

# Estonia at a Glance

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Ministry of Economic Affairs  
and Communications





# Estonia

Estonia is home to a small nationality and a slightly larger nation. Our coastline of 3,800 km is roughly 1/2 of India's.

# Strategic Location: Estonia is the heart of the Baltic Sea. Small country but big punch!

## Area

45,227 km<sup>2</sup> (similar in size to Denmark or the Netherlands)

## Population

1.34 million (68% Estonians, 25% Russians)

Capital Tallinn (403,000)

## Distances from Tallinn to:

- Helsinki 85 km;
- Riga 310 km;
- St. Petersburg 350 km;
- Stockholm 375 km.

## Currency EURO

Estonia became a **NATO member state** on 29 March 2004

Estonia became a **European Union member state** on 1 May 2004

Estonia became the **OECD's** 34th member country on 9 December 2010



## Country credit ratings

Fitch	A
S&P	A
Moody's	A1

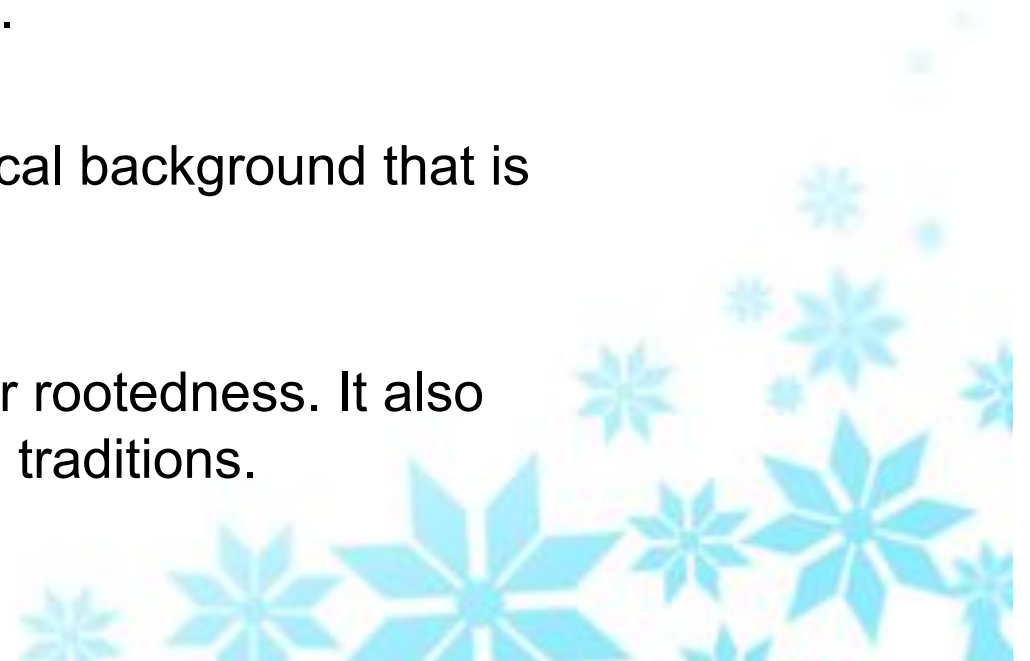
# Nordic influence

- We live in a Nordic country. That means unspoilt nature, mercilessly harsh weather, white nights and dark days.
- It also means the strict discipline required from us by our climate - clear shapes, quality in both thinking and action, as well as sustainable development and concern for the future.



# Rootedness

- We have inhabited this land for thousands of years. This is phenomenal in the whole of Europe and rare in the world.
- We have been daunted by various wars and foreign domination but we're still here.
- This provides us with a historical background that is unique in the world.
- There is heroic romance in our rootedness. It also gives us unique language and traditions.



# Business environment

We are at the heart of the Baltic Sea Region – the Europe's fastest growing market





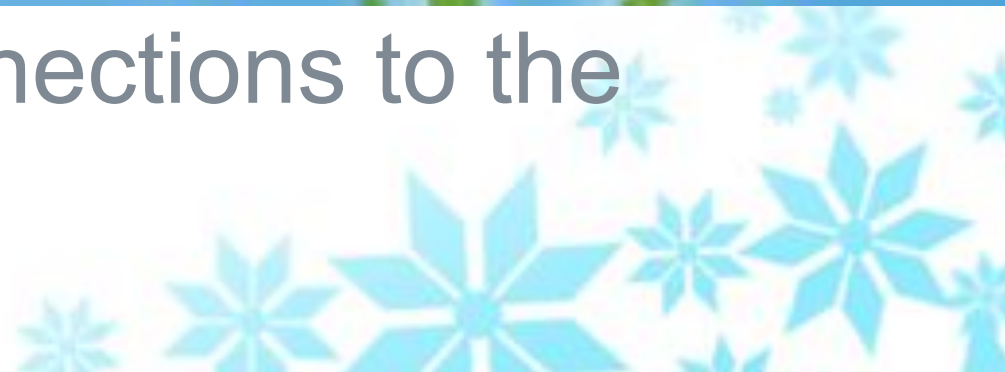
## Estonia is at the center of Baltic Sea Region

- All regional centers are at 24h reach
- Estonia is well connected with all of these centers via sea, rail and road network





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EAST



# Key benefits

- **Stability**
- Closeness
- Ease of doing business
- Low cost of doing business
- Country of foreign investors

