

# U.S. Country Commercial Guides



## CCG Estonia 2018

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## **Doing Business in Estonia**

### **Market Overview**

Estonia has been a member of the European Union since 2004 and adopted the euro as its official currency on January 1, 2011. Estonia formally joined the OECD in December 2010.

It takes only 18 minutes to establish a company on the Internet in Estonia and companies registered in Estonia do not have to pay income tax for re-invested profits. Foreign and domestic investments in Estonia are treated equally under the law. 99 percent of banking transactions in Estonia are conducted electronically.

GDP growth in 2017 was at 4.9 percent and the prognosis for 2018 is estimated at 4.5 percent. The tightening labor market has put upward pressure on salaries.

According to the U.S. Census Bureau's Foreign Trade Division, in 2017, the principal exports from the United States were computer and electronic products, machinery and agricultural products. U.S. exports to Estonia were 274 million USD and Estonian exports to US 604 million USD.

Estonian membership in the EU has not had major bilateral trade implications for the United States. Estonia's main trading partners are Finland, Sweden, Germany and Russia, while the U.S. share in trade is approximately 1 percent. Estonia has well-developed ports and transit infrastructure that would serve European trade with Eastern partners, including Russia.

### **Market Challenges**

The biggest challenge for Estonia is a small domestic market, with only 1.3 million people.

The primary competition for American companies in the Estonian marketplace is from European companies, especially Finnish and Swedish firms.

### **Market Opportunities**

Estonian business attitudes towards the United States are positive, and business relations between the United States and Estonia are increasingly significant.

- More info on the opportunities on Invest in Estonia website: <http://www.investinestonia.com/en/business-opportunities>

### **Market Entry Strategy**

All market entry strategies are applicable. Many U.S. companies enter the market through their subsidiaries in Finland. U.S. firms can overcome competition from the Scandinavian companies by offering high-quality products and services at competitive prices, and locally based after-sales support.

## **Political Environment**

### **Political Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes <http://www.state.gov/r/pa/ei/bgn/5377.htm>

## **Selling US Products & Services**

### **Using an Agent to Sell US Products and Services**

One exclusive agent/distributor is usually appointed to cover the entire country. Estonian importers often represent several different product lines. In selecting a representative, the exporter should check whether a company handles competing products.

It is recommended that U.S. companies seeking agents, distributors, or partners in Estonia contact the Political/Economic Section of the U.S. Embassy in Tallinn.

Local Yellow Pages also include information in English:

Ekspress Hotline: <http://www.1182.ee/front-page>

Estonian Export Directory: <http://www.estonianexport.ee/>

### **Establishing an Office**

All questions concerning establishing an office in Estonia are covered by the Enterprise Estonia Investment Guide: <http://www.investinestonia.com/en/Investment-guide/>

### **Franchising**

Estonia's legal system provides for trademark protection and licensing provisions. Franchisors should consider the small size of the market when making their agreement requirements.

### **Direct Marketing**

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are most stringent for marketing and sales to private consumers. Companies need to focus on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance selling and on-line commerce.

Distance Selling Rules: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

Direct Marketing over the Internet: [http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

### **Joint Ventures/Licensing**

Joint ventures and licensing arrangements with foreign manufacturers are allowed and encouraged. Over 100 U.S. companies have established themselves in the Estonian market with subsidiaries or joint ventures.

### **Selling to the Government**

The U.S. and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement

tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: <http://www.export.gov/europeanunion/grantstendersandfinancing/index.asp>

Government procurement in Estonia is governed by the Public Procurement Act (PPA), which came into force in 2001. The objects of public procurement are goods, services, construction work, construction work concessions and design solutions.

PPA in English: <https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/502042015013/consolide>

EU government tender notices can be viewed in English at: <http://ted.europa.eu/TED/main/HomePage.do>

More info on Estonian Public Procurement Policy can be found at: <https://www.rahandusministeerium.ee/en/public-procurement-policy>

### **Distribution & Sales Channels**

Distribution channels in Estonia are similar to those in the United States market. Goods may be sold through an agent, distributor, established wholesaler, or by selling directly to retail organizations. Businesses and most logistic services are concentrated in and around Tallinn.

Estonian Traders' Association is a non-profit voluntary organization bringing together retailers with common interests, to solve different problems and represent members in various institutions in Estonia and abroad. The association has 56 members - retail and wholesale enterprises. More info: <http://kaupmeesteliit.ee/liidust/english-summary/>

### **Express Delivery**

Omniva is the Estonian national postal service provider and has post offices all over Estonia.

Other postal and courier service providers:

TNT [www.tnt.com](http://www.tnt.com)

DHL [www.dhl.ee](http://www.dhl.ee)

UPS [www.ups.com](http://www.ups.com)

Itella [www.smartpost.ee](http://www.smartpost.ee)

Express Post [www.expresspost.ee](http://www.expresspost.ee)

More info on express delivery to Estonia from US on the United States Postal service website: [http://pe.usps.com/text/imm/ce\\_030.htm](http://pe.usps.com/text/imm/ce_030.htm)

### **Selling Factors & Techniques**

Selling factors and techniques are very similar to those in the United States. Terms generally applied to international trade with other small EU countries apply to selling in Estonia. In general, only one local distributor is needed to cover the whole country.

### **eCommerce**

In Estonia there are around 6,000 e-stores offering books, publications, tools, household goods, software and hardware, flowers and multimedia products. It is possible also to book and buy air and ferry tickets on-line or purchase tickets to various entertainment events.

More than 58% of Estonian people of have used e-commerce. The most popular types of goods bought online are:

- travel and accommodation services (61%);
- concert, cinema and theatre tickets (57%);
- clothing and sports equipment (49%).

85% of people using e-commerce bought their goods from Estonian sellers, 45% from the EU and 41% from other countries (2017).

In 2017, post and online retail grew by 37% compared to the previous year (retail overall: 6%). Sales of goods by post and online amounted to 239.4 million euros (retail overall: 6.32 billion euros).

Proportion of postal or online retail of total retail was 3.6% (2017).

Estonia ranks 9th in the EU's Digital Economy and Society Index (DESI) 2018 based on European Commission data. Estonia topped the rankings in online public services and scored above the EU average in digital skills of the population and Internet usage. More on EU's Digital Economy and Society Index (DESI): [http://ec.europa.eu/information\\_society/newsroom/image/document/2018-20/4\\_desi\\_report\\_integration\\_of\\_digital\\_technology\\_B61BEB6B-F21D-9DD7-72F1FAA836E36515\\_52243.pdf](http://ec.europa.eu/information_society/newsroom/image/document/2018-20/4_desi_report_integration_of_digital_technology_B61BEB6B-F21D-9DD7-72F1FAA836E36515_52243.pdf)

The most popular foreign e-commerce platforms are AliExpress, eBay and SportsDirect.

Estonia has an extensive network of smart lockers. 86% of online buyers are using smart lockers for delivery. 46% of online shoppers get their purchases delivered by courier services.

Estonia maintains a robust IPR regime. The quality of IP protection in legal structures is strong, enforcement is good and infringements and theft are uncommon. Estonia is not listed in USTR's Special 301 report or in the Notorious Market report.

The most frequented local B2B online shops in 2016 were Kaup24.ee, On24.ee, Hansapost.ee, 1a.ee and Shoppa.ee. The main B2G website is www.eesti.ee

There are three methods mostly used for paying for internet purchases: internet bank payments through a bank link service (56%), card payments (13%) and e-wallet solutions like PayPal (9%).

Estonian companies offer a full range of services when it comes to strategic and tactical marketing communications, market research, advertising, POS materials, event marketing, PR, cost-effective advertising development and management services for AdWords campaigns, and other online marketing campaigns.

There are no major buying holidays but online shopping sees record sales before the Christmas holidays.

About 57% of the Estonian population uses social media. The leading social network is Facebook. Russian-speakers favour Russian social media, especially Odnoklassniki and VKontakte.

## **Trade Promotion & Advertising**

### **General Legislation**

Advertising in Estonia is regulated by the Advertising Act: <https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/515032016001/consolide>

### **Web links**

Media contacts: Estonian printed media: <http://www.eall.ee/members.html>

The Association of Estonian Broadcasters: [http://www.ringhliit.ee/english/members\\_stations/](http://www.ringhliit.ee/english/members_stations/)

Most international fairs take place at the grounds of Estonian Fairs, Ltd., located in Tallinn: <http://www.fair.ee/?lang=en>

## **Pricing**

Customs duties information can be found from the Estonian Master Tariff System: <https://www.emta.ee/eng>

Excise tax is levied on raw tobacco and cigarettes, cigars, cigarillos; alcohol and beer; gasoline, diesel oil, jet fuel, and lubricating engine oil; cars, motorcycles, and yachts; and packaging.

Nearly all imports, as well as domestic production, are subject to the 20% Value Added Tax (VAT). Value Added Tax Act: <https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/529042016001/consolide>

More on VAT: <http://www.emta.ee/eng/business-client/income-expenses-supply-profits/overview-charging-value-added-tax>



## **Sales Service/Customer Support**

EU institutions have launched a number of initiatives aimed at harmonizing national legislation to help with the discrepancies among Member States in product labeling, language use, legal guarantees, and liability, the redress of which inevitably frustrates consumers in cross-border shopping. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Key link: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01999L0044-20111212&qid=1395670475658&from=EN%20>

## **Protecting Intellectual Property**

IP rights are protected. Please check the IP section in Investment Climate Report Chapter 6.

