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Estonia 2020

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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 under 20 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 2019 was 4.3 percent but the economy is estimated to contract in 2020 by 10 percent due to the COVID-19 pandemic. This crisis has particularly hit the most labor-intensive sectors of the economy and unemployment is expected to increase to 13 percent by the end of the year.

According to the U.S. Census Bureau's Foreign Trade Division, the principal exports in 2019 from the United States were computer and electronic products, machinery, and agricultural products. U.S. exports to Estonia were \$410 million and Estonian exports to the United States were \$1 billion.

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 of Estonia's foreign trade is approximately 1 percent. Estonia has well-developed ports and transit infrastructure that serve European trade with eastern partners, including Russia.

Market Challenges

The biggest challenge for Estonia is its 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. Best prospect sectors for U.S. companies are cyber security, defense and security, smart grid solutions, and agricultural products.

- More info on the opportunities on the 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.

Leading Sectors for U.S. Exports and Investment

Estonia offers key opportunities for businesses in the energy, information and communication technology (ICT), automotive, electronics, safety, and security sectors.

Energy

Overview

Thanks to its large domestic oil shale reserves, Estonia is relatively energy independent, 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 biofuels. Renewable energy made up 53 percent of total Estonian power output in the second quarter of the year 2020, accounting for 24 percent of local consumption. There is also interest in other energy technologies such as smart grid solutions.

The number of subsidized solar panel owners continues to rise in Estonia, and there are over 3,000 producers of electric energy with solar panels. The amount of solar energy transferred to the grid in the second quarter of 2020 totaled close to 50 GWh, nearly three times larger than the previous year.

Estonia has a country-wide smart metering network using Ericsson equipment that came online in 2017. Estonia is one of a number of European countries that is installing smart meters to help meet the EU target of improving energy efficiency by 20% by 2020. In April 2020, together with other European grid operators, TSO Elering organized a Europe-wide competition to select pilots of innovative energy products and services which need access to metering data. More info: <https://www.estfeed.eu/en/technology>

The largest ongoing energy project in Estonia is the desynchronization of the Estonian electricity grid, together with Latvia and Lithuania, from the BRELL grid shared with Belarus and Russia and synchronizing it with continental Europe through Poland. Transmission system operators from the Baltic States and Poland submitted a joint application in May 2020 for funding from the Connecting Europe Facility (CEF), requesting financial support worth 1.2 billion EUR for the second stage of the synchronization project, including construction of the interconnector Harmony Link, synchronous condensers, national grid reinforcement, and upgraded IT control systems. The synchronization of the Baltic States' power system with the Continental European Network is expected to be completed by 2025. More info: <https://elering.ee/en/uudised/sünkroniseerimine>

Leading Sub-Sectors

Energy saving and storage technology

Cogeneration technology

Smart grid 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: <https://www.vkg.ee/en/>

Electricity and gas TSO: <https://clering.ee/en>

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

Statistics: http://pub.stat.ee/px-web.2001/I_Databas/Economy/databasetree.asp

Agricultural Sector

Overview

Estonia's food market offers potential for a range of high-value product imports, particularly for middle and higher-income demographics, the hospitality sector, and Estonia's growing expatriate community. Consolidation among retail outlets through investment by large Scandinavian and Baltic grocery chains developed quickly and may provide new opportunities for exporters. Products targeted by the local restaurant industry like fish and seafood, nuts, wine, and distilled spirits are growing in popularity. There are established consumer preferences for domestic fresh products which have short shelf lives and are free of additives. Although Estonian consumers remain price-sensitive, they are increasingly interested in organic foods. Younger consumers are also interested in new products.

Estonia has a food and agricultural trade surplus with the United States and according to the [Estonian Statistical Office](#), it is a net food exporter. Beverage products, meat products, horticulture, coffee, tea, jellies and jams, and feed grains are important imports. U.S. exports with strong market potential in Estonia include fish (pollock, hake, roe, surimi), tree nuts (shelled almonds and walnuts), dried fruit (cranberries, blueberries, or prunes), wine, and distilled spirits. Estonian food exports include dairy products, meat, fish, and beverages. Important Estonia exports to the United States include forest products, cheeses, frozen fish and fish preparations, as well as starch, glues, and cotton articles.