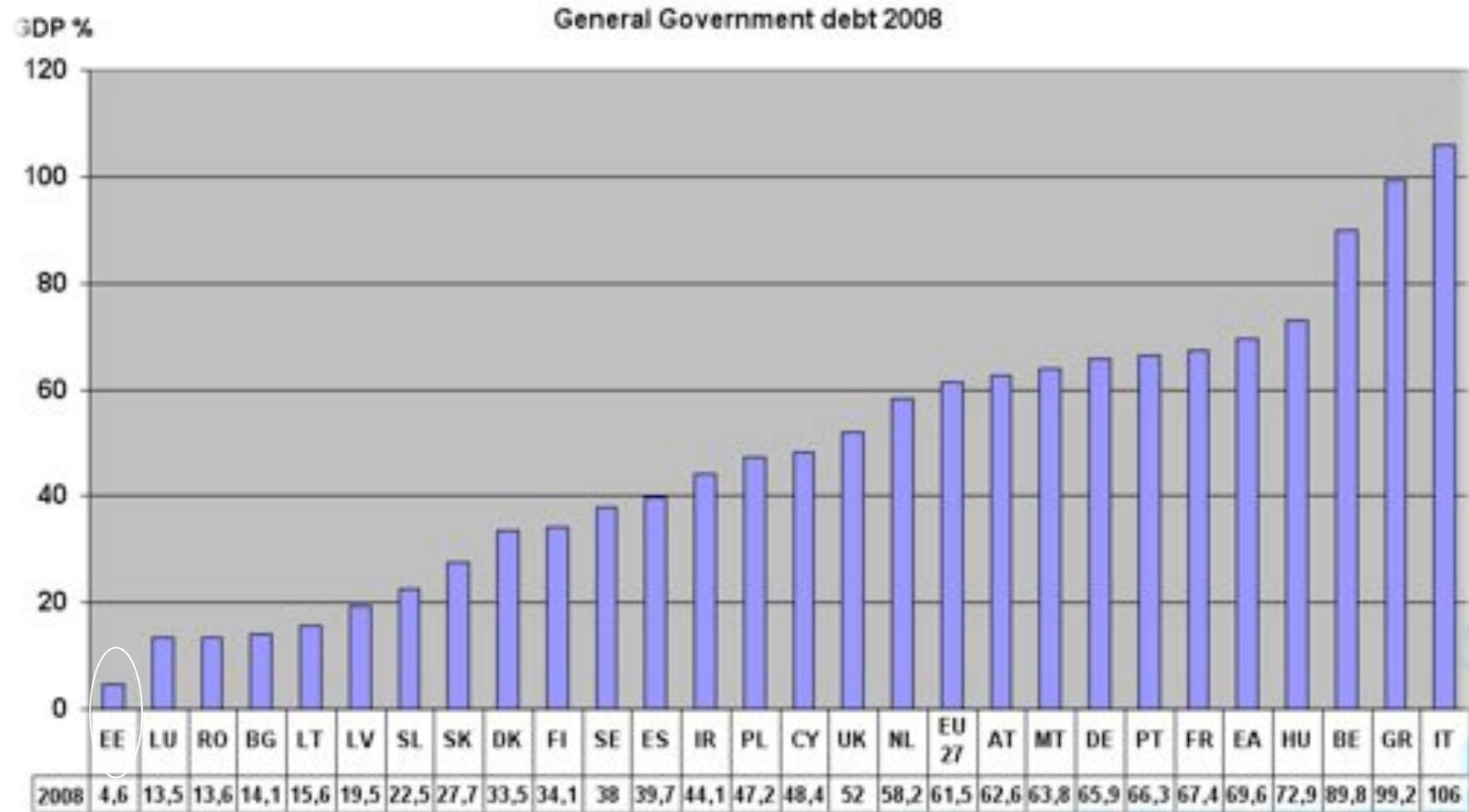


# Stability

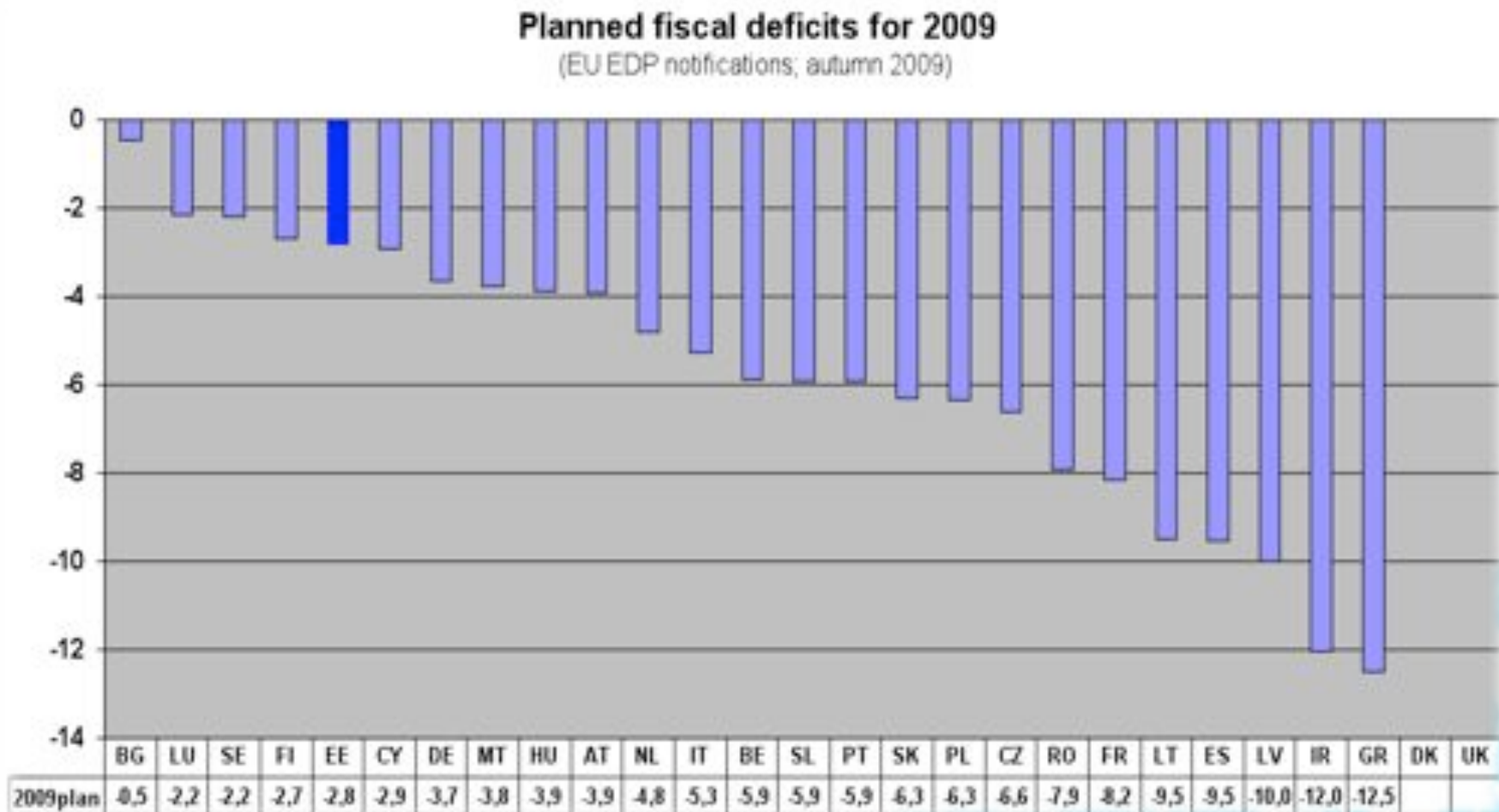
- Estonia has a very stable economic environment.
- Member of EU, NATO, Schengen & OECD
- One of the lowest government debts in Europe
- Rapid economic growth during the last 10 years.
- Considerable accumulated fiscal reserves.



# Estonia has the lowest levels of public debt in the EU



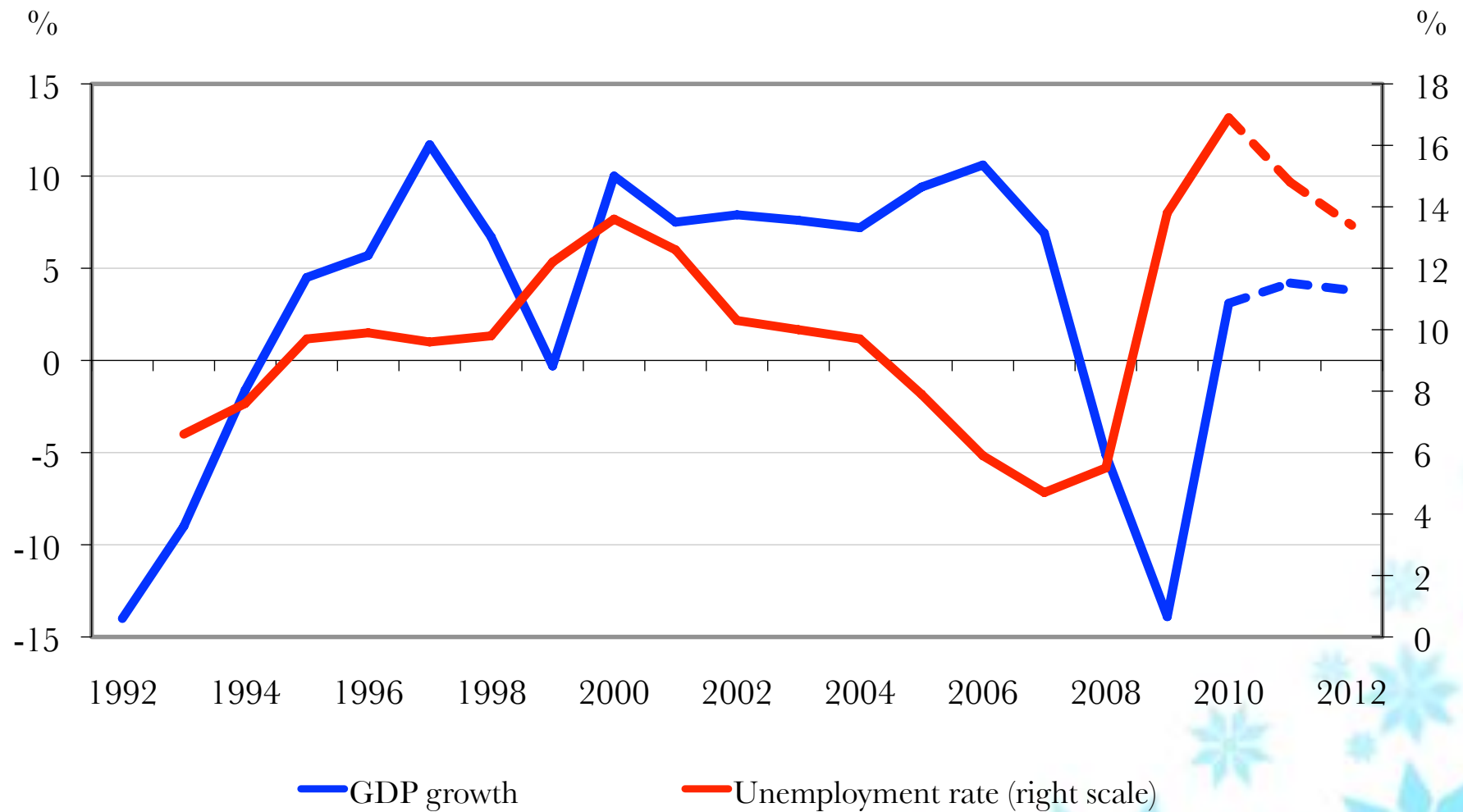
And one of the lowest fiscal deficits.