IP Attaché Contact

Name: Andrea Lindgren

Address Kentmanni 20, 15099 Tallinn

Telephone +372 6688107

E-mail [LindgrenAKS@state.gov](mailto:LindgrenAKS@state.gov)

## **Due Diligence**

Company due diligence is recommended before buying a company, merging with one or entering into any type of partnership with Estonian companies. In case you would like to investigate the capabilities, legitimacy and financial strength of a potential overseas business partner gleaned from government, industry and financial contacts, the local press and other sources, please contact the U.S. Embassy for International Company Profile (ICP) report. More info on ICP: <https://www.export.gov/International-Company-Profile>

## **Local Professional Services**

Local service providers can be found in:

Estonian Yellow Pages: <http://www.1182.ee>

Enterprise Estonia: <http://www.investinestonia.com/en/investment-guide>

## **Principle Business Associations**

Estonian Chamber of Commerce and Industry is the most influential organization that represents businesses in Estonia: [www.koda.ee/en](http://www.koda.ee/en)

Members of the American Chamber of Commerce in Estonia include both businesses and individuals from the United States, Estonia and neighboring countries who are conducting business in or trade with Estonia: [www.amcham.ee](http://www.amcham.ee)

## **Limitations on Selling US Products and Services**

Licenses are required for foreign investors to enter the following sectors: mining, energy, gas and water supply, railroad and transport, waterways, ports, dams and other water-related structures and telecommunications and communication networks. The Estonian Financial Supervision Authority issues licenses for foreign interests seeking to invest in or establish a bank. Additionally, the Estonian Competition Authority reviews transactions for anti-competition concerns. Government review and licensing have proven to be routine and non-discriminatory.

## **Web Resources**

Estonian Customs: <http://www.emta.ee/eng>

Enterprise Estonia: <http://www.tradewithestonia.com/>

Ekspress Hotline: <http://www.1182.ee/front-page>

Estonian Export Directory: <http://www.estonianexport.ee/>

US Embassy in Estonia: <https://ee.usembassy.gov/business/>

## **Leading Sectors for US Exports & Investments**

Estonia offers key opportunities for businesses in a number of economic sectors like energy, information and communication technology (ICT), automotive, electronics, safety and security.

### **Energy**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

#### **Overview**

Thanks to its large domestic oil shale reserves, Estonia is relatively independent in energy, but produces the second highest greenhouse gas emissions per capita in the EU. The Estonian government is planning to diversify electricity supply via investment in renewables, and cleaner oil shale technology, which will create commercial opportunities for U.S. companies. Estonia's renewable energy potential lies mainly in biomass, biogas, wind and cogeneration from bio fuels. There is also interest in other energy technologies such as smart grid solutions.

Estonian electricity utility Elektrilevi signed in 2012 a contract with Ericsson under which the network manufacturer will supply, deploy, systems integrate and run a smart-metering country wide network. By January 2017 all 625,000 remote read meters were installed. Estonia is one of a number of European countries that are installing smart meters to help meet the EU target of improving energy efficiency by 20% by 2020. Ericsson will provide maintenance for three years and Elektrilevi will have the option of extending the maintenance contract until 2025.

#### **Leading Sub-Sectors**

Energy saving and storage technology

Cogeneration technology

Smartgrid technology

#### **Opportunities**

Info on opportunities: <http://ted.europa.eu/TED/main/HomePage.do>

#### **Web Resources**

4 Energia: <https://www.4energia.ee/en>

Eesti Energia: <https://www.energia.ee/en/avaleht>

Estonian Wind Power Association: <http://www.tuuleenergia.ee/en/>

Estonian Power and Heat Association: <http://www.epha.ee/kontakt>

Viru Keemia Grupp: <http://www.vkg.ee/eng>

Electricity and gas TSO: <http://elering.ee/index.php?mobile=enable>

Estonian Gas: <http://www.gaas.ee/en/>

Statistics: [http://pub.stat.ee/px-web.2001/I\\_Databas/Economy/databasetree.asp](http://pub.stat.ee/px-web.2001/I_Databas/Economy/databasetree.asp)

### **Agricultural Sector**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

## Overview

The Estonian food market holds potential for imports of a wide range of high-value packaged goods targeted to higher and middle income level groups, increasing numbers of tourists and a growing expatriate community. The fast-developing consolidation of retail outlets through investment by large Scandinavian chains may provide new opportunities for exporters who can successfully connect with these companies. Products packaged and targeted at the hotel-restaurant sector such as desserts and beverages are growing in popularity. There are long established consumer preferences for domestic fresh products which have short shelf lives and are free of additives. Although consumer demand remains price-sensitive, consumers have started to show interest in organic foods. A preference for new products is strong among the younger population, but a significant number of consumers remain "tasting level" buyers.

According to Global Trade Atlas Estonia is a net exporter of food products. Trade balance with the U.S. is also positive for Estonia. Estonia's most important food imports are beverages, meat products, fruits and vegetables, coffee, tea, preserves of vegetables and fruits, and feed grains. Major U.S. exports, which have good market potential, include fish (roe and surimi), nuts (shelled almonds and pecans), baking ingredients such as dried vegetable ingredients (garlic and onions), dried fruit (cranberries, blueberries, or prunes), fruit (grapefruit or table grapes), wines, and distilled spirits.

Estonian food exports include dairy products, meat, fish, and beverages. The U.S. imports Estonian forest products, cheeses, frozen fish and fish preparations, as well as starch, glues, and cotton articles.

Since Estonia's EU accession in 2004, the EU's external customs tariffs now apply on imports to Estonia. The EU has strict sanitary and phyto-sanitary regulations for its products. Exporters should first examine whether their product is granted market access to the European Union. Some commodities such as beef, poultry, corn, rice, and processed products derived from those ingredients face significant barriers.

EU agricultural exports from European countries therefore face zero duties compared with Most Favored Nation (MFN) rates for U.S. exports. Detailed information on the current customs tariffs applicable in the EU are available at:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

Sub-sector                      Prospects                      for                      Agricultural                      Products  
Note: All figures are in Thousands of U.S. dollars, unless otherwise stated.

Data Source: Global Agricultural Trade System (GATS). The GATS does not track intra-EU transshipments only direct trade. Other best prospects are based on trade information and products presently on the market.

Tree Nuts (Consumer Oriented Product)

Hardwood Lumber (Forest Product)

Caviar, Surimi and Other Fish Products (Fish Products)

## Leading Sub-Sectors

### 1. Tree Nuts

Tree nuts sourced from the United States consist primarily of almonds. Almonds are an increasingly popular ingredient in the confectionary, home baking and snack industries. The United States' leading competitor on the Estonian market is Germany, which coordinates shipments from Spain but also from the U.S. Lithuania is another transshipping point for nuts from those two sources.

Commodity Group:                      Nuts (incl. Almonds and Walnuts)

Harmonized Schedule Code(s):                      HS 0802

Value in US\$1,000

Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 f.</u>
Total Imports	9,226	8,273	9,021	9,100
Total Imports from U.S.	905	853	1,602	1,200

## 2. Forest Products

Estonia is a leading manufacturer of wood furniture for the European market. U.S. wood based products are exported from Estonia mainly to the Scandinavian countries. Russia, Latvia, and Finland provide the main competition for the U.S. Estonia imports mostly ash and oak wood sawn or chipped from the U.S.

Commodity Group: Hardwood Lumber

Harmonized Schedule Code(s): HS 4407

Value in US\$1,000

Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 f.</u>
Total Imports	231,076	249,452	302,069	340,000
Total Imports from U.S.	8,954	7,485	10,472	10,900

## 3. Seafood (Caviar, Alaska pollock)

Fish is traditionally an important part of the daily diet in Estonia. Estonian consumers are getting more information about products now, and are benefiting from campaigns promoting consumption and the health benefits of fish and seafood. Estonian consumers are receptive to market promotions. With the growing importance of the seafood processing industry this market will continue to offer sales opportunities for U.S. exporters. In 2017 the value of imports of fish and seafood products from the United States amounted to U.S. 2.54 million, 10 percent lower than in 2016. In 2017 imports from the U.S. dropped because Estonian fish processing industry was hit by the Russian export ban. In the first four months of 2018 imports from the U.S. increased by four percent in comparison to the same period of 2017, because of higher imports of Alaska Pollock.

Commodity Group: Caviar, Alaska pollock, other Fish Products

Harmonized Schedule Code(s): HS 1604, 03, 1605

Value in US\$1,000

Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 f.</u>
Total Imports	164,173	131,721	147,598	165,000
Total Imports from U.S.	3,415	2,829	2,538	2,650

## Opportunities

Attaché reports provide information on market opportunities, crop conditions, new policy developments and information on the local food industry. Some standard reports include: Retail Market Report, Exporter Guide,

Food Service Report, and market briefs on select products. Attaché reports can be found at: <http://www.fas.usda.gov/scripts/attacherep/default.asp>. In recent years, many of the reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the market covered by our Post also review the EU-28 reports.

#### **Trade Data:**

Please refer to: The USDA Foreign Agricultural Service's Global Agricultural Trade System (GATS). GATS includes international trade statistics on agricultural, fish, forest, and textile products, dating from the inception of the Harmonized coding system in 1989 to present.

Available at:

<http://www.fas.usda.gov/gats/default.aspx>

#### **Web Resources:**

Information on agricultural trade barriers can be found at the following website:

<http://www.usda-eu.org/>

USDA's Foreign Agricultural Service (regional office in Warsaw):

<http://www.fas.usda.gov/offices/office-agricultural-affairs-warsaw>

## **IT Services and Equipment**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### **Overview**

Digital services

Estonia ranks 9th in the 2017 EU Digital Economy and Society Index. Estonia is the champion in Europe in the online provision of public services and scores above EU average in digital skills and the use of Internet by citizens. As for broadband, it is strong on mobile but has low fixed broadband coverage despite progress over the past year. The key challenge in Estonia is the digitization of companies. Estonia remains the leader in the comprehensiveness of prefilled online forms, and the use of ePrescriptions by General Practitioners (100%). Estonians are well-skilled in the use of digital technologies (their digital skills levels are above those of the average EU user) and keen users of a variety of internet activities.

