series of cyber-attacks against Estonia, raising awareness on the vulnerability of cyber systems not only locally, but also internationally. In 2007, the websites of the Estonian parliament, government agencies, newspapers, and were targeted by a denial-of-service attack series. (Anthes, 2015). After this event, the threat to digital government systems and importance of cyber security was realized, leading to the founding of NATO Cooperative Cyber Defence Centre of Excellence. (NATO Cooperative Cyber Defence Centre of Excellence, 2018)

Estonia is a founding member of the D9 organization in which the member states share best digital practices, support each other's digital economies, collaborate on common projects, and collectively strive to improve each participant's digital services, as stated in the Busan Declaration signed in 2016. The other founding members are the UK, South Korea, Israel, and New Zealand. (Busan Declaration of Digital-5 Governments, 2016). In spite of its small population, Estonia has great influence and a leadership role in the digital matters in the world. The organization is open for expansion to include new countries with advanced practices of digital government.

Another factor that contributed to the politics stream is the capabilities that the chairing Council Presidency brings, which is especially important for a small state.

Estonia benefited its Council Presidency enormously; the issue-specific power Estonia holds in the European Council in the digital field clearly gained more visibility during its Presidency. Also, according to Panke and Gurol (2018), Estonia's reputation as a digital leader was sharpened during its Council Presidency period. During Estonia's Presidency of the Council, between 1st of July to 31st of December 2017, the digital issues were carried higher in the agenda of the EU; this remains the case. The Estonian Presidency was very well prepared with training and development activities starting in 2014, 3 years prior to the Presidency period ("A summary of the training and development activities of the Estonian Presidency", 2018).

The common policy entrepreneurship with the Commission and the support of Parliament was another factor that contributed to the conditions that induced Estonia's influence. Estonia's impact on the implementation of the DSM Strategy of the EU became significantly apparent during the Council Presidency of Estonia. The DSM Strategy was already very important for the Commission, being one of its ten priorities (European Commission, n. d.-a). One of the main priorities of the Estonian Presidency was set out as the contribution for the completion of the DSM Strategy (European Data Portal, 2017). The European eGovernment Action Plan 2016-2020 of the Commission, which follows after the eGovernment Action Plan 2011-2015, is one of the Commission's attempts to tackle the digital transformation of the governments of EU member states (European Commission, 2019b). Estonia contributed to the Commission's strive for EU's digital transformation and ensuring its digital competitiveness by its advances during its Presidency. During its first month, the DSM Conference was organized under the Estonian Presidency, where the concept of free movement of data as the fifth fundamental freedom of the EU was introduced (e-Estonia Briefing Centre, n. d.-b). The member states agreed on starting negotiations with the Parliament on the regulation on the free movement of non-personal data (Estonian Presidency of the Council of the European Union, 2017). Also, the Estonian Presidency organized the Ministerial eGovernment Conference which aimed to include discussions to guarantee the delivery of the eGovernment Action Plan 2016-2020 and the signing of the Tallinn Declaration of eGovernment (European Commission, 2017a). The Conference resulted in the signing of the Tallinn Declaration on eGovernment, which was one of the Estonian Presidency's most noticeable successes. The agreement was made unanimously in presence of

Andrus Ansip, the European Commission Vice-President for the DSM (European Commission, 2017b). In addition, the eHealth Conference "Health in the Digital Society, Digital Society for Health", organized as a part of the Estonian Presidency programme, is, "in line with the overall priority of the DSM in Europe and the Free Flow of Data" (European Commission, 2017c). Also, the Estonian Presidency's agreement with the Parliament regarding the ban of geo-blocking and the regulation of parcel delivery in e-commerce (Council of the European Union, 2017b), as well as steps towards a reform in the international tax rules to foster the digital commerce (European Council, 2017a), were presented by the Commission in 2016 as a three-pronged plan (European Commission, 2016) and contributed to the formation of a common digital market in the EU, in line with the aim of the DSM.

Overall, it could be said that Estonia focused on issues that were tackled by the Commission under the DSM strategy; it was very successful in addressing those issues and offering solutions to them, practicing a common policy entrepreneurship with the Commission.