January 1, 2011

# GDP Growth and unemployment



Source: Statistical Office of Estonia, Bank of Estonia

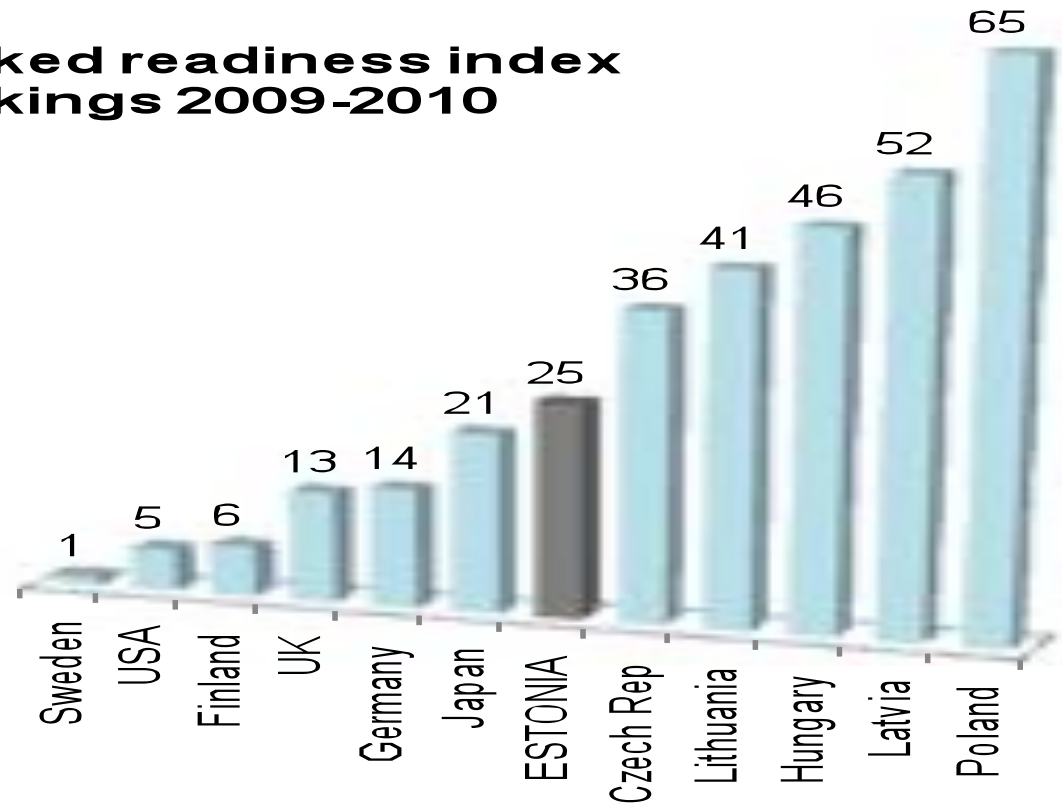
# Key benefits

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# High e-readiness

**Networked readiness index rankings 2009-2010**



Source: World Economic Forum

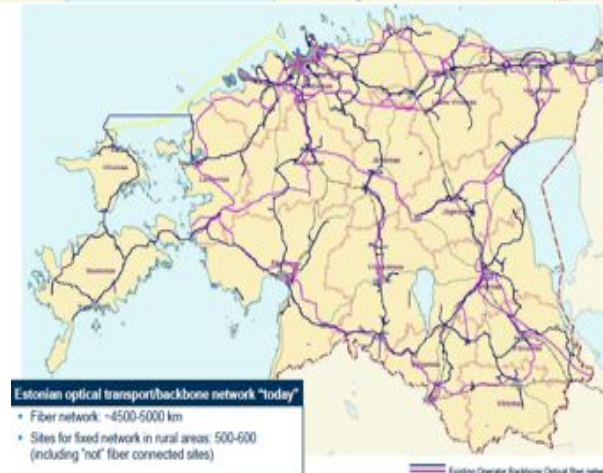
# Infrastructure: Cutting Edge ICT connectivity

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- By 2015 all Estonian households, enterprises and institutions will have access to the broadband network with the data connection speed of up to 100 Mbit/s
- Fiber optical backbone network connects all Estonian county centers
- The country is completely covered by digital networks providing wireless internet
- A network of Public Access Points covers most cities and towns



Fiber optical network in 2015



Fiber optical network today

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# E-country



# information society indicators

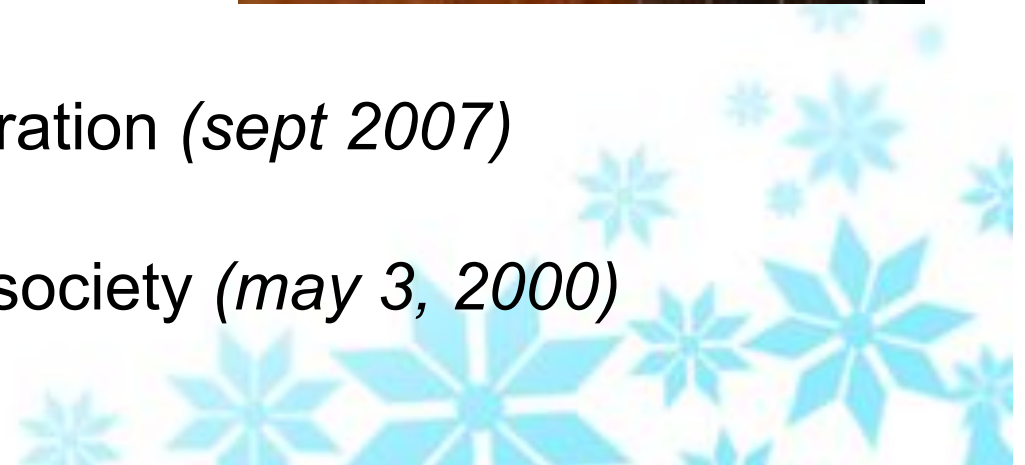
- ❖ Mobile phones penetration - 116%
- ❖ Home PC penetration - 76%
- ❖ Business Online - 92%
- ❖ Financial Transactions Online – 98%
- ❖ Schools Online - 100%
- ❖ Government Online - 100%