Since Estonia's European Union (EU) accession in 2004, it has fully harmonized its tariff rates with the EU. Exporters should first examine whether their products have EU market access. Some commodities such as meat, poultry, dairy, corn, rice, fresh fruit, and various processed products face significant non-tariff barriers. Also, inter-EU agricultural trade among Member States faces zero tariffs instead of the Most Favored Nation (MFN) rates U.S. imports face. More detailed EU customs and tariff information is available at https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/what-is-common-customs-tariff/taric_en

Sub-sector Prospects for Agricultural Products:

Tree Nuts (Consumer Oriented Product)

Hardwood Lumber (Forest Products)

Fish Products

Leading Sub-Sectors

1. Tree Nuts

U.S. tree nuts, primarily almonds and walnuts, are increasingly popular in confectionary, home baking, and snack food production. Spain is the leading competitor for U.S. exporters in Estonia. Lithuania, Latvia, and Germany coordinate shipments from Spain but also from the United States. In 2019, over \$3 million dollars of U.S.-origin almonds were transshipped to Estonia from Latvia. The Estonian market for U.S. tree nuts in Estonia in 2020 is bound to be negatively affected by COVID-19 along with other high-value products, though almond and other tree nut sales are likely to rebound in Estonia in 2021 for home baking and snacking.

Commodity Group: Nuts (incl. Almonds and Walnuts)

Harmonized Schedule Code(s): HS 0802

Value in US\$1,000

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 f.*</u>
Total Imports	9,024	9,330	16,353	10,000

Total Imports from United States	1,602	1,773	1,588	1,600
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*forecast

2. Forest Products

Estonia is a leading manufacturer of wood furniture for the European market, particularly for Scandinavia. Estonia imported \$316 million of wood and lumber products in 2019, mainly from Russia, although also from Latvia and Finland. U.S. wood product exports to Estonia are mostly ash and oak sawn or chipped lumber products.

Commodity Group: Hardwood Lumber

Harmonized Schedule Code(s): HS 4407

Value in US\$1,000

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 f.</u>
Total Imports	301,917	364,682	316,055	280,000
Total Imports from United States	10,472	9,331	13,264	10,500

3. Seafood (Alaska pollock, hake and caviar)

Fish is an important part of the Estonian diet. Estonian consumers are more actively seeking out product information regarding fish and seafood. Estonia's growing seafood processing industry will continue to offer sales opportunities for U.S. exporters, particularly for Alaskan pollock, hake, and fish roe. Fish and seafood export growth to Estonia in 2020 will likely be negatively affected by COVID-19, particularly for sales to hospitality and restaurant sectors.

Commodity Group: Fish and Fish Products

Harmonized Schedule Code(s): HS 03

Value in US\$1,000

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 f.</u>
Total Imports	115,576	118,634	125,727	125,800
Total Imports from U.S.	1,399	1,467	2,258	2,350

Opportunities:

USDA [Attaché reports](https://apps.fas.usda.gov/scripts/attacherep/legacy.asp) (https://apps.fas.usda.gov/scripts/attacherep/legacy.asp) regularly provide updated information on market opportunities, new policy developments, and other information regarding the local food industry. Some standard reports include the Retail Market Report, Exporter Guide, Food Service Report, and market briefs on select products.

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. More info: <https://apps.fas.usda.gov/gats/default.aspx>

Web Resources:

Information on agricultural trade barriers can be found here: <https://www.usda-eu.org/>

USDA's Foreign Agricultural Service (regional office in Warsaw): <https://www.fas.usda.gov/offices/office-agricultural-affairs-warsaw>

Note: All figures are in thousands of U.S. dollars unless otherwise stated.

Data Source: Estonian Statistical Office (CSO) data published by Trade Data Monitoring (TDM). Other best prospects are based on trade information and products presently on the market.

IT Services and Equipment

Overview

Digital services

Estonia ranks 7th among EU countries in the 2020 EU Digital Economy and Society Index. Estonia is known in Europe for its online provision of public services and scores above the EU average in digital skills and the use of Internet by citizens. Estonia also remains the leader in the use of ePrescriptions by physicians (100%). Estonians are skilled in the use of digital technologies and keen users of a variety of internet activities. Estonia also has introduced a digital highway, called X-Road, via which all state IT systems communicate, allowing the creation of integrated e-services. To ensure security, the system uses timestamps and keeps records of who has accessed which sites.