Starting December 1, 2014, Estonia offers foreigners an e-residency option. An e-resident is a person who has received the e-resident's digital identity (smart ID-card) from the Republic of Estonia. This does not entail full legal residency, citizenship or right of entry to Estonia, but gives secure access to Estonia's digital services such as business registration and an opportunity to use digital signatures in an electronic environment. Such digital identification and signing is the legal equivalent to face-to-face identification and handwritten signatures in the European Union. More info: <https://e-estonia.com/e-residents/about/>

Estonia also has introduced the digital highway X-Road via which all state IT systems communicate and which allows the creation of integrated e-services. To ensure security, the system uses timestamps and keeps records on who has been accessing what sites.

An overview of e-government projects can be found:

<https://www.eesti.ee/eng/services>

Cyber Defense

Estonia has also become a focal point for issues related to cyber security and defense. In April 2007, Estonia experienced an intensive, coordinated 'cyber-attack' against government and private sector websites following the government's decision to relocate a Soviet-era statue from the center of Tallinn to a nearby military cemetery. The targeted sites recovered quickly, but the attacks spurred the government to increase resources and structures related to cyber defense and to work to increase the number of information security specialists.

Estonia has also developed an innovative public-private partnership, called the Cyber Defense League, to enhance the country's ability to prevent and respond to further cyber-attacks affecting national security.

For Estonia, the most important cyber threats include:

1. Cybercrime in all its forms.
2. Cyber espionage, data breaches and lack of applying principles of information security, which can result in the reduction of trust towards information systems and digital services.
3. The use of cyber tools in armed conflict.
4. The fact that an important role in the perpetuation of cyber threats is played by the lack of security knowledge, skills, and awareness among users of information systems.

More info: <https://www.ria.ee/en/publications.html>

Estonia also hosts the NATO Cooperative Cyber Defense Center Of Excellence (CCD COE), which the United States formally joined in 2011. In addition to the U.S., other member countries in the CCD COE are the Czech Republic, Estonia, France, Latvia, Lithuania, Germany, Italy, the Slovak Republic, Spain, Netherlands, Poland, Hungary, and the United Kingdom. Austria has joined the Centre as a Contributing Participant.

More info: <http://www.ccdcoe.org>

### **Leading Sub-Sectors**

- Identification and secure data communication related applications, software and hardware
- Data storage
- Cloud computing
- Upgrading of the government e-services and interoperability of databases

### **Opportunities**

More info on the sector and opportunities: <http://www.investinestonia.com/en/business-opportunities/ictt>

### **Web Resources**

Estonian Association of Information Technology and Telecommunications: <http://www.itl.ee/Eng>

Trade Statistics: <http://pub.stat.ee/px-web.2001/I Databas/Economy/11Foreign trade/03Foreign trade since 2004/03Foreign trade since 2004.asp>

ICT Demo Center: <http://e-estonia.com/>

EU Digital Economy and Society Index 2018: <https://ec.europa.eu/digital-single-market/en/scoreboard/estonia>

Information System Authority: <https://www.ria.ee/en/publications.html>

## **Electronics and Electronic Components**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### **Overview**

Manufacturing of electronic and electrical equipment has been one of the fastest growing industries in Estonia. The manufacture of electronic and electrical equipment is concentrated in Tallinn and its surroundings; however, the industry has a great impact on regional development as well.

The electronics industry's dominant sub-sector is the manufacturing of electrical machinery and apparatuses, followed by telecommunication equipment and medical, precision and optical instruments. The sector is dominated by small local companies, yet there are also a number of subsidiaries of international corporations,

including from the U.S., which are mostly oriented towards subcontracting for exports. Nearly 95% of electronics production is exported. Estonia's main export partners in electronics are Sweden, Finland and Denmark. The world economic crisis has brought to Estonia an increasing number of near-shoring activities, mainly from Scandinavia, due to Estonia's favorable geographical location, relatively cost-efficient labor compared to Scandinavian countries and ease of doing business.

### **Leading Sub-Sectors**

Manufacturing of electronic devices

Supplies, machinery for electronics manufacturing

### **Opportunities**

As a developed technology market, Estonian clients are always looking for innovative technologies and components to enhance product technical features. Developments in the Estonian telecom, defense and energy markets have had a positive effect on the increased demand for electronic components. Estonia's purchasing nature is based on two main factors: price and technical support. Please see the Supplement to the Official Journal of the European Union, dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

### **Web Resources**

Trade Statistics: <http://pub.stat.ee/px-web.2001/I Databas/Economy/11Foreign trade/03Foreign trade since 2004/03Foreign trade since 2004.asp>

Estonian Electronics Industries Association: <http://www.estonianelectronics.eu/en/>

Investment opportunities: <http://www.investinestonia.com/en/business-opportunities/electronics-2>

### **Automotive Parts and Accessories**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

#### **Overview**

The number of new cars sold in Estonia was bigger than the number of second-hand cars imported into the country last year, marking the first time since 2008 that new car sales surpassed the import of used cars.

During the last year 25,613 new cars were sold and 23,634 used cars imported into Estonia.

In the segment of trucks, new unit sales have surpassed the sale of used vehicles since 2013 and the difference between the two keeps widening.

There are 725,944 cars registered in the Estonian motor vehicle register.

Estonia ranks above the European average for the number of cars per 1,000 residents, being in 6th place for that indicator in the EU. For the average size of the car fleet, 15.1 years, it ranks fifth from the bottom. The average age of the EU car fleet is 10.7 years. As at January 1 this year, cars with a gasoline engine accounted for 60.3 percent and cars with a diesel engine for 37.8 percent of the Estonian car fleet. Cars with a hybrid engine, cars using natural gas as fuel and electric cars make up 1.8 percent of the fleet in the following breakdown: gas powered cars 1 percent, hybrid cars 0.6 percent, and electric cars 0.2 percent.

The sector has also long manufacturing tradition, with several market leaders being more than 100 years old. The Estonian company Norma supplies Volvo, IVECO, SAAB, Scania and many other car manufacturers in Europe with seat belts and other safety equipment. There are also some U.S. investments made into that sector. Manufacturing of transportation equipment comprises nearly 4% (ca 4,800 employees) of the entire manufacturing sector employment in Estonia. The total number of companies in the sector is 115.

## **Leading Sub-Sectors**

General equipment and tools for service stations.

Specialty/utility vehicles

Vehicle accessories: car care products, polish, wax, upholstery spray

Electronic accessories: TV screens for the rear seats, GPS systems, sound systems etc.

## **Opportunities**

Please see the Supplement to the Official Journal of the European Union, dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

## **Web Resources**

Automobile Sale and Service Companies Association in Estonia: <http://www.amtel.ee/kontaktid-ja-juhatus>

## **Safety and Security**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### **Overview**

Today the driving forces are globalization, environmental developments, world affairs and politics, global terrorism, organized crime, and the digitization of both private and public sectors which in fact provides both opportunities and threats. Estonia faces the same threat of international terrorism as other European countries due to its participation in the Schengen area. Its border with Russia increases its vulnerability.

The total size of the safety and security market is about 160 million USD with annual increase about 6%. The sale of the security technology is about 19 million USD and installment and service is about 31 million USD. There is growing demand for equipment used in access control, contraband detection, surveillance and law enforcement.

## **Leading Sub-Sectors**

Access control equipment, biometrics applications, law enforcement supplies and equipment, forensics equipment, and surveillance equipment, including CCTV systems, and residential alarms.

Fire is a concern because many of the Soviet-era buildings contain antiquated electrical/structural components.

## **Opportunities**

Please see the Supplement to the Official Journal of the European Union, dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

## **Web Resources**

Please see the Supplement to the Official Journal of the European Union, dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

## **Customs, Regulations & Standards**

The duties for non-European countries are relatively low, especially for manufactured goods (4.2% on average for the general rate); however textile, clothing items (high duties and quota system) and food-processing industry sectors (average duties of a 17.3% and numerous tariff quotas, PAC) still see protective measures.



Estonian Master Tariff System: <https://www.emta.ee/eng>

## Trade Barriers

There are no significant trade barriers for U.S. companies when exporting to Estonia.

## Import Tariff

The duties for non-European countries are relatively low, especially for manufactured goods (4.2% on average for the general rate); however textile, clothing items (high duties and quota system) and food-processing industry sectors (average duties of a 17.3% and numerous tariff quotas, PAC) still see protective measures.

Estonian Master Tariff System: <https://vaarikas.emta.ee/emts/do/language?lang=en>

## Import Requirements & Documentation

Information on EU/Estonian Customs requirements and documentation: [https://ec.europa.eu/taxation\\_customs/business/customs-procedures\\_en](https://ec.europa.eu/taxation_customs/business/customs-procedures_en)

Agricultural Documentation info on the website of the Estonian Veterinary Board: <https://vet.agri.ee/?op=body&id=322>

## Labeling/Marking Requirements

The following information, in Estonian, is required on retail packaging, or otherwise marked on the product (a sticker, label, etc.):

- Name of product (indicating clearly the contents of the package)
- Name of the manufacturer or the name of the company that had the product manufactured
- Amount of contents (weight or volume of the contents to be specified, measures in the metric system).

If warranted, the following information should also be included on the retail packaging or otherwise clearly identified on the product: contents of the product, care instructions, operating instructions, and a warning of possible danger related to the use or disposal of the product.

A retail-size food package must show the name of the manufacturer, packer or importer, commercial name of the product, net metric weight or volume, ingredients in descending order of weight, last recommended date of sale, and storage instructions if perishable or intended for infants. This information described above must be provided in Estonian.