New human right in Estonia: access to wireless internet



# Estonia: a Great Test Market for New Technologies

- e-elections (local 2005 and 2009, national 2007, European Parliament 2009)
- e-government project (*august 2000*)
- e-tax board - income tax statements can be filled out via internet (*spring 2001*)
- digital signature act came into force (*december 2000*)
- 98% electronic transactions, 109% internet banking penetration (*sept 2007*)
- e-billing (*july 2000*)
- world's first MPS project for society (*may 3, 2000*)
- mobile parking (*july 1, 2000*)



# Key focus areas in ICT

- E-services
  - E-Health, E-Taxboard, E-School etc.
- R&D in ICT
  - IT Academy
- Security and fraud detection
  - NATO Center of Excellence in Tallinn from 2008
- Shared services



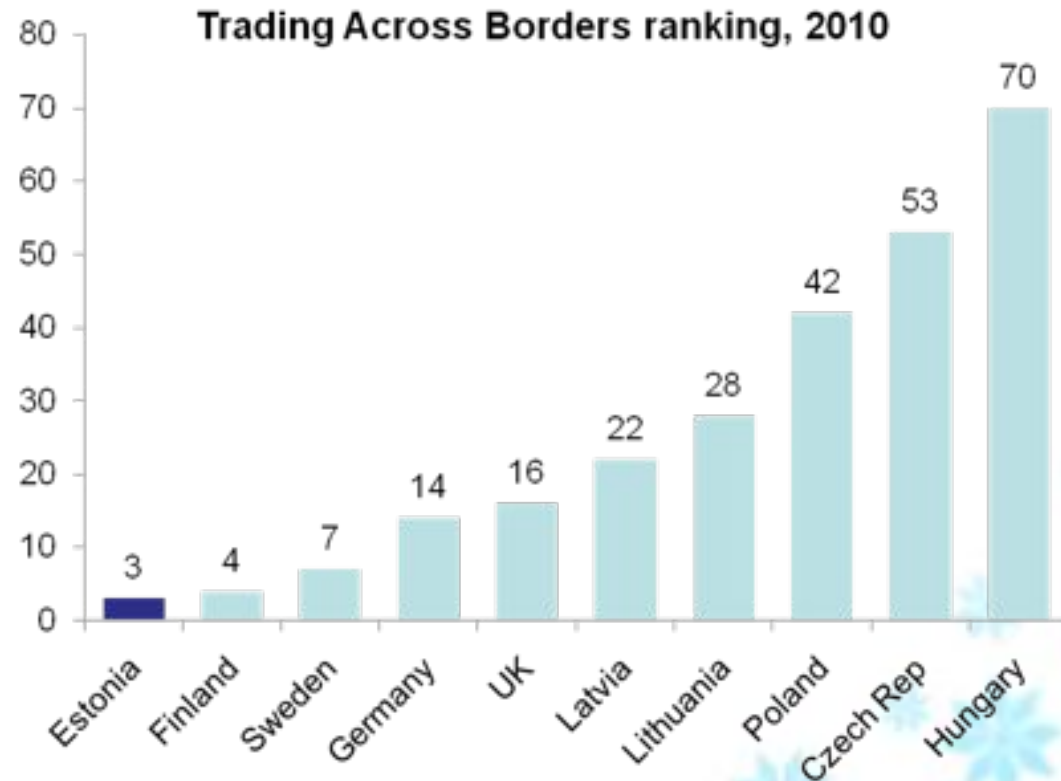
# Key benefits

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# Easy to do business – The world class trading location

- Estonia is consistently ranked by IMD, World Bank and the World Economic Forum as **one of the easiest and most efficient places** to do business in the world
- **Estonia is Ranked 3<sup>rd</sup>** out of 181 economies for the ease of Trading Across Borders. Estonia. **Factors benchmarked:**
  - number of all documents required to export/import goods,
  - time necessary to comply with all procedures required to export/import goods, and
  - cost associated with all the procedures required to export/import goods



Source: World Bank – Doing Business 2010  
<http://www.doingbusiness.org/economyrankings/?direction=Asc&sort=9>

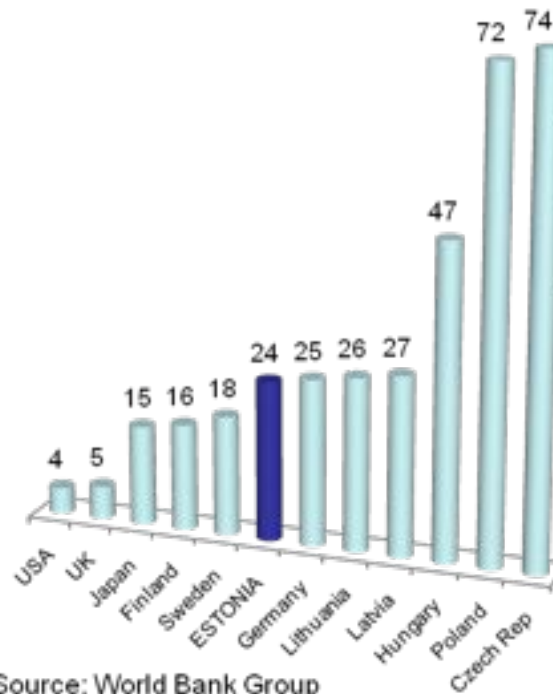
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# Easy to do business – Free and easy

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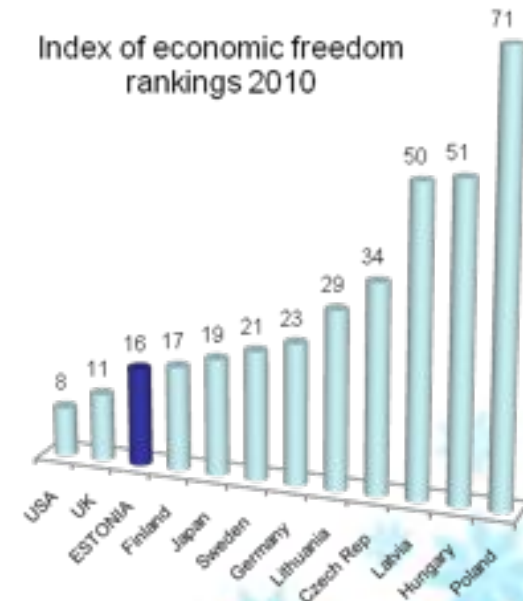
- Estonia is consistently ranked by IMD, World Bank and the World Economic Forum as **one of the easiest and most efficient places** to do business in the world
- **No 24** out of 181 economies in **ease of doing business**. Transparent regulations, easily understandable taxation systems, readily available credit, etc
- **Lowest corruption** among CEE countries