More info: <https://ec.europa.eu/digital-single-market/en/scoreboard/estonia>

In 2014, Estonia began offering foreigners an e-residency option, which provides secure access to Estonia's digital services, such as business registration and the use of digital signatures in an electronic environment. An e-resident receives a digital identity (smart ID-card) from the Republic of Estonia, but this does not entail full legal residency, citizenship or right of entry to Estonia. 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-resident.gov.ee/>

An overview of e-government projects can be found:

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

Cyber Defense

Estonia has become a focal point for issues related to cyber security and defense, particularly after April 2007, when Estonia experienced an intensive, coordinated 'cyber-attack' after the government relocated 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 cyber-defense resources and infrastructure 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. Lines of effort aim to combat cybercrime, cyber espionage, the use of cyber tools in armed conflict, and lack of cyber security awareness among information systems users.

More info: <https://www.ria.ee/en/information-system-authority/publications.html>

Estonia hosts the NATO Cooperative Cyber Defense Center of Excellence (CCD COE), which the United States formally joined in 2011.

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 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

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 2020: More info: <https://ec.europa.eu/digital-single-market/en/scoreboard/estonia>

Information System Authority: <https://www.ria.ee/en/information-system-authority/publications.html>

Electronics and Electronic Components

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, but the industry has an 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. While the sector is dominated by small local companies, there are also a number of subsidiaries of international corporations, including from the United States, which are mostly oriented towards subcontracting for exports. Nearly 84 percent of electronics production is exported. Estonia's main export partners in electronics are Sweden, Finland and, more recently, Germany and the United States. Estonia has a 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. More info: <https://online.fliphtml5.com/qxzls/shil/#p=1>

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.

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>

Intelligent Transport Solutions

Overview

In recent years the Estonian government and private sector have begun improving transportation networks using Intelligent Transportation Systems (ITS), advanced applications and services to efficiently manage use of infrastructure. Examples of ITS Estonia include The Smart Port Solution, AI-based sales prediction solution for logistic companies, Border Queue Management Service, and mobile parking applications. More info: <https://its-estonia.com/en/category/showcases/>

Estonia is the first country to legalize the testing of autonomous vehicles on public roads. The government has adopted a plan to create a fleet management system to integrate self-driving vehicles into the public transport system with journey planning and call-to-order bus stops. The government is also planning to launch pilots in other public service areas to seek new models of public service delivery based on autonomous mobility.

The Self-driving Vehicles and Autonomous Systems research group of Tallinn University of Technology (TalTech) has developed and is testing an AV shuttle called Iseauto. More on Iseauto: <https://iseauto.taltech.ee/> TalTech signed a co-operation agreement in 2019 with Florida Polytechnic University (Florida Poly) to develop and increase security of automated vehicles. In addition several companies in Estonia are testing self-driving robots. Starship is testing food and package delivery robots, offering people convenient new services that improve everyday life. More on the company: <https://www.starship.xyz/company/>

Milrem Robotics is manufacturing unmanned ground vehicles for defense and security forces, commercial and industrial clients, and rescue services. More info: <https://milremrobotics.com/>

Leading Sub-Sectors

Autonomous systems, in particular, localization and mission planning, motion parameters and path following, object detection and obstacle avoidance, sensor fusion and simulations.

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

ITS Estonia: <https://its-estonia.com/en/contact/>

Safety and Security

Overview

Today globalization, environmental developments, world affairs and politics, global terrorism, organized crime, and the digitization of both private and public sectors are driving growth in Estonia's economy, raising both opportunities and threats. Estonia faces the same threat of international terrorism and organized crime as other European countries due to its participation in the Schengen area, though its border with Russia increases its vulnerability. The total size of the safety and security market is about 184 million EUR with an annual increase of about 8 percent. Annual sales of security technology is about 86 million EUR and services is about 94 million EUR. 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 for residential and commercial building managers because many of the Soviet-era buildings contain antiquated electrical and 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

Estonian Defense Industry Association: <https://defence.ee/>

Estonian Security Companies Association: <http://etel.ee/liidust/kontaktandmed>

Customs, Regulations and Standards

Trade Barriers

U.S. companies do not face significant trade barriers when exporting to Estonia.