Estonia was supported by the Parliament and the Commission in the ban of geo-blocking. According to Kadri Simson, Minister of Economic Affairs and Infrastructure of Estonia:

> *"The end of unjustified geo-blocking will greatly enlarge the choice available to citizens when shopping online and will give a major boost to e-commerce. Consumers will be able to shop around for the best deals within the internal market. I want to thank the Parliament and the Commission for helping the Estonian presidency to bring the digital single market closer to reality."* (Council of the European Union, 2017b)

Estonia's success was praised by Andrus Ansip, the then-European Commission Vice-President for the DSM, and Jean-Claude Juncker, then-president of the European Commission. Ansip (2017) underlined the importance of the abolishment of geo-blocking and happily declared that an agreement was reached regarding the parcel delivery proposal prepared to remedy this problem. After the Estonian Council Presidency, Ansip tweeted:

"Thank you &congrats @EU2017EE for having made digital shine during your presidency. #TallinnDigitalSummit + agreements on #geoblocking #parceldelivery #eVAT + major progress on #telecoms #freeflowofdata #singledigitalgateway #satcab Good for #DigitalSingleMarket Well done" (Ansip_EU, 2017)

According to this tweet, Ansip perceived the Estonian Presidency to be very efficient in helping the implementation of the DSM Strategy. It is also apparent that the Estonian Council Presidency worked together with the European Commission for the same interests and reached satisfactory results.

Ansip also thanked the Estonian Presidency for reaching agreements with the Parliament that will facilitate the development of e-commerce:

"High delivery prices are a major concern for consumers and companies, especially SMEs. With more transparency and a stronger role for the regulators, we are tackling this issue. It is good news again for the development of e-commerce in the EU, after a series of agreements to improve consumer protection, simplify VAT rules and fight unjustified geo-blocking. I thank the European Parliament and the Estonian Presidency for their efforts in reaching an agreement." (European Commission, 2017d)

The Estonian Council Presidency's success was also acknowledged by the President of the European Commission, Jean-Claude Juncker. Juncker said:

"It was one of the best-prepared and most professionally run presidencies I can remember. Once again, my long held belief was confirmed: smaller countries really do make for the best presidencies. "..." You placed an issue on the agenda, which obviously was worthy of our attention and action: the greater our progression in the digital field, the greater our joint success. Tallinn was the best possible location for organizing the digital summit." (Juncker praises Estonian EU council presidency, 2018).

To conclude, the Estonian Presidency had good relations with the Commission with whom it also practiced a common policy entrepreneurship.

5. 2. Agenda-Setting Strategies Practiced by Estonia

5. 2. 1. Estonia's Selective Engagement during and after its Presidency

As mentioned before, one of the agenda-setting strategies of smaller states is selective engagement and a high level of prioritization (Panke, 2010; Laffan, 2006; Panke and Gurol, 2018). Estonia, being a small state, also used selective engagement during its Council Presidency, concentrating its limited resources on the topic at which it is strongest: digitalization. Estonia chose its Council Presidency priorities carefully, utilizing its limited resources as a small state and focusing on one single theme of digitalization over 4 priorities; innovation in economy, safety and security issues, digitalization and a free movement of data, and inclusiveness and sustainability (Panke and Gurol, 2018). The Estonian Presidency was very well prepared for the Council Presidency, with training and development activities having started in 2014, 3 years prior to the presidency ("A summary of the training and development activities of the Estonian Presidency", 2018). Selecting 4 priorities focused on its strongest field, digitalization, was also one of the issues that was the focus of the EU; preparing well for the Presidency term resulted in a successful Presidency.

The careful selection of the presidency priorities of Estonia played a crucial role in the success of its Presidency. As a country that has limited resources, Estonia knew where its biggest resources and existing solutions laid: digitalization. This also served Estonia in choosing its presidency priorities, framed as the initiatives for the common good of the EU, and underlined its reputation as a digitally advanced country. Prioritization/ selective engagement is also seen after the Presidency term thanks to the creation of the annual Tallinn Digital Summits, also on the digitalization theme. Estonia, as the host of the Summits, emphasizes its role as a digital leader and maintain its influence over the digital agenda.