More on the marking of packages from the Packaging Act and Packaging Excise Duty Act: <https://www.riigiteataja.ee/en/search/results?pealkiri=packaging&tekst=&valj1=&valj2=&valj3=&kehtivuseKuupaevKuupaev=18.05.2016>

More on labeling of goods in Consumer Protection Act: <https://www.riigiteataja.ee/en/search/results?pealkiri=packaging&tekst=&valj1=&valj2=&valj3=&kehtivuseKuupaevKuupaev=18.05.2016>

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at: <https://www.export.gov/article?id=European-Union-Marking-Labeling-and-Packaging-Overview>

## U.S. Export Controls

As a member state of the European Union and NATO, Estonia is obliged to share responsibility for international security, which presupposes the adoption of the values and the codes of conduct of these organizations. An essential part of this is the efficient implementation of export control measures and a foreign policy oriented towards preventing the proliferation of weapons of mass destruction (WMD). The latter is coordinated by several international organizations – the Wassenaar Arrangement, the Australia Group (dealing with issues related to chemical weapons), the Missile Technology Control Regime (MTCR) and the Nuclear Suppliers Group.

U.S. Export controls and licenses:

<https://www.export.gov/article?id=Export-Licensing>

## Temporary Entry

Goods transiting Estonian territory are not charged duties. It is possible to obtain a temporary exemption from duty for items such as commercial samples and for goods intended for public displays at exhibitions and fairs. If the goods are put to any unauthorized use or are not re-exported within the prescribed time period (a maximum of one year) they must go through normal customs clearance and become liable for relevant duties and taxes.

## Prohibited & Restricted Imports

The Integrated Tariff of the European Communities (TARIC) is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES                Convention on International Trade of Endangered Species

PROHI                Import Suspension

RSTR                 Import Restriction

For information on TARIC, please go to:  
[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

## Customs Regulations

You will have to deal with customs if you are engaged in exporting goods to or importing goods from non-Community countries (outside of the European Union). In addition to that, in exceptional cases, customs regulations also apply to trade between certain parts of certain territories (e.g. Åland Islands, the Canary Islands, the Channel Islands, French overseas departments and French overseas territories).

You will need to pay a customs duty on goods during customs formalities when importing goods into free circulation. The amount depends on the type of the goods, country of origin and the quantity. Besides customs duties, you will need to pay VAT and, for some goods, an excise duty: alcohol, tobacco, motor fuel.

More on the customs procedures:

<https://www.eesti.ee/en/entrepreneur/taxes/overview-of-the-estonian-customs-system/>

## Standards for Trade

### Overview

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union. More info:  
<http://www.export.gov/europeanunion/eustandardsandcertification/index.asp>

Agricultural Standards. The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.usda-eu.org>

## Standards

EVS (a non-profit association recognized by the Government of Estonia as the national standards body for Estonia) started its operations as provided by the Technical Regulations and Standards Act on April 1, 2000. National Standards are sold in Estonia only by EVS. EVS has exclusive rights for sale of ISO, CEN, BSI, DIN, SFS and GOST standards in Estonia. EVS also has a sales agreement with IHS Nordic. More on EVS: <http://www.evs.ee/Esileht/tabid/111/language/en-US/Default.aspx>

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.eu/>)

ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)

CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cen/pages/default.aspx>)

### Conformity Assessment

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control systems, to full quality assurance systems. You can find conformity assessment bodies in Estonia in this list by the European Commission: <http://ec.europa.eu/growth/tools-databases/nando/>

### Testing, inspection and certification

To sell products in the 28 Member States as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process and whether or not to use EU-wide harmonized standards. This section provides some background and clarification on the CE marking process. More info: <http://www.export.gov/europeanunion/eustandardsandcertification/index.asp>

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

### Publication of technical regulations

The Technical Regulatory Authority: <https://www.tja.ee/en>

National Technical Regulations: <http://ec.europa.eu/growth/tools-databases/tris/en/>

## Contact Information

Estonian Accreditation Center: [http://www.eak.ee/index\\_eng.php?pageId=15](http://www.eak.ee/index_eng.php?pageId=15)

Estonian Centre for Standardization: <http://www.evs.ee/Esileht/tabid/111/language/en-US/Default.aspx>

## Trade Agreements

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see [http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)

## Licensing Requirements for Professional Services

There are no specific license requirements for key professional services that are open to U.S. service providers.

## Web Resources

Estonian Accreditation Center: [http://www.eak.ee/index\\_eng.php?pageId=15](http://www.eak.ee/index_eng.php?pageId=15)

Estonian Centre for Standardization: <http://www.evs.ee/Esileht/tabid/111/language/en-US/Default.aspx>

Estonian Customs: [www.emta.ee](http://www.emta.ee)

EU websites:

Online customs tariff database (TARIC):  
[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

Cenelec, European Committee for Electrotechnical Standardization: <http://www.cenelec.eu>

ETSI, European Telecommunications Standards Institute: <http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:  
<http://www.cen.eu/cen/pages/default.aspx>

National Technical Regulations: <http://ec.europa.eu/growth/tools-databases/tris/en/>

## Investment Climate Statement

### Executive Summary

“The U.S. Department of State’s Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: Market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. The statements are available in two ways.

- Visit the U.S. Department of State’s Investment Climate Statement website at <https://www.state.gov/e/eb/rls/othr/ics/>.
- Download the Country Commercial Guide at [www.export.gov/ccg](http://www.export.gov/ccg) (the Investment Climate Statement is Chapter 6).”

Estonia is a safe and dynamic country for investment, with a business climate very similar to the United States. As a member of the European Union (EU), the Government of Estonia (GOE) maintains liberal policies in order to attract investments and export-oriented companies. Creating favorable conditions for foreign direct investment (FDI) and openness to foreign trade has been the foundation of Estonia's economic strategy. The overall freedom to conduct business in Estonia is well protected under a transparent regulatory environment.

Estonia is among the leading countries in Eastern and Central Europe regarding FDI per capita. At the end of 2017, Estonia had attracted in total USD20.9 billion (stock) of investment, of which 28 percent was made into the financial sector, 17.5 percent into real estate, 13.7 percent into manufacturing and 13 percent into wholesale and retail trade (source: Bank of Estonia: [http://statistika.eestipank.ee/#/en/p/MAKSEBIL\\_JA\\_INVPOS/146](http://statistika.eestipank.ee/#/en/p/MAKSEBIL_JA_INVPOS/146)).

Estonia's government has not set limitations on foreign ownership and foreign investors are treated on an equal footing with local investors. There are no investment incentives available to foreign investors.

While some corruption exists, it has not been a major problem faced by foreign investors.

The Estonian income tax system, with its flat rate of 21 percent, is considered one of the simplest tax regimes in the world. Deferral of corporate taxation payment shifts the time of taxation from the moment of earning the profits to that of their distribution. Undistributed profits are not subject to income taxation, regardless of whether these are reinvested or merely retained.

Estonia offers key opportunities for businesses in a number of economic sectors like information and communication technology (ICT), chemicals, wood processing, and biotechnology. Estonia has strong trade ties with Finland, Sweden, and Germany.

Estonia suffers a shortage of labor, both skilled and unskilled. The GOE has recently amended its immigration law to allow easier hiring of highly qualified foreign workers.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2017	21 of 180	<a href="http://www.transparency.org/research/cpi/overview">http://www.transparency.org/research/cpi/overview</a>
World Bank's Doing Business Report "Ease of Business"	2017	12 of 190	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
Global Innovation Index	2017	25 of 127	<a href="https://www.globalinnovationindex.org/analysis-indicator">https://www.globalinnovationindex.org/analysis-indicator</a>
U.S. FDI in Partner Country (\$M USD, stock positions)	2017	300 mil USD Amount	<a href="http://statistika.eestipank.ee/#/et/p/146/r/2293/2122">http://statistika.eestipank.ee/#/et/p/146/r/2293/2122</a>
World Bank GNI per capita	2016	17,760 USD amount	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## Openness To, and Restrictions Upon, Foreign Investment

### Policies Towards Foreign Direct Investment

Estonia is open for FDI and foreign investors are treated on an equal footing with local investors.

The Estonian Investment Agency (EIA), a part of Enterprise Estonia, is a government agency promoting foreign investments in Estonia and assisting international companies in finding business opportunities in Estonia. EIA offers comprehensive, one-stop investment consultancy services, free of charge. The agency's goal is to increase awareness of business opportunities in Estonia and promote the image of Estonia as an attractive country for investments. More info: <http://www.investinestonia.com/en/estonian-investment-agency/about-the-agency>

### Limits on Foreign Control and Right to Private Ownership and Establishment

Estonia's government has not set limitations on foreign ownership. Licenses are required for foreign investors to enter the following sectors: mining, energy, gas and water supply, railroad and transport, waterways, ports, dams and other water-related structures and telecommunications and communication networks. The Estonian Financial Supervision Authority issues licenses for foreign interests seeking to invest in or establish a bank. Additionally, the Estonian Competition Authority reviews transactions for anti-competition concerns. Government review and licensing have proven to be routine and non-discriminatory.

Estonia's government does not screen foreign investment. As a member of the EU, the GOE maintains liberal policies in order to attract investment and export-oriented companies. Creating favorable conditions for FDI and openness to foreign trade has been the foundation of Estonia's economic strategy. Existing requirements are not intended to restrict foreign ownership, but rather to regulate it and establish clear ownership responsibilities.

### Other Investment Policy Reviews

Over the past three years, the government has not undergone any third-party investment policy reviews (IPRs) through a multilateral organization such as the Organisation for Economic Co-operation and Development (OECD), World Trade Organization (WTO), or United Nations Conference on Trade and Development (UNCTAD).

### **Business Facilitation**

The World Bank's Ease of Doing Business report ranks Estonia in 12<sup>th</sup> place out of 190 countries on the ease of starting a business. Economic freedom, ease of doing business, per capita investments, the record-low national debt, Eurozone membership, low corruption scores – all these factors play a role in fostering a strong climate for business facilitation.