Ease of doing business rankings 2010



Source: World Bank Group

Index of economic freedom rankings 2010

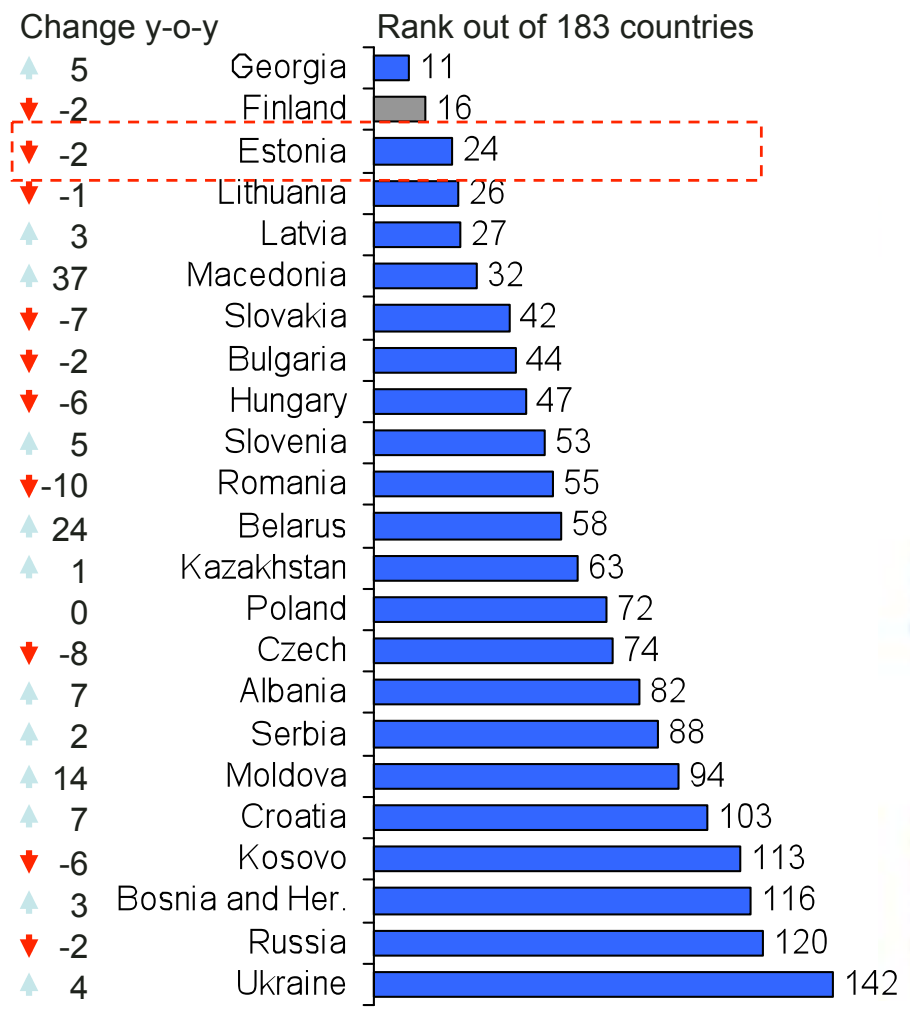


Source: Wall Street Journal;  
The Heritage Foundation

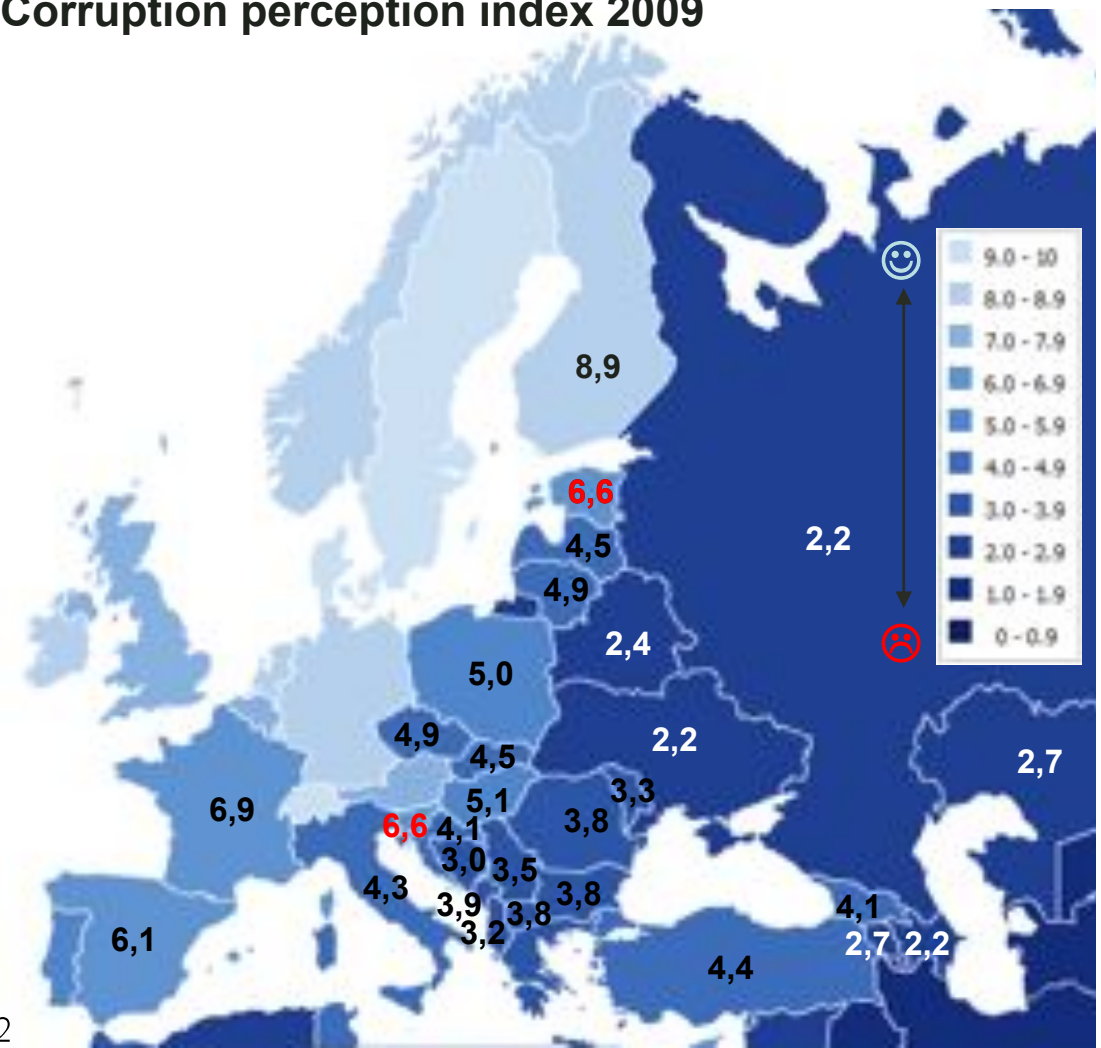
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# Baltic or Scandinavian?