5. 2. 2. Issue Framing Practiced by Estonia

During its Presidency, Estonia practiced issue framing very often. To begin with, as mentioned in the previous chapter, Estonia's presidency priorities were all under the theme of digitalization, framed under the common good of the EU. Estonia also made important proposals in order to contribute to EU-level debates on the DSM Strategy. Estonia, while introducing its proposals, often framed them under attempts towards the formation of a DSM. As the DSM Strategy was already one of the priorities of the EU, the Estonian Presidency took advantage of framing its proposals under its aim, adding their legitimacy and approval in the EU.

One of such proposals was the recognition of the free movement of data to be treated as the fifth fundamental freedom of the EU, supported by the argument that the DSM is inconceivable without the free movement of data ("Digital Europe and the Free Movement of Data", 2017). A proposal for the movement of data to be treated as the fifth fundamental freedom of the EU was made in the Vision Paper on the Free Movement of Data in order to offer a new dimension to the EU-level debates on DSM Strategy. (Unlocking the maximum potential of data – the free movement of data initiative, 2017). As a result, the EU agreed on a mandate for the presidency on 20th December 2017 to launch negotiations with the European Parliament on the proposal of developing new rules to allow free movement of non-personal data. This is a big success of the Estonian Presidency as it provides a big step in the implementation of building a united and sustainable European digital society, in line with the DSM Strategy proposed by the European Commission in 2015. The Regulation of the European Parliament and of the Council on a framework for the free flow of non-personal data in the EU was approved unanimously in the Council on 9th November 2018 (Council of the European Union, 2018a) and entered into force on 28th May 2019 (European Commission, 2019c).

Another example of issue framing was the eHealth Conference organized as a part of Estonian Presidency. The issue of health was framed under the free flow of data and a European DSM; the issue was defined as the digital transformation of health (European Commission, 2017c).

5. 2. 3. Fostering Policy Transfer via Frequent Exchange: The Establishment of New Platforms

As one of the first events during the Estonian Presidency, the first Tallinn Digital Summit took place in Tallinn and brought together the EU heads of state or government. Attendance was by invitation only. High-level discussions were launched on plans to keep European digital innovation at an advanced level and eventually have global leadership in the digital field. As essential concerns over the digital future of Europe, the topics of security, industry, society, economy, and trust were discussed. The Summit represents a platform for discussions on further digital innovation plans of the EU. (Tallinn Digital Summit, 2017).

The first Summit was considered as an important and influential event. Prime Minister of Estonia, Jüri Ratas, published his conclusions on the Summit which were later discussed in the next European Council in Brussels by the EU leaders. His conclusions are separated as Session 1, covering the issues related to the future of government, and Session 2, on the future of the economy and society.

Session 1 includes conclusions on the necessity of bringing the government and the public sector into the digital age in order to better the public services, avoid costs, and promote innovation. Firstly, he sees the digital conduct of all government proceedings involved in the free movement of services within the single market, including people, capital, and goods, as of great importance. The second conclusion under this session is that digital transformation of the institutions is needed in order to meet the digital age. Digital services and infrastructure should be offered to all EU citizens. The third conclusion is that the necessity of the implementation of digital transformation of the societies by the public sector is leading the way by adopting and enabling new technology. Also, he stresses the essential nature of making Europe a leader in cyber security by 2025. This cyber security should cover the protection of citizens' rights, freedoms, and security, elections and digital infrastructures, and fighting cyber-crimes and criminal Internet use. Under this session, he mentions two measures that should be taken, among others. These support not only the development of training on cyber security for all levels of education, but also the development of a common approach to cyber security at EU-level cooperation. He mentions that the EU should function as a single European

cyber space and a single cyber security market.

The conclusions under Session 2 underline the need for making the EU's freedoms meet the needs of the digital age. EU should be fit for the investments. He recommended the completion of the digital single market by 2018, acceleration of the uptake of the latest technologies such as artificial intelligence and blockchain in the industry, adapting the taxation systems to the digital age, considering initiatives for the transparency of the platform, and the EU's adoption of the world's best framework for access to data while offering a high level of ethics, data, and intellectual property protection and digital rights. Also, he foresees the necessity of enabling and empowering the people by teaching digital skills, creating a trained talent pool, and investing into upgrading infrastructure such as 5G networks and optical fibres in order to aid the growth of the digital economy ("Conclusions of the Prime Minister of Estonia Jüri Ratas after the Tallinn Digital Summit", 2017).

