

Introduction

Estonia is a country located in Eastern Europe that includes bays, straits, inlets, and an estimated 1,500 islands. It borders Russia, Latvia, the Gulf of Finland, and the Baltic Sea. The mainland is flat and heavily forested. The government system is a parliamentary republic; the chief of state is the president, and the head of government is the prime minister. Estonia has a modern market-based economy in which the prices of goods and services are determined in a free price system. Estonia is a member of the European Union (EU).



Location: Northern Europe

Capital City: Tallinn (+2 GMT)

Chief of State: President Alar Karis

Head of Govt.: Prime Minister Kaja Kallas

Currency: Euro (EUR)

Major Languages: Estonian (official) 67.2%, Russian 28.5%, other 3.7%, unspecified 0.6% (2021 est.)

Primary Religions: Orthodox 16.5%, Protestant 9.2% (Lutheran 7.7%, other Protestant 1.5%), other 3% (includes Roman Catholic, Muslim, Jehovah's Witnesses, Pentecostal, Buddhist, and Taara Believer), none 58.4%, unspecified 12.9% (2021 est.)

Calling Code: 372

Voltage: 230

Key Websites

Main Government Page: valitsus.ee

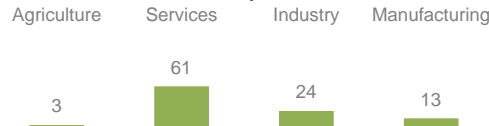
Commerce Ministry: mkm.ee

Investment Promotion Agency: investinestonia.com

Key Economic Facts

| | |
|--|------------------------|
| Income Level (by per capita GNI): | High Income |
| Level of Development: | Developed |
| GDP, PPP (current international \$): | \$62.80 billion (2022) |
| GDP growth (annual %): | -1.29% (2022) |
| GDP per capita, PPP (current international \$): | \$46,697.36 (2022) |
| Manufacturing, value added (% of GDP): | 12.76% (2022) |
| Current account balance (BoP, current US\$): | -\$0.85 billion (2022) |
| Inflation, consumer prices (annual %): | 19.40% (2022) |
| Labor force, total: | 732,290 (2022) |
| Unemployment, total (% of total labor force) (modeled ILO estimate): | 5.85% (2022) |
| Imports of goods and services (current US\$): | \$32.79 billion (2022) |
| Exports of goods and services (current US\$): | \$32.58 billion (2022) |

GDP Composition %



**Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

| Index | Rank |
|---|----------|
| Corruption Perceptions Index | 13 / 178 |
| Global Competitiveness Index | 31 / 141 |
| Global Enabling Trade Index | 14 / 136 |
| Global Services Location Index | 12 / 60 |
| Index of Economic Freedom | 6 / 176 |
| International Logistics Performance Index (LPI) | 36 / 160 |
| Inward FDI Potential Index | 34 / 139 |
| KOF Index of Globalization | 28 / 185 |
| Networked Readiness Index (NRI) | 22 / 139 |

Risk Assessment (Provided by Coface)

Country rating: A3 - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

Business Climate rating: A1 - The business environment is very good. Corporate financial information is available and reliable. Debt collection is efficient. Institutional quality is very good. Intercompany transactions run smoothly in environments rated A1.

Strengths

- Lowest public debt ratio of the EU
- Diversified energy sources, half of them domestic thanks to oil shales
- Member of the EU, the euro zone and NATO
- Close commercial, financial and cultural links with its Baltic neighbors, Scandinavia, and Finland
- Development of high value-added (ICT) and traditional (transport, furniture) sectors
- Flexible economic policy

Weaknesses

- Small, open economy sensitive to external shocks
- Strong fallout from the war in Ukraine: Russia was a major trading partner
- Declining workforce, slowing productivity and shortage of skilled labor
- Lack of overland connections with the rest of the EU
- Income inequalities and persistent poverty, especially in the predominantly Russian-speaking eastern regions

U.S. Embassy

U.S. Embassy Tallinn
 Kentmanni 20
 15099 Tallinn, Estonia
 Tel: (372) 668 8100

<https://ee.usembassy.gov>