**Ease of doing business index 2010**

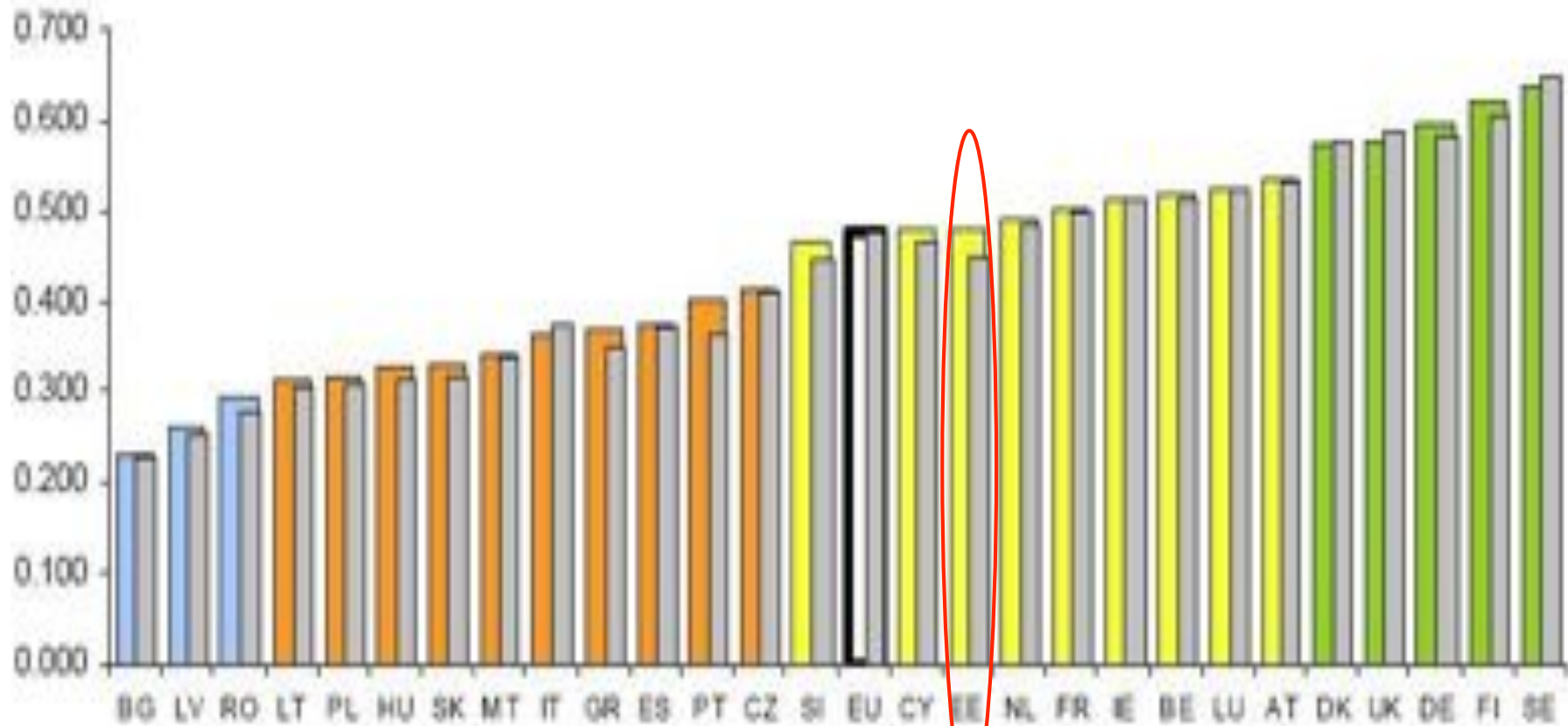


**Corruption perception index 2009**



Source: World Bank 2009, Transparency international 2009

# European Innovation Scoreboard 2009



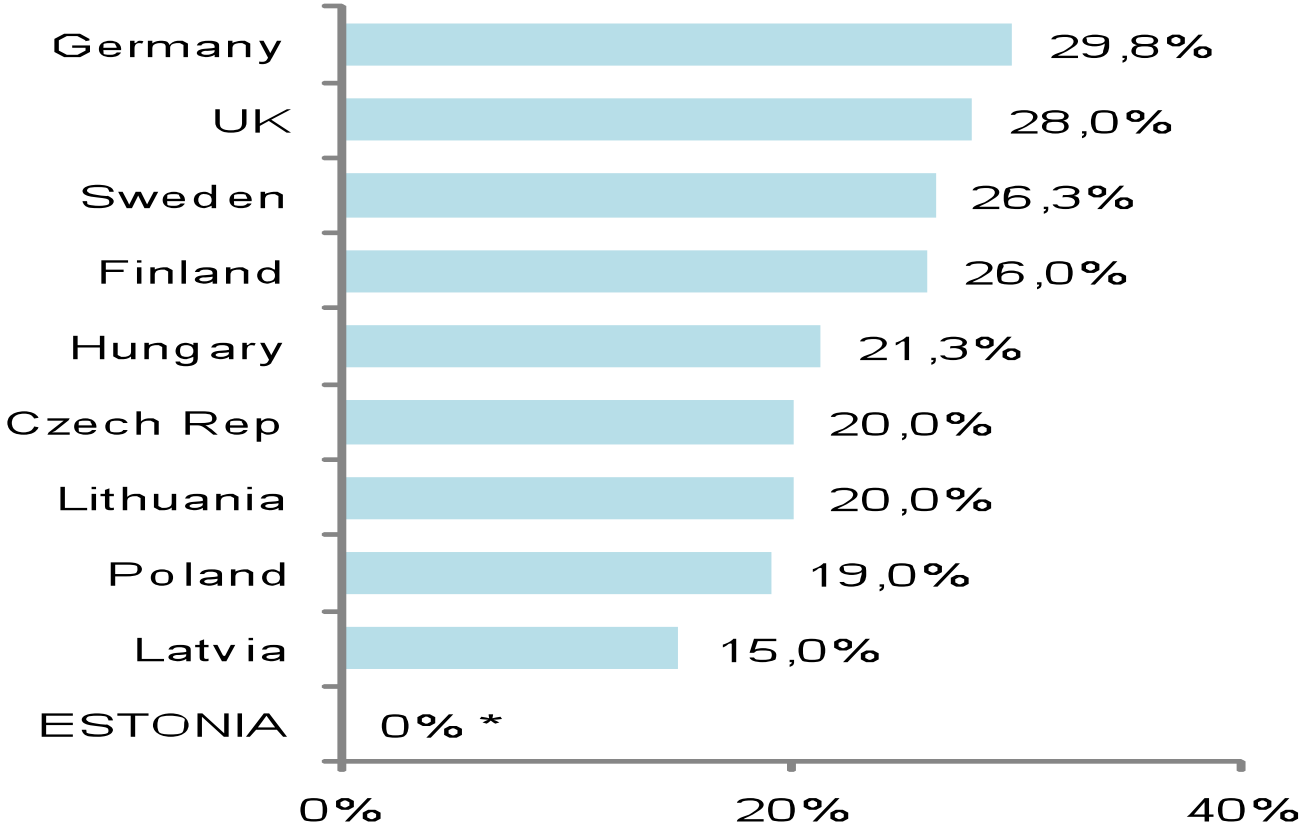
# Key benefits

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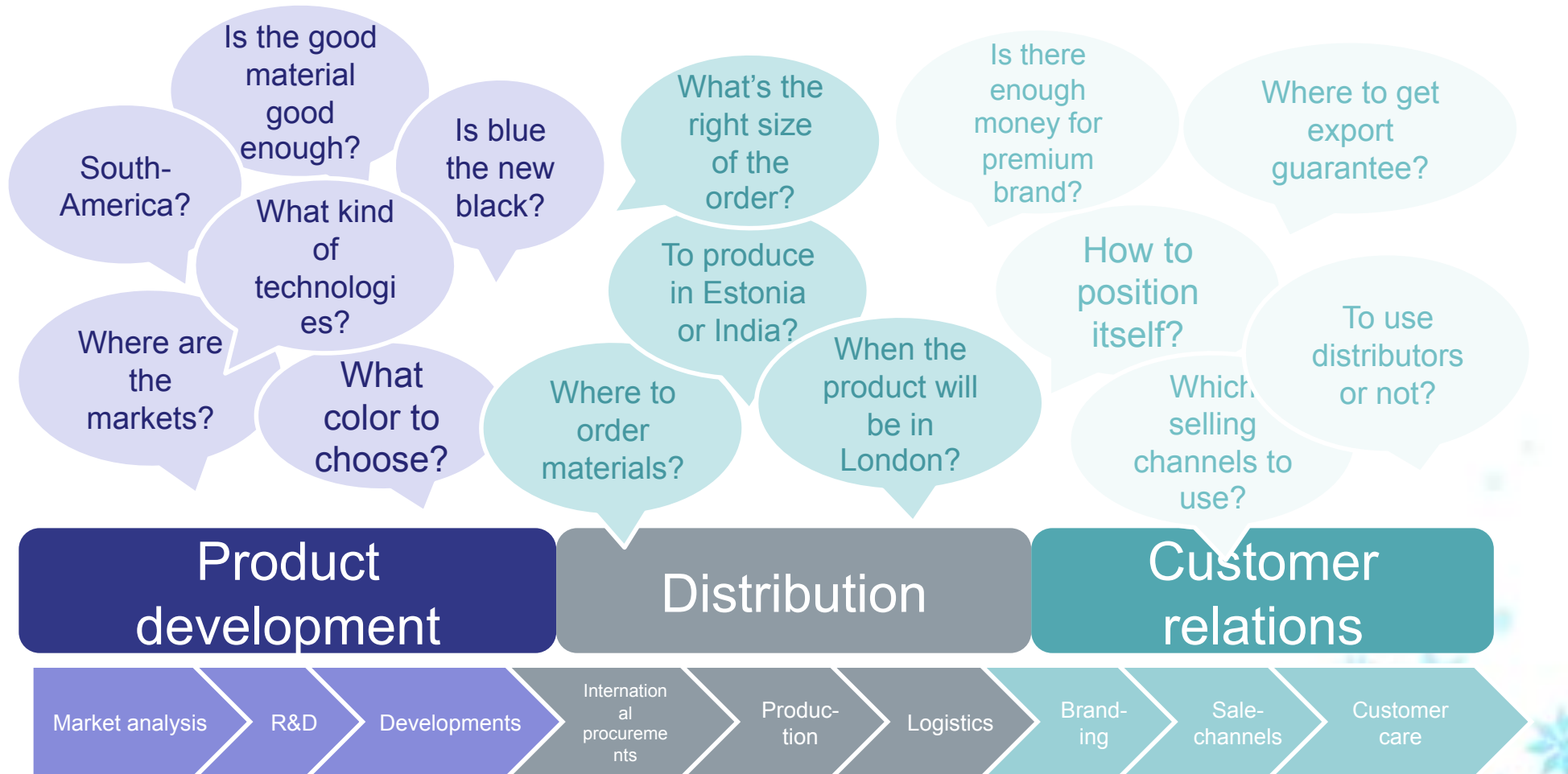