There are two ways of registering your business:

Electronic registration via the e-Commercial Register's Company Registration Portal (takes from five minutes to one business day)

Through a notary (takes 2-3 business days)

Access to the Register: [https://www.eesti.ee/eng/ettevotte\\_registreerimine/](https://www.eesti.ee/eng/ettevotte_registreerimine/)

An overview of the different type of legal business entities in Estonia can be found at: <http://www.investinestonia.com/en/investment-guide/establishing-a-company>

On 1 July 2014, an amended Taxation Act establishing the employment register entered into force, requiring all natural and legal employers to register the persons employed by them with the Estonian Tax and Customs Board.

The company must register itself as a VAT payer if the taxable turnover of the company, excluding imports of goods, exceeds EUR40,000 as calculated from the beginning of the calendar year.

There are certain areas of activity (like construction, electrical works, fire safety, financial services, security services, etc.) in which business operation requires an additional registration in the Register of Economic Activities (MTR), but this can be done after registration of the company in the Commercial Register: <https://mtr.mkm.ee/>

International institutions and organizations give Estonia's economic policies high marks. The Wall Street Journal/Heritage Foundation's 2018 Index of Economic Freedom ranked Estonia 7<sup>th</sup> in the world. The index is a composite of scores in monetary policy, banking and finance, black markets, wages, and prices. Estonia scores highly on this scale for investment freedom, fiscal freedom, financial freedom, property rights, business freedom, and monetary freedom.

### **Outward Investment**

Estonia does not restrict domestic investors from investing abroad nor does it promote outward investment. Estonia companies have invested abroad about USD7 billion, mostly into EU countries. The main sectors for outward investments are services, manufacturing, real estate and financial.

### **Bilateral Investment Agreements and Taxation Treaties**

BITs or FTAs:

Estonian BITs with third countries are available at the following link: <http://investmentpolicyhub.unctad.org/IIA/CountryBits/66#iiaInnerMenu>

Bilateral Taxation Treaties:

A Bilateral Taxation Treaty with the United States (U.S.) came into force on January 1, 2000. The United States and Estonia signed a Foreign Account Tax Compliance Act (FATCA) agreement in April 2014.

List of agreements with the United States can be found at: <http://www.vm.ee/en/countries/united-states-america?display=relations#agreements>

## Legal Regime

### Transparency of the Regulatory System

The Government of Estonia has set transparent policies and effective laws to foster competition and establish "clear rules of the game." However, due to the small size of Estonia's commercial community, instances of favoritism are not uncommon despite regulations and procedures designed to limit these practices.

Accounting, legal, and regulatory procedures are transparent and consistent with international norms. Financial statements should be prepared in accordance with either:

Accounting principles generally accepted in Estonia; or International Financial Reporting Standards (IFRS) as adopted by the EU.

Listed companies and financial institutions are required to prepare financial statements in accordance with IFRS as adopted by the European Union.

The Estonian Generally Accepted Accounting Principles (GAAP) are written by the Estonian Accounting Standards Board (EASB). Estonian GAAP, effective since 2013, is based on IFRS for Small and Medium-sized Entities (IFRS for SMEs) with limited differences from IFRS for SMEs with regard to accounting policies as well as disclosure requirements. More info: <https://investinestonia.com/business-in-estonia/establishing-company/accounting-requirements/>

The Minister of Justice has responsibility for promoting regulatory reform. The Legislative Quality Division of the Ministry of Justice provides an oversight and coordination function for

Regulatory Impact Analysis (RIA) and evaluations with regard to primary legislation. For government strategies, EU negotiations and subordinate regulations, oversight responsibilities lie within the Government Office.

The GOE has placed a strong focus on accessibility and transparency of regulatory policy by making use of online tools: There is an up-to-date database of all primary and subordinate regulations (<https://www.riigiteataja.ee/en/>) in an easily searchable format. An online information system tracks all legislative developments, and makes available RIAs and documents of legislative intent (<http://eelnoud.valitsus.ee/main>). Estonia also established the website [www.osale.ee](http://www.osale.ee), an interactive website of all ongoing consultations where every member of the public can submit comments and review comments made by others. Regulations are reviewed on the basis of scientific and data-driven assessments.

Estonia's widely-praised "e-governance" solutions and other bureaucratic procedures are generally far more streamlined and transparent than those of other countries in the region and are among the easiest to use globally.

Estonia, an OECD member country, has committed, at the highest political level, to an explicit whole-of-government policy for regulatory quality and has established sufficient regulatory oversight.

Estonia scores the same as the United States on the World Bank's Global Indicators of Regulatory Governance on whether governments publish or consult with public about proposed regulations: [http://rulemaking.worldbank.org/data/explorecountries/estonia#cer\\_assessment](http://rulemaking.worldbank.org/data/explorecountries/estonia#cer_assessment)

### International Regulatory Considerations

Estonia is a member of the European Union. An EU regulation is a legal act that becomes immediately enforceable by law in all member states simultaneously. Regulations can be distinguished from directives which, at least in principle, need to be transposed into national law. Regulations can be adopted by means of a variety of legislative procedures depending on their subject matter. European Standards are under the responsibility of the European Standardization Organizations (CEN, CENELEC, ETSI) and can be used to support EU legislation and policies.



Estonia has been a member of WTO since November 13, 1999. More on Estonian information exchange with the WTO Committee on Technical Barriers to Trade (TBT): <https://www.evs.ee/Tootedjateenused/WTOteatised/tabid/101/language/en-US/Default.aspx>

Estonia is a signatory to the Trade Facilitation Agreement (TFA) since 2015.

### Legal System and Judicial Independence

Estonia's judiciary is independent and insulated from government influence. The legal system in Estonia is based on the Continental European civil law model and has been influenced by the German legal system. In contrast to common law countries, Estonia has detailed codifications.

Estonian law is divided into private and public law. Generally private law consists of civil and commercial law. Public law consists of international law, constitutional law, administrative law, criminal law, financial law, and procedural law.

Estonian arbitral tribunals can decide in cases of civil matters that have not previously been settled in court. More on Estonian court system: <https://www.riigikohus.ee/en>. Arbitration is usually employed because it is less time-consuming and cheaper than court settlements. The following disputes can be settled in arbitral tribunals:

- Labor disputes;
- Lease disputes;
- Consumer complaints arguments;
- Insurance conflicts;
- Public procurement disputes;
- Commercial and industrial disputes.

The Court of Arbitration of the Estonian Chamber of Commerce and Industry serves as a permanent arbitration court to settle disputes arising from private law relationships, including foreign trade and other international business relations. More info: <https://www.koda.ee/en/about-chamber/court-arbitration>

Recognition of court rulings of EU Member States is regulated by EU legislation. More info: [http://www.europarl.europa.eu/RegData/etudes/STUD/2015/509988/IPOL\\_STU\(2015\)509988\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/509988/IPOL_STU(2015)509988_EN.pdf)

### Laws and Regulations on Foreign Direct Investment

Estonia is part of the Continental European legal system (civil law system). The most important sources of law are legal instruments such as the Constitution, EU law, international agreements and Acts and Regulations. Major laws affecting incoming foreign investment include: the Commercial Code, Taxation Act, Income Tax Act, Value Added Tax Act, Social Tax Act, Unemployment Insurance Payment Act. More information is available at <https://www.riigiteataja.ee/en/>. An overview of the investment-related regulations can be found here: <http://www.investinestonia.com/en/investment-guide/legal-framework>

### Competition and Anti-Trust Laws

The Estonian Competition Authority reviews transactions for anti-competition concerns. Government review and licensing have proven to be routine and non-discriminatory.

More info on specific competition cases: <http://www.konkurentsiamet.ee/?lang=en>

### Expropriation and Compensation

Private property rights are observed in Estonia. The government has the right to expropriate for public interest related to policing the borders, public ports and airports, public streets and roads, supply to public water catchments, etc. Compensation is offered based on market value. Cases of expropriation are extremely rare in Estonia, and the Embassy is not aware of any expropriation cases involving discrimination against foreign owners.

## Dispute Settlement

### *ICSID Convention and New York Convention*

Estonia has been a member of the International Center for the Settlement of Investment Disputes (ICSID) since 1992 and a member of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards since 1993, meaning local courts are obliged to enforce international arbitration awards that meet certain criteria

### *Investor-State Dispute Settlement*

The Embassy is not aware of any claims under Estonia's Bilateral Investment Treaty (BIT) with the United States. Investment disputes concerning U.S. or other foreign investors in Estonia are rare.

In October 2014, AS Tallinna Vesi and its shareholder United Utilities (Tallinn) B.V., registered in the Kingdom of the Netherlands, commenced international arbitration proceedings against the Republic of Estonia for breach of the Agreement on the Encouragement and Reciprocal Protection of Investments between the Kingdom of the Netherlands and the Republic of Estonia. The decision in the matter is expected in 2018. More info: <https://www.tallinnavesi.ee/en/investor-news-eng/recordings-of-the-international-arbitration-hearings-are-available-on-as-tallinna-vesis-website>

### *International Commercial Arbitration and Foreign Courts*

The Arbitration Court of the Estonian Chamber of Commerce and Industry is a permanent arbitration court, which settles disputes arising from contractual and other civil law relationships, including foreign trade and other international economic relations. More info: <http://www.lawyersestonia.com/arbitration-in-estonia>

Recognition of court rulings of EU Member States is regulated by EU legislation. More: [http://www.europarl.europa.eu/RegData/etudes/STUD/2015/509988/IPOL\\_STU\(2015\)509988\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/509988/IPOL_STU(2015)509988_EN.pdf)

Local courts recognize and enforce foreign arbitral awards. The Embassy is not aware of any investment disputes involving state-owned enterprises (SOEs).