At the next European Council, EU leaders built their conclusions on the topic of Digital Europe on Jüri Ratas' conclusions on the Tallinn Digital Summit and expressed their readiness to do whatever needed for Europe to go digital. The leaders have agreed on some priorities on this topic, such as building a top-drawer communications network and infrastructure, carrying the public sectors and governments to catch up with the digital era, having a common cyber security approach, accelerating the attempts to combat online crime and terrorism, and achieving an appropriate taxation system for the digital era (European Council, 2017b).

Tallinn Digital Summit, which later became an annual event, is an initiative that aimed to gather decision makers in order to share their knowledge and solutions and increase their digital performance and development, aiming to remedy the disparity among the member states. Estonia, by creating a platform of policy transfer, fostered the policy learning of the EU member states as well as acted as a digital leader country, as it has done so before in other digital collaboration platforms and digital agreements with other countries.

Estonia has also introduced "The Presidency Gateway", an Estonian digital

solution that was offered as a "gift" for the use of the next Presidencies as an example of the digital contributions of the Estonian Presidency to the EU. During the Presidency, Estonia launched an IT solution called "The Presidency Gateway" in cooperation with the Council of the EU and their Trio Presidency as the initiative "Digital Presidency". This gateway was used by about 8500 users at 175 events of the Estonian Presidency. Group tasks and interactive polls can be carried out in the portal. The source code has been released for the next presidencies in case they want to continue using it until the full development of the portal (Laur, 2017). The Digital Presidency initiative aims to leave a positive legacy for future presidencies by digitizing the processes, which is meant to bring the Presidency and EU institutions closer together. (Estonia's digital gift to the European Union, 2017).

5. 3. Estonia's Impact

5. 3. 1. Tallinn Digital Summits become an Annual Event

Tallinn Digital Summit has become an annual event following the Council Presidency of Estonia. In 2018, the Summit took place on 15-16 October. The participants were not just leaders of EU member states, but leaders from non-member states and experts from the field were invited as speakers and representatives of knowledge partners. The Summit was a globally inclusive event that fostered the EU's aim of meeting with the digital age and becoming one of the world leaders of digital advances. The Summit in 2018 represents a global interdisciplinary platform of discussion and knowledge exchange in digitalization. The attending delegations were from the following nations: Denmark, Estonia, France, Finland, Germany, Ireland, Japan, Latvia, Lithuania, New Zealand, Republic of Korea, Singapore, Sweden, Uruguay, and the UK, as well as Vice President of the European Commission, Mr. Andrus Ansip. The focus of the discussions were the following themes: opportunities for AI, diffusing the risks and challenges of digitalisation, and cross-border access, use, and trade of data. The knowledge partners of the Summit were The McKinsey Global Institute, the business and research arm of McKinsey&Company The Centre for Public Impact, a non-profit foundation from Boston, The European Centre for International Political Economy, an independent and non-profit policy research think-tank from Brussels, and The Lisbon Council for Economic Competitiveness and Social Renewal, another think-tank and policy

network from Brussels (Tallinn Digital Summit, 2018a).

The Summit resulted in 17 general conclusions from the discussions that took place during the Summit, as drawn by the organisers. These conclusions were focused on the development of AI technologies, fostering of digital trade and data access, and encouragement and facilitation of sharing of best practices and collaboration (Tallinn Digital Summit, 2019a).

The Summit fostered new research on digitalization with a focus on Artificial Intelligence. The knowledge partners of Tallinn Digital Summit 2018 presented fresh results of their research during the summit. Luukes Ilves, from The Lisbon Council, has written a paper named Responsible, Safe and Secure AI which introduces national and international efforts for safety and security in the AI era. The McKinsey Global Institute wrote a paper titled "The Promise and Challenge of the Age of AI" presenting predictions on the influence of AI on the labour market and proposes methods on coping with future changes. The Centre for Public Impact presented a paper titled "AI in Governments" proposing five principles in order to motivate the implementation of AI by governments. Finally, Hosuk Lee-Makiyama from the European Centre for International Political Economy has written a paper titled "AI Trade Policy", discussing how trade policy can support the development of AI (Tallinn Digital Summit, 2018b). The Tallinn Digital Summit and McKinsey Global Institute have launched a joint website presenting parts of McKinsey's research on AI's impact on economy and work presented at the Summit. The research includes rankings of countries all over the world by their level of readiness for AI. Furthermore, the employment growth and decline by occupation, changes in the job market, and the different work activities' inclination to automation are demonstrated on the website (Tallinn Digital Summit, 2018c).