Import Tariffs

Estonia follows the EU import tariff schedule. The duties for non-European countries are relatively low, especially for manufactured goods (4.2 percent 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 percent and numerous tariff quotas) are still subject to protective measures.

Estonian Master Tariff System: <https://www.emta.ee/eng/business-client/customs-trade-goods/it-systems/estonian-master-tariff-system-emts>

Import Requirements and Documentation

Information on EU/Estonian Customs requirements and documentation: 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/en>

Labeling and Marking Requirements

The following information is required in Estonian on retail packaging or must otherwise be marked on the product with a sticker, label, or by other means:

- 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 with measures in the metric system)

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

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.trade.gov/knowledge-product/european-union-labelingmarking-requirements-0>

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives. BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)", or warning signs, intended to discover possible violations of the EAR.

Also, BIS has "[Know Your Customer](#)" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars and focus on the basics of exporting as well as more advanced topics. Check a [list of upcoming seminars and webinars](#).

BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations).

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions.

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 and 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

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 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 such as alcohol, tobacco, and motor fuel, an excise duty.

More on the customs procedures:

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

Standards for Trade

Overview

Products tested and certified in the United States to U.S. standards will most likely need 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 subject to the EU's General Product Safety Directive, as well as 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 are set in the EU by a general food law establishing general principles. This set of regulations has required mandatory traceability throughout the feed and food chain since 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 in 2000. 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: <https://www.evs.ee/en/general-principles>

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 manufacturers 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 options with conformity assessment approach, including self-certification, type examination and production quality control systems, to full quality assurance systems, depending on the level of risk involved in the use of their product. Conformity assessment bodies in Estonia can be found 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 EU Member States and 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 or 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 on the CE marking process: <http://www.export.gov/europeanunion/eustandardsandcertification/index.asp>

Publication of Technical Regulations

The Consumer Protection and Technical Regulatory Authority: <https://www.ttja.ee/en>

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

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) 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.

Contact Information

Estonian Accreditation Center: http://www.eak.ee/index_eng.php?pageId=15

Estonian Centre for Standardization: <https://www.evs.ee/en/general-principles>

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

Licensing Requirements for Professional Services

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

Selling U.S. Products and Services

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 who are all retail and wholesale enterprises. More info: <http://kaupmeesteliit.ee/liidust/english-summary/>

Using an Agent to Sell U.S. 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. U.S. companies seeking agents, distributors, or partners in Estonia may contact the Political/Economic Section of the U.S. Embassy in Tallinn.

Local directories 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

A wide range of EU legislation 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>

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.

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

DHL www.dhl.ee

UPS www.ups.com

Itella www.smartpost.ee

Express Post www.expresspost.ee

More info on express delivery to Estonia from the United States is available on the United States Postal service website: http://pe.usps.com/text/imm/ce_030.htm

Due Diligence

Company due diligence is recommended before buying a company, merging, or entering into any type of partnership with Estonian companies. If 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 an International Company Profile (ICP) report. More info on ICP: <https://www.export.gov/International-Company-Profile>

eCommerce

Total Estonian e-commerce revenue across all product categories is \$273 million and is expected to grow to \$429 million by 2021. Fashion is currently the leading product category in Estonia, which accounts for \$110.2 million in e-commerce sales, followed by Electronics & Media, which generates \$79.7 million in online sales.

For their online purchases 52 percent of Estonians utilize international online shopping platforms like Alibaba, Aliexpress, and Amazon. The fastest-growing Estonian e-commerce markets are ridesharing and food courier services. There is a significant increase in the number of online purchases at shopping centers that offer home delivery as well. Estonia has an extensive network of smart lockers for package deliver, which are used by 86 percent of online buyers for delivery. 46 percent of online shoppers get their purchases delivered by courier services. Shoppers use three primary methods for paying for internet purchases: internet bank payments through a bank link service (56 percent), card payments (31 percent) and e-wallet solutions like PayPal (8 percent).