## Bankruptcy Regulations

Bankruptcy is not criminalized in Estonia. Bankruptcy procedures in Estonia fall under the regulations of Bankruptcy Act that came into force in February 1997. The Estonian Bankruptcy Act focuses on the protection of the debtors' and creditors' rights. According to the Act, bankruptcy proceedings in Estonia can be compulsory, in which case a court will decide to commence the procedures for debt collection, or voluntarily by company reorganization. More info on bankruptcy procedures: <http://www.lawyersestonia.com/bankruptcy-procedures-in-estonia>

The detailed information about the creditor's rights: <https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/504072016002/consolide>

More info from World Bank's Doing Business Report on Estonian ranking for ease of "resolving insolvency" <http://www.doingbusiness.org/data/exploreeconomies/estonia#resolving-insolvency>

## Industrial Policies

### Investment Incentives

Estonia is open for FDI and foreign investors are treated on an equal footing with local investors. There are no investment incentives available to foreign investors.

### Foreign Trade Zones/Free Ports/Trade Facilitation

Estonia's Customs Act permits the government to establish free trade zones. Goods in a free trade zone are considered to be outside the customs territory. VAT, excise, import and export duties (as well as possible fees for customs services) do not have to be paid on goods brought into free trade zones for later re-export.

In Estonia, there are four free trade zones: Muuga port (near Tallinn), Sillamae port (northeast Estonia), Paldiski north port (northwest Estonia) and in Valga (southern Estonia). All free trade zones are open for FDI on the same terms as Estonian investments.

#### Performance and Data Localization Requirements

There are no specific performance requirements for foreign investments that differ from those required of domestic investments. The Estonian government does not mandate local employment or follow “forced localization” in which foreign investors must use domestic content in goods or technology.

Estonia continues to refine its immigration policies and practices. More info on work permits, visas, residence permits in Estonia: <https://www.politsei.ee/en/teenused/working-in-estonia/>

U.S. citizens are exempt from the quota regulating the number of immigration and residence permits issued, as are citizens of the EU and Switzerland.

There are no requirements for foreign IT service providers to turn over source code and/or provide access to surveillance (e.g., backdoors into hardware and software or turning over keys for encryption) or to maintain a certain amount of data storage in Estonia. There is no general requirement to register data processing activities in Estonia. Registration is required only if the data processor handles sensitive personal data.

The EU General Data Protection Regulation (GDPR) is entering into force on May 25, 2018, with the main goal to harmonize the already existing data protection laws across Europe. The Estonian Parliament is on its way to approve the implementation act to outline new rules for both the public and the private sectors. More info: <https://e-estonia.com/how-to-be-compliant-gdpr-5-steps/>

Restrictions on transfer of data offshore:

Transfer of personal data from Estonia is permitted only to a country which has a sufficient level of data protection. Members of the EEA and White Listed countries are deemed to provide a sufficient level of data protection. Data can therefore be transferred within these areas without restriction. More info: <http://www.aki.ee/en/guidelines/transfer-personal-data-foreign-country>

Personal data may also be transferred to U.S. data importers with EU/US Privacy Shield certificates. This does not require the authorization of the Estonian Data Protection Inspectorate.

Data can be exported to a third party country outside the EEA, the White Listed countries and organizations with U.S. Privacy Shield certification if the data subject explicitly consents to the transfer or the Estonian Data Protection Inspectorate authorizes the transfer.

Estonian Data Protection Inspectorate

19 Väike Ameerika St., 10129 Tallinn, Estonia

Telephone (+372) 627 4135

Email [info@aki.ee](mailto:info@aki.ee)

[www.aki.ee](http://www.aki.ee)

## Protection of Property Rights

### Real Property

Secured interests in property are recognized and enforced. Mortgages are quite common for both residential and commercial property, and leasing as a means of financing is widespread and efficient.

The legal system protects and facilitates acquisition and disposition of all property rights, including land, buildings, and mortgages. As of October 1, 2011, land reform in Estonia was almost complete. Restitution and privatization of lands commenced in 1991, but in almost every municipality there remain several complicated

cases to be settled. In total, less than 4 percent of the Estonian territory (waterbodies included) lacks a clear title.

Foreign individuals and companies are allowed to acquire real estate with the permission of the local authorities. There are legal restrictions on acquiring agricultural and woodland of 10 hectares or more, and permission from the county governor is needed. Foreign individuals are not allowed to acquire land located on smaller islands, or listed territories adjacent to the Russian border.

Property may be taken from the owner without the owner's consent only in the public interest, pursuant to a procedure provided by law, and for fair and immediate compensation. Everyone whose property has been taken from them without consent has the right to bring an action in the courts to contest the taking of the property, the compensation, or the amount of the compensation.

More info: <http://www.globalpropertyguide.com/Europe/Estonia/Buying-Guide>

<http://www.doingbusiness.org/data/exploreeconomies/estonia/registering-property/>

<http://www.lawyersestonia.com/purchase-a-property-in-estonia>

## Intellectual Property Rights

Estonia maintains a robust IPR regime. The quality of IP protection in legal structures is strong, enforcement is good, and infringements and theft are uncommon. Estonia adheres to the Berne Convention, WIPO and TRIPS, the Rome Convention, and the Geneva Convention on the Protection of the Rights of Producers. Estonian legislation fully complies with EU directives granting protection to authors, performing artists, record producers, and broadcasting organizations. Equal protection against unauthorized use is provided via international conventions and treaties to foreign and Estonian authors.

Companies should recognize that IP is protected differently in Estonia than in the United States, and U.S. trademark and patent registrations will not protect IP in Estonia. Registration of patents and trademarks is on a first-in-time, first-in-right basis, so companies should consider applying for trademark and patent protection even before selling products or services in the Estonian market. Intellectual property is primarily a private right and the U.S. government generally cannot enforce rights for private individuals in Estonia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants.

Estonia has been undertaking significant structural IPR reform, which involves re-codification of all IPR laws. The draft language of the new Copyright and Related Rights Acts and the Industrial Property Act has been completed, but the law's approval process has been put on hold to incorporate significant anticipated changes from new EU directives. The last major amendment to the existing Copyright Law on collective rights management and multi-territorial licensing of rights in musical works for online users – transposition of the EU Directive 2014/26/EU came into force in April 2016. Adhering to all international treaties and EU directives, the new laws will improve protection of IP rights in Estonia.

Estonia is not listed in the USTR's Special 301 or Notorious Markets Reports.

Estonian Customs tracks and reports periodically on seizures of counterfeit goods. In 2017, the Estonian Tax and Customs Board processed 384 cases involving counterfeit goods resulting in seizures of 15,336 items (in total 68,487 IPR violation suspected items were checked) with the estimated value of EUR630,000. Most of the infringed goods were detected in mail and the volume of goods seized by case were small. The largest trademark infringed commodity groups were clothes, accessories, footwear, toys, electronics, perfumes and car parts. In Estonia, IPR crimes are prosecuted.

For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>

## Financial Sector

### Capital Markets and Portfolio Investment

Estonia is a member of the Eurozone. Estonia's financial sector is modern and efficient. Credit is allocated on market terms and foreign investors are able to obtain credit on the local market. The private sector has access to an expanding range of credit instruments similar in variety to those offered by banks in Estonia's Nordic neighbors Finland and Sweden.

Legal, regulatory, and accounting systems are transparent and consistent with international norms. The Estonian capital markets are rather inactive as both stock and bond market liquidity has been in a downward trend for the past ten years.

The Security Market Law complies with EU requirements and enables EU securities brokerage firms to deal in the market without establishing a local subsidiary. The NASDAQ OMX stock exchanges in Tallinn, Riga, and Vilnius form the Baltic Market, which facilitates cross-border trading and attracts more investments to the region. This includes sharing the same trading system, and harmonizing rules and market practices, all with the aim of reducing the costs of cross-border trading in the Baltic region.

Certain investment services and products may be limited to U.S. persons in Estonia due to financial institutions' response to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank).

Estonian financial services market overview: <https://www.fi.ee/index.php?id=12737>

IMF report on Estonia: <http://www.imf.org/en/News/Articles/2017/01/13/PR1710-Republic-of-Estonia-IMF-Executive-Board-Concludes-2016-Article-IV-Consultation>

### Money and Banking System

Estonia's banking system has consolidated rapidly. Total assets of the commercial banks were approximately EUR25 billion in early 2018. The banking sector is dominated by two major commercial banks, Swedbank and SEB, owned by Swedish banking groups. These two banks control approximately 61 percent of the financial services market. The third largest bank is an affiliate of the Finnish Nordea group. There are no state-owned commercial banks or other credit institutions.

More information is available at: <http://statistika.eestipank.ee/#/en/p/FINANTSSEKTOR/147/645>

The Scandinavian-owned Estonian banking system is modern and efficient, encompassing the strongest and best-regulated banks in the region. These provide both domestic and international services (including internet and mobile banking) at very competitive rates. Both local and international firms provide a full range of financial, insurance, accounting, and legal services. Estonia has a highly advanced internet banking system: currently 98 percent of banking transactions are conducted via the internet. By the IMF assessment from January 2017, the Estonian financial sector is in a strong position and adequately supports the economy.

The Bank of Estonia (Eesti Pank) is the independent central bank. As Estonia is part of the Euro zone, the core tasks of the Bank are to help to define the monetary policy of the European Community and to implement the monetary policy of the European Central Bank. Eesti Pank is also responsible for holding and managing Estonian official foreign exchange reserves as well as supervising overall financial stability, and maintaining reliable and well-functioning payment systems. Eesti Pank is responsible for the circulation of cash in Estonia. The Central Bank and the government hold no shares in the banking sector.

Due to strict anti-money laundering regulations and bank compliance practices, it can be difficult for non-residents to open a bank account. More info on opening a bank account for investors: <https://transferwise.com/gb/blog/opening-a-bank-account-in-estonia>

There are several alternatives to standard banks for payment transfer services. One option is Estonian-developed company TransferWise, which offers a multi-currency borderless account (<https://transferwise.com/gb/blog/opening-a-bank-account-in-estonia>). TransferWise supports more than 300 currency routes across the world as well as providing multi-currency accounts. Additional payment services options can be found at: <https://transferwise.com/gb/blog/opening-a-bank-account-in-estonia>.