# Simple and favourable tax system

**Statutory tax rate on corporate income, 2009**



# Everyday life of “Estonian Shoe Factory” in global value chain



Valu chain model: Value Chain Group, Ltd

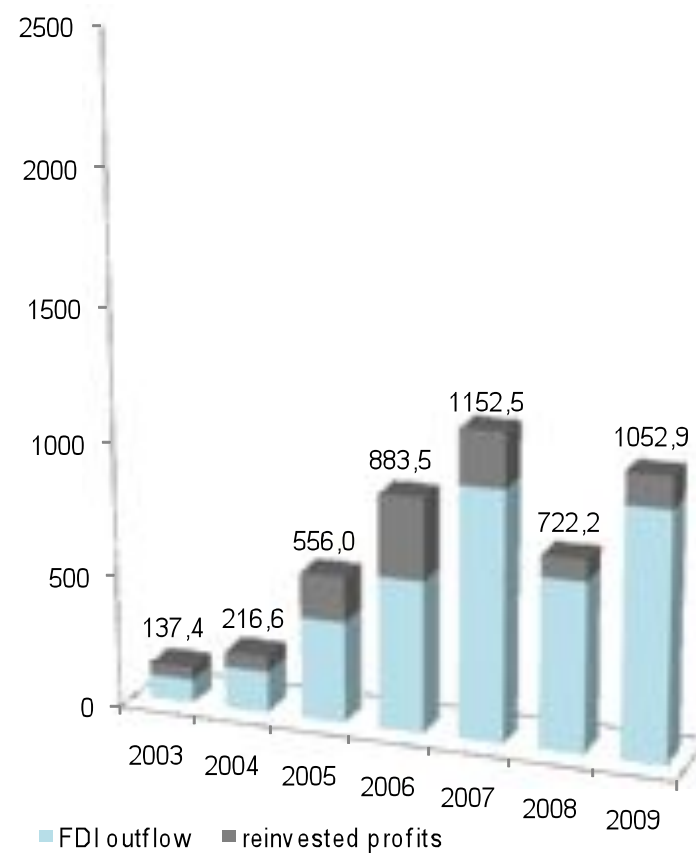
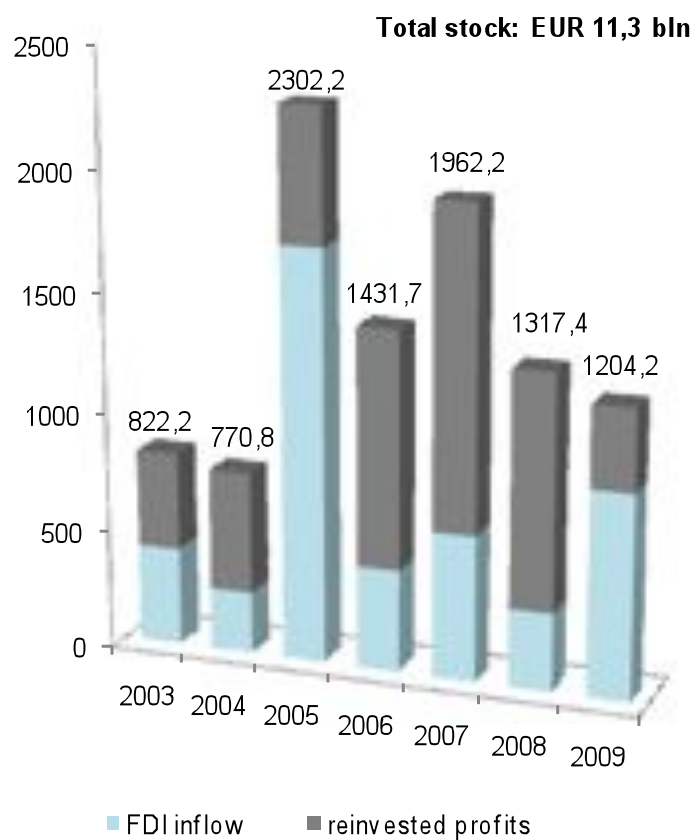


# Key benefits

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# Structure of FDI inflow and outflow, (EUR m)