Tallinn Digital Summit in 2019, which was focused on AI, was also organized in the same interdisciplinary and international manner. Ministers and experts from 15 EU countries and Canada, Singapore, Japan, New Zealand, and Australia came together at the Tallinn Digital Summit 2019, as well as the knowledge partners Institute of Electrical and Electronics Engineers (IEEE), the International Criminal Police Organisation (INTERPOL), The Future Society, and the United Nations

Interregional Crime and Justice Research Institute (UNICRI) (Tallinn Digital Summit, 2019b). The 2020 edition has been cancelled due to the COVID-19 pandemic, as of the time this text was written. However, future meetings are expected to take place (Tallinn Digital Summit, 2020).

Estonia has practiced institutional entrepreneurship by introducing an institutional practice to the EU: the Tallinn Digital Summits, now an annual event. The first Summit united heads of EU member states (Tallinn Digital Summit, 2017), while the Tallinn Digital Summit 2018 also included leaders from non-EU states that have digital major economies, knowledge partners, and experts (Tallinn Digital Summit, 2018); the same can be said of Tallinn Digital Summit 2019 (Tallinn Digital Summit, 2019b). The Tallinn Digital Summits create a continuous effect that gives Estonia a position of being a digital leader and policy entrepreneur, keeping the policy window open for further changes.

5. 3. 2. Legislative Impact

The agreements stemming from the Estonian Presidency are now regulations coming into force, demonstrating a significant legislative impact on the EU. Firstly, Estonia's agreement with Parliament on the ban of geo-blocking, parcel delivery in e-commerce (Council of the European Union, 2017b), and a reform in the international tax rules (European Council, 2017a) resulted in regulation on cross-border services which came into force in 22 May 2018 (European Commission, n. d.-b). The regulation banning unjustified geo-blocking became effective on 27 February 2018 and the VAT e-commerce package, which was adopted by the Council during the Estonian Presidency, will apply from 2021 (European Commission, n. d.-c). Also, the concept of free movement of data as the fifth fundamental freedom of the EU was introduced during the Estonian Presidency (e-Estonia Briefing Centre, n. d.-b) and an agreement between the member states was made in order to start negotiations with the Parliament on a regulation. (Estonian Presidency of the Council of the European Union, 2017). Later, on 28 May 2019, the regulation on the free flow of non-personal data went into force, another success stemming from the Estonian Presidency period (European Commission, 2019c).

CHAPTER 6: CONCLUSION

Estonia carries great issue-specific power in the field of digital advances, as became visible during its Council Presidency. Estonia has strengthened its position as a digital leader, helping to implement the digital development aims of the Commission's DSM Strategy of the EU with its Presidency position and going beyond it by including the e-solutions in its Presidency agenda. By introducing the concept of free flow of data as the fifth fundamental freedom of the EU, coming into agreement with the Parliament on the regulation on the ban of geo-blocking, parcel delivery in e-commerce, and international taxation (which was originally proposed by the Commission in 2016 as a three pronged plan), fostering the signing of Tallinn Declaration of eGovernment as a political commitment from the EU, and aiming to guarantee the delivery of the eGovernment Action Plan 2016-2020, Estonia played an important role in advancing the DSM Strategy. Moreover, Estonia did and still does apply its agenda-setting power and maintains its pioneering position via creating international platforms of discussion and sharing of know-how, posing as an institutional entrepreneur, and keeping the policy window open for further changes in the digital agenda of the EU.