## Foreign Exchange and Remittances

### *Foreign Exchange Policies*

Estonia has been a member of the euro currency area since 2011. There are no restrictions on currency transfers or conversion.

### Remittance Policies

There are no restrictions, limitations or delays involved in converting or transferring funds associated with an investment (including remittances of investment capital, earnings, loan repayments, or lease payments) into other currencies at market rates. There is no limit on dividend distributions as long as they correspond to a company's official earnings records. If a foreign company ceases to operate in Estonia, all its assets may be repatriated without restriction. These policies are long-standing; there is no indication that they will be altered in the future. Foreign exchange is readily available for any purpose.

### Sovereign Wealth Funds

There are no sovereign wealth funds or state owned investment funds in Estonia.

## **State-Owned Enterprises**

In Estonia SOEs are primarily engaged in the provision of services of strategic importance.

In early 2017, the Republic of Estonia held an interest in 31 companies of which 25 were solely owned by the state. The largest SOE's are Eesti Energia (electricity production), Elering (electricity TSO), Estonian Railways, Tallinn Airport, Port of Tallinn.

The full list of SOEs is available at: [https://www.eesti.ee/eng/contacts/riigi\\_osalusega\\_ariuhingud\\_1/riigi\\_osalusega\\_ariuhingud\\_2](https://www.eesti.ee/eng/contacts/riigi_osalusega_ariuhingud_1/riigi_osalusega_ariuhingud_2)

SOEs have assets worth about EUR6 billion and they employ about 15,000 people.

Public enterprises operate on the same legal basis as private enterprises. Until recently SOEs had politically-appointed boards, but currently the board members are appointed by an independent committee. SOEs are governed by the different ministries.

Competition and public procurement of SOEs is subject to EU law. All SOEs have audited accounts. Large SOEs' audits are publicly available on their websites. The activities of the SOEs are also audited by the National Audit Office of Estonia, which conducts assessments and provides recommendations directly to the Parliament.

### **Privatization Program**

Estonia's privatization program is now almost complete. Only a small number of enterprises remain wholly state-owned. There have been recent discussions on the political level about the possible listing of additional SOEs, such as part of Eesti Energia.

## **Responsible Business Conduct**

The majority of OECD Guidelines for Multinational Enterprises are incorporated into Estonian legislation. The non-profit organization, Responsible Business Forum in Estonia, aims to further corporate social responsibility (CSR) in Estonia, and is a partner in the CSR360 Global Partner Network. CSR360 ([www.csr360gpn.org](http://www.csr360gpn.org)) is a network of independent organizations, which work as the interface of business and society to mobilize business for good.

The Estonian Ministry of Economy and Communication works closely with CSR on educating private businesses and SOEs on responsible business conduct, recognizing best practices, and factoring RBC policies or practices into its procurement decisions. The American Chamber of Commerce in Estonia also maintains a CSR committee.



Government in general enforces the labor, human rights, employment rights, consumer protection, and environmental protection-related laws effectively and these requirements cannot be waived to attract foreign investment. Estonia has adhered to the OECD Guidelines for Multinational Enterprises since 2001. The National Contact Point can be accessed here: <https://mneguidelines.oecd.org/ncps/estonia.htm>

Natural resource extraction related revenues, including mining licenses, are less than 0.6 percent of government budget revenues and less than 0.3 percent of the GDP. The revenues are reflected in the national budget.

Here you can find a summary of the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain: <http://www.doingbusiness.org/data/exploreeconomies/estonia/protecting-minority-investors/>

## **Corruption**

Estonia has laws, regulations, and penalties to combat corruption and while corruption is not unknown, it has generally not been a major problem faced by foreign investors. Both offering and taking bribes are criminal offenses, which can lead to imprisonment sentences of up to five years. While “payments” that exceed the services rendered are not unknown, and “conflict of interest” is not a well-understood issue, surveys of American and other non-Estonian businesses have shown the issue of corruption is not a serious concern.

In 2017, Transparency International (TI) ranked Estonia 21st out of 180 countries on its Corruption Perceptions Index (about the same level as France and Japan).

Anti-corruption policy and implementation are coordinated by the Ministry of Justice and the strategy is implemented by all ministries and local governments.

The Internal Security Service is effective in investigating corruption offences and criminal misconduct, leading to the conviction of several high-ranking state officials.

Until recently corruption was most commonly associated with public sector activities. Last year, the government initiated efforts to educate private sector businesses about the risks of business-to-business corruption, for example within procurement activities. Before 2015, the Penal Code also lacked any separate provisions that would impose punishments for cases of private sector corruption, and criminal matters were resolved using the general sections on gratuities and bribery. January 1, 2015 saw the entry into the force of provisions of the Penal Code for accepting and providing bribes to the private sector. Both provisions set an up to five years’ prison sentence for natural persons and a fine for legal persons. Within the first four months of 2015, the police registered three such crimes.

Estonia cooperates in fighting corruption at the international level and is a member of GRECO (Group of States Against Corruption). Estonia is a party to both the Council of Europe (CoE) Criminal Law Convention on Corruption and the Civil Law Convention. The Criminal Law Convention on Corruption requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia.

More info on the corruption level in different sectors in Estonia can be found at: <http://www.business-anti-corruption.com/country-profiles/europe-central-asia/estonia/snapshot.aspx>

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The UN Anticorruption Convention entered into force in Estonia in 2010. Estonia has been a full participant in the OECD Working Group on Bribery in International Business since 2004; the underlying Convention entered into force in Estonia in 2005. The Convention obligates Parties to criminalize bribery of foreign public officials in the conduct of international business.

The United States meets its international obligations under the OECD Anti-bribery Convention through the U.S. Foreign Corrupt Practices Act.

### **Resources to Report Corruption**

Government agency contacts responsible for combating corruption:

+372 6121500 Internal Security Service corruption hotline or

+372 6123657 Central Criminal Police corruption hotline

Or e-mail: [korrupsioonivihje@politsei.ee](mailto:korrupsioonivihje@politsei.ee)

Transparency International in Estonia: [http://www.transparency.org/whoweare/contact/org/nc\\_estonia](http://www.transparency.org/whoweare/contact/org/nc_estonia)

### **Political and Security Environment**

Civil unrest generally is not a problem in Estonia, and there have been no incidents of terrorism. Public gatherings and demonstrations may occur on occasion in response to political issues, but these have proceeded, with very few exceptions, without incident in the past.

### **Labor Policies and Practices**

Estonia has a small population - 1.31 million people. The average monthly Estonian salary at the end of 2017 was about USD1,380 and is expected to increase in the coming two years by 6 percent annually. About 75 percent of the workforce is employed by the services sector. At the end of 2017, the unemployment rate was 5.9 percent. Unemployment is forecast to remain below 8 percent in coming years. Due to the relatively low level of unemployment, employers report difficulty finding workers in a number of sectors. More on the labor market: <http://www.eestipank.ee/en/publications/series/labour-market-review>

With an aging population and a negative birth rate, Estonia, like many other countries of Central and Eastern Europe, faces demographic challenges affecting its long term supply of labor. Improving labor efficiency is a key focus for Estonia in the short-to-mid-term. For more info on working in Estonia: <https://www.politsei.ee/en/teenused/working-in-estonia/>

The Law of Obligations Act, the Individual Labor Dispute Resolution Act and the Occupational Health and Safety Act deal with employment and labor issues. Labor laws may not be waived in order to attract or retain investment. Labor laws are quite strict and the principle of protection of employees as the economically weaker party is applied. Upon termination of an employment contract due to a lay-off, an employer must pay an employee compensation in the amount of one month's average wage. In addition, an insurance benefit shall be paid to an employee by the Estonian Unemployment Insurance Fund depending on the length of service. More info: <https://www.oecd.org/els/emp/Estonia.pdf>

Trade union membership remains low compared to most countries in the EU. Estonia has ratified all eight ILO Core Conventions.

Estonian labor regulations on labor abuses, health and safety standards, labor disputes etc. are effectively monitored by the Estonian Labor Inspectorate: <http://www.ti.ee/en/>

### **OPIC and Other Investment Insurance Programs**

Estonia has a bilateral agreement with OPIC.

### **Foreign Direct Investment and Foreign Portfolio Investment Statistics**



Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Year	Amount	Year	Amount	Host Country Statistical Source*	USG or International Statistical Source	USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Host Country Gross Domestic Product (GDP) (\$M USD)	2017	24,900	2016	23,338			<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
Foreign Direct Investment	Host Country	Statistical source*	USG or International	Statistical Source	USG or International	Source of Data: BEA; IMF; Eurostat; UNCTAD, Other	
U.S. FDI in Partner Country (\$M USD, stock positions)	2017	300	2016	134			<a href="http://statistika.eestipank.ee/?lng=en#tr eeMenu/MAKSEBIL_JA_INVPOS/146">http://statistika.eestipank.ee/?lng=en#tr eeMenu/MAKSEBIL_JA_INVPOS/146</a> BEA data available at <a href="http://bea.gov/international/direct_inves">http://bea.gov/international/direct_inves</a>
Host Country's FDI in the United States (\$M USD, stock positions)	2017	102	2016	NA			<a href="http://statistika.eestipank.ee/?lng=en#tr eeMenu/MAKSEBIL_JA_INVPOS/146">http://statistika.eestipank.ee/?lng=en#tr eeMenu/MAKSEBIL_JA_INVPOS/146</a> BEA data available at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Total Inbound Stock of FDI as % host GDP	2017	84	2016	83			

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	19.400	100%	Total Outward	6.600	100%

Sweden	5.000	25%	Cyprus	1.400	21%
Finland	4.500	23%	Lithuania	1.350	20%
Netherlands	1.800	9%	Latvia	1.240	19%
Lithuania	751	4%	Finland	454	7%
Russia	723	4%	Russia	284	4%

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	12,024	100%	All Countries	4,251	100%	All Countries	7,773	100%
International Organizations	3,422	28%	Ireland	1,044	24.5%	International Organizations	3,422	44%
Luxembourg	2,409	20%	Luxembourg	903	21%	Luxembourg	1,507	19.4%
Ireland	1,071	9%	France	665	15.6%	Germany	378	4.9%
France	923	8%	U.S.	342	8%	Lithuania	295	4%
U.S.	546	4.5%	Finland	327	7.7%	France	258	3%

Source: Bank of Estonia, IMF <http://data.imf.org/regular.aspx?key=60587804>

### Contact for More Information

United States Embassy, Political/Economic Section

Kentmanni 20, 15099 Tallinn, Estonia

Tel: 372 668 8130

Contact: Mrs. Reene Moschella, Economic/Commercial Specialist

E-mail: Moschellar@state.gov

## **Trade & Project Financing**

### **Methods of Payment**

Goods and services can be paid for in cash or by using non-cash payment options. The Estonian payments market has advanced a long way over the years and electronic methods are mainly used for payments. More than 99% of payments made through banks are initiated through electronic channels and only 1% use non-electronic options like cash payments, paper-based payment orders or cheques.