Source: Bank of Estonia

# Global success stories with Estonian touch



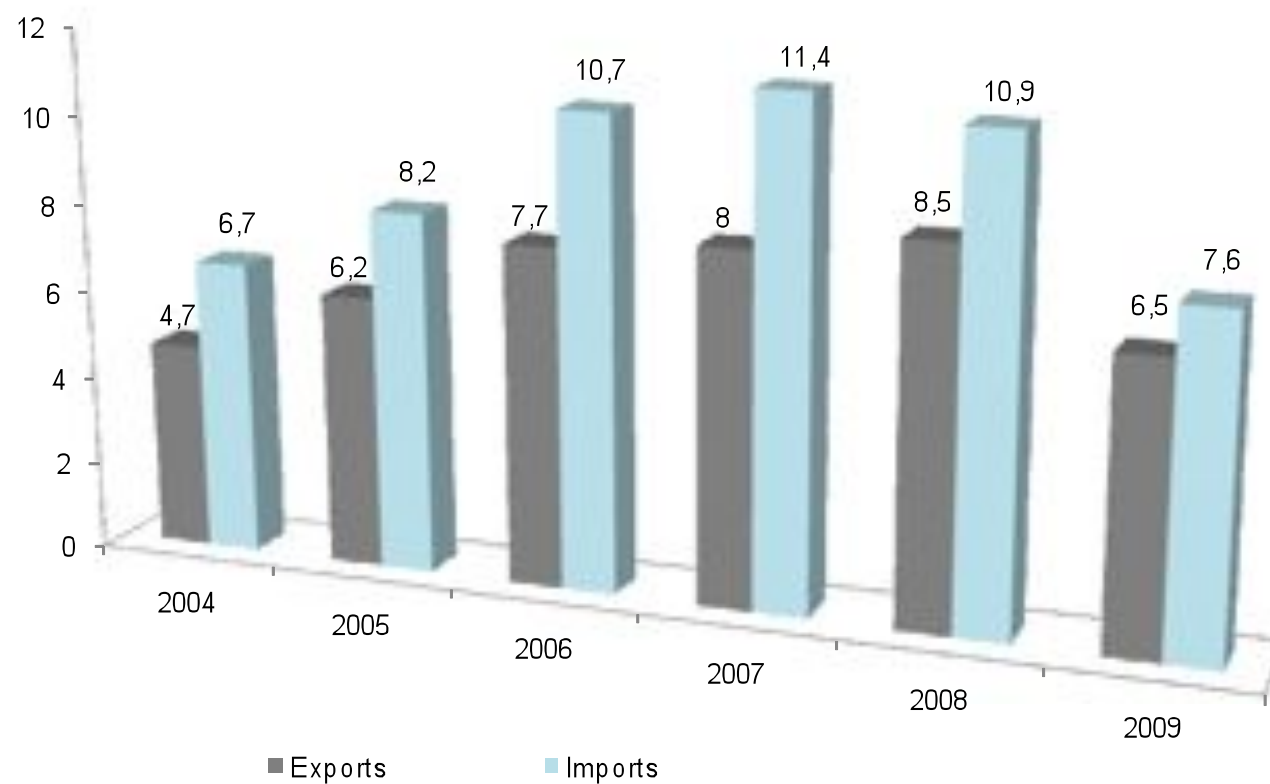
# Foreign investments in 2010

## News from 2010 of significant foreign investments into Estonia

Company		Industry	Type of activity
Autoliv		Automotives	Acquisition
TeliaSonera <sup>1</sup>		Telecom	Acquisition
Technopolis		Real estate	Acquisition
Jago		Food distribution	Acquisition
Incap		Electronics	Moved production
Turo tailor		Textiles	Moved production
Kinnarps		Furniture	Moved production
Flexa Holding		Furniture	Moved production
Ensto Ensek		Plastic products	Built a new factory
Saarioinen		Food industry	Built a new factory
Cargotec		Machinery	Built a new factory
Trelleborg		Rubber products	Factory extension
Elcoteq		Electronics	Increased production
Ericsson		Electronics	New production (acquisition of Elcoteq in 2009)
Bauhaus		Retail	Opened first store
Seven Networks		ICT	R&D Center

Note: <sup>1</sup> Signing end of 2009, final closing in 2010.

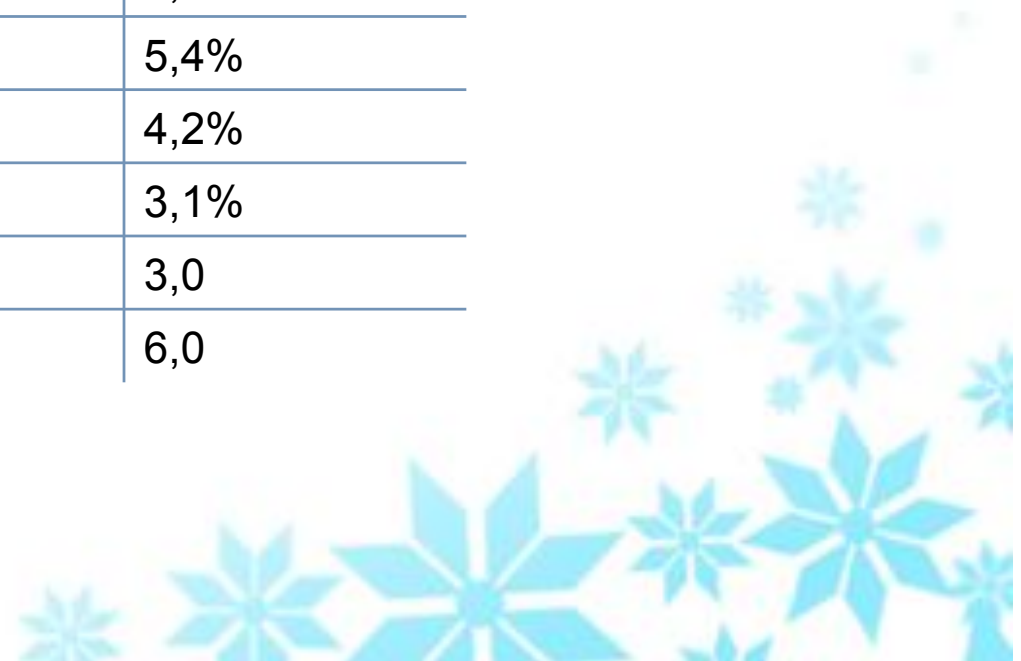
# Estonian foreign trade, (EUR bln)



Source: Statistics Estonia

# Manufactured export

Machinery and appliances	21,8%
Mineral products	11,9%
Base metals and articles of metals	12,1%
Agricultural products and food preparations	9,0%
Wood and articles of wood	8,5%
Transport equipment	7,7%
Misc. manufactured articles	7,3%
Chemical products	5,4%
Textiles and textile articles	4,2%
Articles of plastics and rubber	3,1%
Paper and articles of paper	3,0
Other	6,0



# Main export partners

Finland	18,4%
Sweden	13,9%
Russia	10,4%
Latvia	9,9%
Lithuania	5,7%
Germany	5,0%
USA	4,8%
Norway	3,3%
Denmark	3,3%
Great Britain	2,7%
Other	22,4%



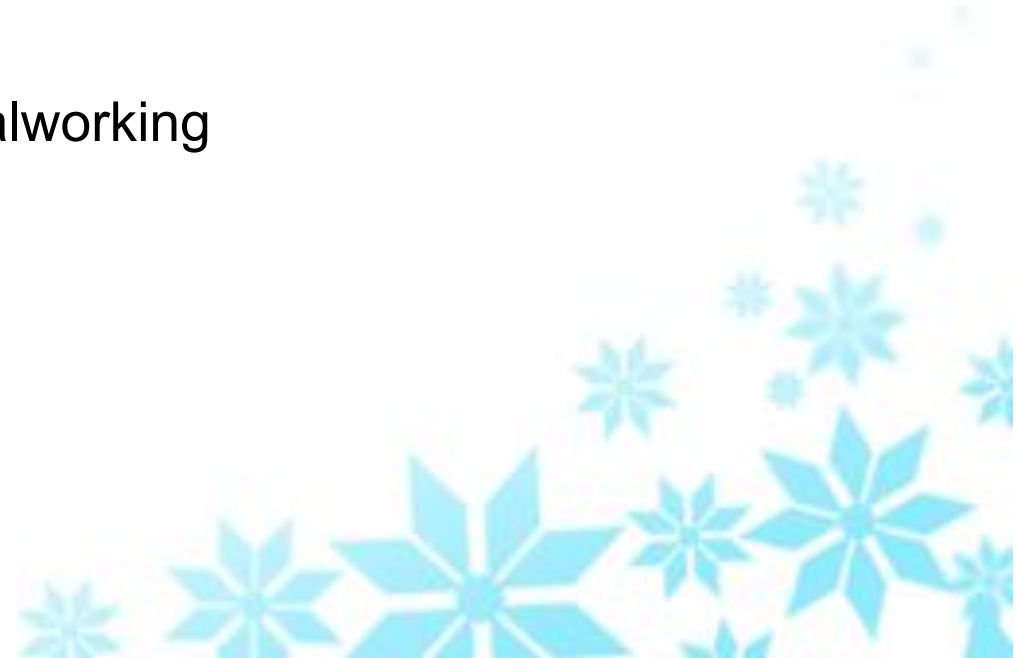
# FDI by business activity

Finance	34,6%
Business activities	25,5%
Manufacturing	14,0%
Wholesale and retail	12,2%
Transport and comm.	5,8%
Utilities	2,9%
Construction	1,6%
Other	2,8%



# Key sectors

- ICT
- Transport and logistics services
- Business and financial services
- Industrial machinery and metalworking
- Electronics



**THANK YOU!**