To answer our research question by exploring how Estonia influenced the implementation of the EU's DSM Strategy during its Council Presidency, MSF was applied. It was concluded that Estonia took advantage of the window of opportunity offered by favourable context conditions by coupling three policy streams that existed at the same time; acting as a policy entrepreneur, often together with the support of EU institutions, is what gave Estonia influential power. Estonia is already considered one of the leaders in the digital field thanks to it having one of the most developed e-government systems, being part of international digital agreements and digital cooperation platforms, and already having digital solutions. With its expertise and experience, it has established its reputation as a digital leader. However, the problem was already salient in the EU. Therefore this, combined with the potential power offered by holding the chair of the Presidency with support of EU institutions, created the perfect moment for Estonia to exert influence on the EU's digital development. This helped the implementation of the EU's DSM Strategy aims.

The problem stream, which refers to the salience/awareness of the problem, was present as the EU was aware of the ongoing gap between the targeted level of digital development and its current state, already striving to remedy it. The EU is lagging behind other digital leaders in the digital field, as demonstrated by the I-DESI scores between 2013 to 2016 (European Commission, 2018a). Furthermore, there is an ongoing disparity among EU member states in terms of digital development, as demonstrated in the DESI report (European Commission, 2019a). There are many strategies and initiatives of the EU which aim to remedy this problem, dating back as early as in 1993, the year of publication of the white paper on Growth, Competitiveness, and Employment, as well as the subsequent Action Plan for Information Society which was published in 1994. Overall, the problems related to the digital development and productivity of the EU member states were highly salient within the EU, which created one of the necessary streams for the agenda-setting power of Estonia.

The policy stream, which is also referred as the "solutions stream" (Princen, 2011a), is formed by existing solutions that are linked to the salient problem. In this case, this is the ongoing gap between the targeted situation (norm) and the current situation of EU's digital productivity and advancement. Estonia, as a country that has invested in digital development since its foundation, has enormous expertise on which it could further build. Estonia already had digital solutions and practices that it shares with other countries and was part of digital alliances, which is the reason for its reputation as a digital leader. On the other hand, the EU has also already had current and past strategies and initiatives that aimed to improve the EU's digital productivity and competitive power. The eEurope 2002 Strategy in 2001, eEurope 2005 Action Plan in 2002, i2010 Strategy in 2005, and A Digital Agenda for Europe were some of the previous strategies or plans of the EU sharing this aim. The DSM Strategy, which is the most recent strategy of the EU, aims to put the EU as a whole at a leader position in the digital field among other countries. Building a DSM for the EU aims to provide the solution to the aforementioned problems of disparity among member states in digital growth and productivity, as well as the EU lagging behind among other digitally leading countries.

Finally, at the politics stream, which refers to the political processes affecting the agenda, there were three prominent processes that contributed: Estonia's own reputation as a digitally advanced country, the opportunities that arise from holding the Presidency, and the collaboration with EU institutions. Estonia's own reputation as a digital leader was already established well before its Presidency period as a country that has one of the most advanced eGovernments in the world and is part of many digital collaboration networks and agreements. Also in this stream, the power offered by holding the Presidency is an important factor for a small state. Estonia took advantage of the Presidency period and the possibilities it offers, spending this period as productively as possible. Another important factor in this stream is the common policy entrepreneurship practiced with EU institutions during the Presidency, namely the Parliament and Commission. The common policy entrepreneurship of the Estonian Presidency with the Parliament and Commission provided a great contribution to the EU's efforts to become more digitally advanced as a whole.

Estonia has used agenda-setting strategies in order to have a successful and influential Presidency. One of the agenda-setting strategies practiced by Estonia was selective engagement during its Council Presidency by focusing on digitalization, a field in which it is very experienced and possesses great strengths and resources. Estonia, as a small state with limited resources, selected its presidency priorities under the theme of digitalization and focused all its efforts and resources on this field. Another strategy used by Estonia was issue framing. By framing the issue of digitalization under the DSM Strategy aims (the common good), the issue of health under the free flow of data and a European DSM, and the free flow of data as the fifth fundamental freedom of the EU, issue framing was used successfully. The last strategy used by Estonia was the creation of new platforms to foster policy transfer. Estonia organized the first Tallinn Digital Summit in 2017, organised in cooperation with the President of the European Council and the European Commission, providing the first step of a platform for intra-EU discussion and share of know-how. The Tallinn Digital Summit 2018 carried this platform to a global interdisciplinary level involving non-EU member states' leaders, experts, and knowledge partners from different parts of the field. Now the Tallinn Digital Summits are annual events, meaning the agenda-setting influence of Estonia is continuous. Furthermore, Estonia,

in cooperation with the Council of the EU and the Trio Presidencies, has gifted the Presidency Gateway - a digital solution - to the all next Presidencies. Group tasks and interactive polls can be carried out in this portal.

