

## Introduction

Estonia is a country located in Eastern Europe that includes bays, straits, inlets, and an estimated 1,500 islands. It is bordered by 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 Kersti Kaljulaid

**Head of Govt.:** Jüri Ratas

**Currency:** Euro (EUR)

**Major Languages:** Estonian (official) 68.5%, Russian 29.6%, Ukrainian 0.6%, other 1.2%, unspecified 0.1%

**Primary Religions:** Orthodox 16.2%, Lutheran 9.9%, other Christian (including Methodist, Seventh-Day Adventist, Roman Catholic, Pentecostal) 2.2%, other 0.9%, none 54.1%, unspecified 16.7%

**Calling Code:** 372

**Voltage:** 230

## Key Websites

Main Government Page: [valitsus.ee](http://valitsus.ee)

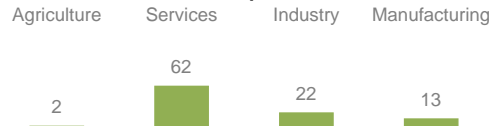
Commerce Ministry: [mkm.ee](http://mkm.ee)

Investment Promotion Agency: [investinestonia.com](http://investinestonia.com)

## Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developed
GDP, PPP (current international \$):	\$51.62 billion (2019)
GDP growth (annual %):	5.00% (2019)
GDP per capita, PPP (current international \$):	\$38,915.20 (2019)
Manufacturing, value added (% of GDP):	12.80% (2019)
Current account balance (BoP, current US\$):	\$0.62 billion (2019)
Inflation, consumer prices (annual %):	2.28% (2019)
Labor force, total:	699,810 (2020)
Unemployment, total (% of total labor force) (modeled ILO estimate):	5.38% (2020)
Imports of goods and services (current US\$):	\$21.68 billion (2019)
Exports of goods and services (current US\$):	\$22.95 billion (2019)

## 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	18 / 180
Global Competitiveness Index	31 / 141
Global Enabling Trade Index	14 / 136
Global Services Location Index	25 / 55
Index of Economic Freedom	15 / 179
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

- Eurozone (2011) and OECD (2010) member
- Close trading, financial and cultural links with Scandinavia
- Virtually energy self-sufficient thanks to oil shales
- Development of high value-added sectors (electronics, IT services)
- Flexible economic policy
- External accounts traditionally in surplus and low debt
- Very favorable business environment (18th in the 2020 Doing Business ranking), although the IMF has stressed the need for more stringent anti-money laundering measures
- Digitalization of administrative procedures

### Weaknesses

- Small open economy sensitive to external shocks
- Declining labor force and shortage of skilled labor
- Lack of land connections to the rest of the European Union
- Income inequality and persistence of poverty, particularly in eastern regions with a majority of Russian speaking people

## U.S. Embassy

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