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.

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. About 57 percent of the Estonian population uses social media, and the leading social networks are Facebook, YouTube, and Twitter. The Russian-speaking population in Estonia also uses Russian social media, especially Odnoklassniki and VKontakte.

In-country partners: Estonian E-Commerce Association <https://e-kaubanduseliit.ee/en/240-active-e-commerce-companies-from-all-over-estonia/>

E-Commerce is regulated by the Consumer Protection and Technical Regulatory Authority <https://www.ttja.ee/en/consumer/e-commerce/odr-platform>

E-Commerce regulations in EU: <https://www.trade.gov/knowledge-product/european-union-ecommerce>

Selling Factors & Techniques

Overview:

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.

Trade Promotion and Advertising

General Legislation

Advertising in Estonia is regulated by the Advertising Act:

<https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/515032016001/consolide>

The Association of Estonian Broadcasters: 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>

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

Nearly all imports, as well as domestic production, are subject to a 20 percent Value Added Tax (VAT).

Info on VAT:

[Value Added Tax Act:](#)

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 between 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](#).

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>

Principal Business Associations

The Estonian Chamber of Commerce and Industry is the most influential organization representing businesses in Estonia: 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

Limitations on Selling U.S. 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.

Trade Financing

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.

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)
3. PayPal
4. SEPA Credit Transfer (regular Bank Transfers)
5. SEPA Direct Debit
6. Others (paysafecard, bitcoin, TransferWise)

Credit Rating Service: www.krediidiinfo.ee

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

Banking Systems

The Bank of Estonia, known as “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, supervising overall financial stability, maintaining reliable and well-functioning payment systems, and the circulation of cash in Estonia.

Estonian banks offer a full range of services. Estonian banking has developed well-functioning electronic transaction systems. Debit and credit cards are widely used in everyday transactions. Overview of the banking sector: <https://pangaliit.ee/banking-information/market-shares-of-estonian-banks>

Foreign Exchange Controls

Estonia joined the euro zone in 2011. There are no controls on currency exchange.

U.S. Banks & Local Correspondent Banks

There are no U.S. banks in Estonia.

List of financial institutions in Estonia: <https://www.fi.ee/en/banking-and-credit>

Protecting Intellectual Property

Intellectual property (IP) rights are protected under local laws. Please check the IP section in Investment Climate Report Chapter 6. In any foreign market companies should consider several general principles for effective protection of their intellectual property.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.

IP Attaché Contact

Name: Andrea Lindgren

Address Kentmanni 20, 15099 Tallinn

Telephone +372 6688107

E-mail LindgrenAKS@state.gov

Selling to the Public Sector

The United States 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.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy Center](#) for information on Foreign Government Contracts.

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.

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be significant factors in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Key Link: <https://www.trade.gov/knowledge-product/european-union-selling-government>

Government procurement in Estonia is governed by the Public Procurement Act (PPA). Public procurement covers 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> and <https://riigihanked.riik.ee/rhr-web/#/> More info on Estonian Public Procurement Policy can be found at: <https://www.rahandusministeerium.ee/en/public-procurement-policy>

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: <https://businessculture.org/eastern-europe/estonia/business-etiquette/>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, while 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 Boarder 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

As part of the eurozone, the currency used in Estonia is the euro. Credit and debit cards (mainly Visa and MasterCard) **are widely accepted, and there is a wide network of ATMs. Traveler's checks are not accepted.**

Telecommunications/Electronics

Estonia's telecommunications market is small and the competition high, resulting in reasonable prices and high-quality solutions depending on your needs. EU mobile users travelling to other countries in the EU are able to call, text, or use data without paying any extra charges.

Estonia's 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 in terms of price or services offered. You can buy a prepaid calling card from supermarkets, convenience stores, 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, local logistics and transport companies have reached western standards in terms of service and quality.

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 through maritime and road transport, and to a lesser extent by air transport. While there are five passenger-serving airports in Estonia, most international flights occur through Tallinn Airport.

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. Non-residents can use public transport by paying with cash on the bus or tram or by purchasing a Tallinn Transport card at a gas station or convenience store. 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 equipment, 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 2020 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.

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

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: <https://www.state.gov/countries-areas/>