Overall, the answer of our research question, by explaining how Estonia influenced the implementation of the EU's DSM Strategy during its Council Presidency, is that Estonia used the right strategies during the right time; when the window of opportunity was open. The "right time" refers to the conditions that existed in all three streams. These conditions coming together, combined with the agenda-setting strategies successfully applied by Estonia, paved the way to Estonia's influence on the implementation of the EU's DSM Strategy during its Council Presidency. This study demonstrates solid evidences of Estonia's influence on the implementation of DSM Strategy, especially in the EU's legislation. However, as the time passes after the Council Presidency period, more aspects of Estonia's influence might become visible, as some changes take time to emerge.

The outlook is very positive for Estonia's digital future and transformational power, both in the EU and globally. Estonia enjoys a digitally literate population, high number of experts in IT, and a reputation of being a digitally advanced country. Being one of the founding members of the collaborative network D9 (Government of Canada, 2019), one of the developers of the X-Road interoperability solution [an open source and free data exchange layer enabling organizations to securely exchange data over the Internet (Nordic Institute for Interoperability Solutions, n.d.)] developed by Estonia and Finland through the Nordic Institute for Interoperability Solutions and implemented by many countries, such as Iceland, Japan, Kyrgyzstan and Finland), the developer of the X-tee [Estonia's e-solution environment based on the X-Road (e-Estonia Briefing Centre, n. d-a.; Estonian Information System Authority, 2019)], and being the organizer of the now-annual Tallinn Digital Summits (Tallinn Digital Summit, 2017), Estonia is very prominent with its digital leader position and transformational power in the digital field.

In the EU, the outlook on the continuity of digitalization's high position in the EU's agenda also seems positive. As early as 1993, the EU was striving to remedy information society issues (European Commission, 1993); with each new policy,

those issues became higher on the EU's agenda (Mansell, 2014). Currently, through the empowerment of people with new technologies and under the title of "A Europe for the Digital Age", it is one of the 6 political priorities of the European Commission for the years 2019-2024 (European Commission, 2019d). The ongoing DSM Strategy of the EU, started in 2015, is a very active policy with many accomplishments on the way to ensuring the readiness of European industry, society, and economy to the new digital era (European Council, 2019a). With the ongoing disparity in digital performance levels among EU member states, as shown in the most recent DESI (European Commission, 2019a), the EU is still lagging behind other major economies of the World in terms of digital performance (European Commission, 2018a). Digitalization, and the European response to it, is a very important issue for the EU and is expected to climb even higher in its policy agenda.

As digitalization brings more changes to our world, the productivity of a country in many areas will lean on the digital preparedness and advancement of that country. In order to be successful in this world, a country increasingly needs to be digitally advanced. With each year passing, the importance of being digitally advanced as well as having a digitally literate society is expected to be more important for countries. The topic of digitalization is expected to maintain its importance in the world, with more digitally advanced countries having an opportunity to be more influential and productive. Especially with the right conditions supporting them, digitally advanced countries may have great influential power over others in the future, regardless of their aggregate structural power.

As I write those words, we are in the midst of the COVID-19 pandemic outbreak, forcing us to fit most of our lives in our homes and do almost everything - including our education, work, socialization, and even supermarket shopping - digitally. This is a period during which one realizes how fast our world is digitalizing, how many things we are now able to do online, and how important it has become to be tech-savvy in order to be present in this changing world. Digitalization is an issue that is expected to become increasingly important in the world and is changing everything it touches irreversibly, rendering borders and distances irrelevant. Countries and companies that adapt to the digital era are expected to become successful, while those that do not might experience negative consequences. Estonia has a very

positive outlook and, as a small country with limited aggregate structural resources, it shows us how digital advancement can make a country influential and powerful. The future is digital, and the world should get prepared.

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