Ranking of online payment methods:

1. Credit cards (Visa, MasterCard, American Express)
2. Pay-by-Links (bank transfers initiated through payer's personal internet banking environment (if supported by bank))
3. PayPal
4. SEPA Credit Transfer (regular Bank Transfers)
5. SEPA Direct Debit
6. Others (paysafecard, bitcoin)

Credit Rating Service: [www.krediidiinfo.ee](http://www.krediidiinfo.ee)

### **Banking Systems**

The Bank of Estonia (Eesti Pank) is the independent central bank. As Estonia is part of the Euro zone, the core tasks of the Bank are to help to define the monetary policy of the European Community and to implement the monetary policy of the European Central Bank. Eesti Pank is also responsible for holding and managing Estonian official foreign exchange reserves as well as supervising overall financial stability and maintaining reliable and well-functioning payment systems. Eesti Pank is responsible for the circulation of cash in Estonia.

Estonian banks offer a full range of services. Estonian banking has achieved significant success in the development of electronic transaction systems. Debit and credit cards are widely used in everyday transactions..

### **Foreign Exchange Controls**

Estonia joined the euro zone on January 1, 2011. There are no controls on currency exchange.

### **US Banks & Local Correspondent Banks**

There are no U.S. banks in Estonia.

List of financial institutions in Estonia: <http://www.fi.ee/index.php?id=593>

### **Project Financing**

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

For information on financing your project with EU structural funds, see: <http://www.struktuurifondid.ee/eng>

Multilateral Development Banks:

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (European Bank for Reconstruction and Development, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development and the World Bank. These

institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the European Bank for Reconstruction and Development (<http://export.gov/ebrd>) and the World Bank (<http://export.gov/worldbank>).

#### Web Resources

Commercial Liaison Office to the European Bank for Reconstruction and Development <http://export.gov/ebrd>

Commercial Liaison Office to the World Bank <http://export.gov/worldbank>

#### **Financing Web Resources**

Estonian websites:

Credit Information: <http://www.krediidiinfo.ee/>

EU Structural funds in Estonia: <http://www.strukturifondid.ee/eng>

EU websites:

EBRD: <http://www.ebrd.com/estonia.html>

EIB-financed projects: <http://www.eib.org/projects/index.htm?lang=-en>

U.S. websites:

Export-Import Bank of the United States: <http://www.exim.gov>

OPIC: <http://www.opic.gov>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

## **Business Travel**

### **Business Customs**

Estonia is a modern country that enjoys close relations with Nordic and other Baltic countries. Social and business protocol is similar to that in northern Europe. More info: <http://www.commisceo-global.com/country-guides/estonia-guide>

### **Travel Advisory**

The climate in Tallinn is characterized by a fairly cold winter, a cool spring with little precipitation, a moderately warm summer and a long and rainy autumn. However, some summers have weeks at a stretch of temperatures around +30° C, and a warm, sunny summer can keep autumn at bay until mid-October.

Average temperature in July +20°C

Average temperature in February -9°C

Weather forecast on the Internet: <http://www.weather.ee/>

More info on travel to Estonia: <https://travel.state.gov/content/passports/en/country/estonia.html>

### **Visa Requirements**

Estonia is covered by the Schengen Treaty. To live and work in Estonia, foreigners from non-EU countries need both a residence permit and a work permit, both of which may be obtained from local Migration Department offices. English-language instructions on how to apply are available from the Police and the Border Guard: <https://www.politsei.ee/en/>

U.S. citizens do not need to obtain a visa for visits of less than 90 days. More information can be found on the State Department's Consular Information Sheet for Estonia: <https://travel.state.gov/content/passports/en/country/estonia.html>

For more information on American Citizen Services or visas, please visit the following websites:

U.S. Embassy Consular Section in Estonia: <https://ee.usembassy.gov/u-s-citizen-services/>

### **Currency**

Estonian currency is Euro. Credit and debit cards (mainly Visa and MasterCard) are widely accepted. There is a wide network of ATMs. Traveler's checks are not accepted.

### **Telecommunications/Electronics**

Estonia ranks 9th in the EU's Digital Economy and Society Index (DESI) 2018. Estonia topped the rankings in online public services and scored above the EU average in digital skills of the population and their usage of internet.

The market is small and the competition high. This means all providers are reasonably priced and offer high quality solutions depending on your needs. As from 15 June 2017, EU mobile users travelling to other countries in the EU are able to call, text or surf the net without paying any extra charges.

Service providers all offer numerous calling cards. A slight difference might occur between the three providers in the most remote rural locations, mainly in data speed.

Rechargeable SIMs do not differ from each other very much. Their prices are equally low (less than €10 to buy a card) and most of them include free calling time, messages and at least few hundred megabytes of data. You can buy a prepaid calling card from supermarkets, R-kiosks, gas stations and post offices.

Electrical sockets (outlets) in Estonia usually supply electricity at between 220 and 240 volts AC. North American sockets supply electricity at between 110 and 120 volts, so an adapter is needed to use US electrical appliances in Estonia. More info: <http://www.worldstandards.eu/electricity/plug-voltage-by-country/>

## Transportation

The Estonian transport system comprises rail, road, maritime, river, and air transport as well as the municipal electrified transport and carriage by pipeline. The infrastructure of national transport has generally been well established; due to high competition, the local logistics and transport companies have reached western standards in terms of service and quality and have great transport potential.

The major national transport enterprises include AS Tallinna Lennujaam (Tallinn Airport Ltd), AS Tallinna Sadam (Port of Tallinn Ltd), AS Elektriraudtee (Electrical Railways), which is servicing the vicinity of Tallinn, and AS Eesti Raudtee (Estonian Railways), holding the majority of the public railway infrastructures of Estonia.

The export and import of goods to the west, north, and south are mainly organized by exploiting the opportunities of maritime and road transport, to a marginal extent also by air transport.

Public transportation in major cities is efficient and reliable and Tallinn is currently the largest city in the world offering free public transportation to residents. While there are five passenger-serving airports in Estonia, most international flights occur through Tallinn Airport. For more info: <https://www.workinestonia.com/living-in-estonia/transportation/>

## Language

The official language in Estonia is Estonian. English is widely spoken, especially in the capital city. Russian is still the most-widely spoken second language, although less so among younger Estonians.

## Health

Estonia has vigorously and quite successfully reformed its health care system over recent decades. The current system is built on solidarity-based health financing; a modern provider network based on family medicine-centered primary healthcare, modern hospital services, and more concentration on public health. This has resulted in a steadily increasing life expectancy and continuously high rates of satisfaction with access and quality. Estonian hospitals are generally well equipped with modern x-ray sets, computed tomography systems, magnetic resonance tomography systems etc. However, English language skills are often limited in Estonian hospitals which can complicate getting care. More info: <https://www.workinestonia.com/living-in-estonia/healthcare-overview/>

Cases of resistant strains of tuberculosis have been reported in Estonia. Visitors to forested areas in warm weather should also guard against tick-borne encephalitis. Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's Internet site at <https://wwwnc.cdc.gov/travel/destinations/traveler/none/estonia>.

For information about outbreaks of infectious diseases abroad consult the World Health Organization's website at <http://www.who.int/en>

## Local Time, Business Hours and Holidays

Time Zone: GMT + 2 hours

Business hours are between 8 a.m. and 6 p.m.

Supermarkets and shopping centers are generally open between 9 a.m. and 10 p.m. every day.

The national holidays in Estonia for 2018 are: <https://www.eesti.ee/en/republic-of-estonia/republic-of-estonia/national-public-and-school-holidays/>

## Temporary Entry of Materials or Personal Belongings

Detailed information on entry with household goods and personal effects: <http://webportal.atlasintl.com/Customs%20Docs/Estonia.pdf>

Travelling from non-EU country: <http://www.emta.ee/eng/private-client/travelling-moving-consignments/non-eu-countries>

Temporary exemption from duty is granted for samples.

### **Travel Related Web Resources**

Estonian Customs: <http://www.emta.ee/eng/private-client/travelling-moving-consignments/non-eu-countries>

Travel info: <https://travel.state.gov/content/passports/en/country/estonia.html>

Weather forecast in Internet: <http://www.accuweather.com/en/ee/estonia-weather>

Living in Estonia: <https://www.workinestonia.com/living-in-estonia/>

U.S. Embassy Consular Section: <https://ee.usembassy.gov/u-s-citizen-services/>

World Health Organization's website at <http://www.who.int/en>