

**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.:** Prime Minister 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:** Lutheran 9.9%, Orthodox 16.2%, 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)

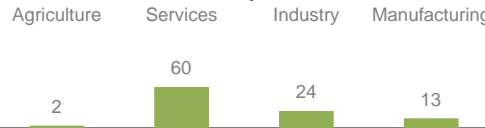
Commerce Ministry: [mkm.ee](http://mkm.ee)

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 \$):	\$41.76 billion (2017)
GDP growth (annual %):	4.85% (2017)
GDP per capita, PPP (current international \$):	\$31,742.03 (2017)
Manufacturing, value added (% of GDP):	13.28% (2017)
Current account balance (BoP, current US\$):	\$0.82 billion (2017)
Inflation, consumer prices (annual %):	3.42% (2017)
Labor force, total:	690,355 (2017)
Unemployment, total (% of total labor force) (modeled ILO estimate):	5.76% (2017)
Imports of goods and services (current US\$):	\$19.06 billion (2017)
Exports of goods and services (current US\$):	\$20.23 billion (2017)

**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	21 / 178
Global Competitiveness Index	31 / 139
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: A2** - The political and economic situation is good. A basically stable and efficient business environment nonetheless leaves room for improvement. Corporate default probability is low 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**

- Public accounts in surplus and low debt
- Eurozone and OECD member
- Close trading, financial, and cultural links with Scandinavia
- Virtually energy self-sufficient thanks to oil shale
- Development of high value-added sectors (electronics, IT services)
- Very favourable business environment
- Digitisation of administrative procedures
- Flexible economic policy

**Weaknesses**

- Small open economy sensitive to external shocks
- Declining labour force; shortage of skilled labour
- Lack of land connections to the rest of the EU
- Income inequalities and persistent poverty, especially in the predominantly Russian-speaking eastern regions

**U.S. Embassy**

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