

Estonia Today

ECONOMY AT A GLANCE

Key Facts

- National currency: the kroon, EEK (100 sents = 1 kroon)
- Monetary system: modified currency board
- Currency peg: 1 EUR = 15.65 EEK
- Currency peg and currency board fixed by law since June 1992 (originally to the German Mark)
- Tax system: 21% flat income tax, reinvested corporate profit is tax free; 20% VAT

International Credit Ratings

- Moody's: A1, outlook negative
- Standard & Poor's: A-, outlook negative
- Fitch: BBB+, outlook negative

Key Indicators	2001	2002	2003	2004	2005	2006	2007	2008
Population as of 1 January (million)	1.37*	1.36*	1.36*	1.35*	1.35*	1.35	1.35	1.34
GDP at current prices (billion EUR)	6.9	7.7	8.7	9.6	11.0	13.1	15.2	15.9
Real growth of GDP (%)	7.7	7.8	7.1	7.5	9.2	10.4	6.3	-3.6
GDP per capita at current prices (EUR)	5 047	5 702	6 390	7 148	8 213	9 634	11 308	11 833
GDP at market prices, PPS per capita (EUR)	9 100	10 200	11 300	12 400	13 700	15 400	16 900	16 800
Annual FDI (million EUR)	602.7	306.8	822.2	770.8	2 302.1	1 431.7	1 962.2	1 366.1
FDI position, as of 31 December (million EUR)	3 573	4 035	5 553	7 374	9 539	9 660	11 332	11 648
FDI position per capita, as of 31 December (EUR)	2 608	2 967	4 083	5 462	7 066	7 155	8 394	8 693
Consumer price index compared to previous year (%)	5.8	3.6	1.3	3.0	4.1	4.4	6.6	10.4
Unemployment rate** (%)	12.6	10.3	10.0	9.7	7.9	5.9	4.7	5.5
Average monthly wage (EUR)	352	393	430	466	516	601	724	825
Current account balance (% of GDP)	-5.2	-10.6	-11.3	-11.7	-10.0	-16.7	-18.1	-9.2
Deficit (-)/Surplus of state budget (% of GDP)	0.6	1.1	2.4	1.7	1.5	2.9	2.7	3.0
Export (billion EUR)***	3.698	3.642	4.003	4.769	6.183	7.639	8.021	8.452
Import (billion EUR)***	4.798	5.079	5.715	6.703	8.204	10.564	11.318	10.870
Trade balance (billion EUR)***	-1.100	-1.437	-1.712	-1.934	-2.021	-2.925	-3.297	-2.418
Total government expenditures (% of GDP)	33.6	34.3	33.3	34.9	35.5	35.4	36.0	40.9

* Based on the 2000 Population Census

** Unemployed/labour force according to ILO methodology;

*** Trade figures shown in special trade system

Sources: Population Register

Bank of Estonia <http://www.bankofestonia.info>,

Ministry of Finance <http://www.fin.ee>,

Statistical Office of Estonia <http://www.stat.ee>,

Eurostat <http://europa.eu.int/comm/eurostat>

GDP by Main Fields of Economic Activity (as a % of total GDP)

Field of Activity	2002	2003	2004	2005	2006	2007	2008
Real estate, renting and business services	16.2	16.5	16.8	17.0	16.7	16.7	17.9
Manufacturing	16.1	16.1	15.5	15.1	15.0	15.3	15.0
Wholesale and retail trade	12.3	12.6	12.4	12.7	13.2	12.5	12.2
Transport, storage and communication	11.6	11.5	11.2	10.3	10.1	9.4	9.1
Construction	5.2	5.2	5.3	6.5	7.4	7.9	7.4
Public administration and defence; compulsory social security	5.1	5.1	5.0	4.7	4.5	4.8	5.7
Education	4.4	4.3	4.2	4.0	3.7	3.8	4.3
Financial intermediation	3.7	3.4	3.4	3.2	3.3	3.5	3.5
Electricity, gas and water supply	3.0	3.1	3.0	3.0	2.7	2.3	2.4
Agriculture and hunting	2.2	2.0	2.0	1.9	1.7	1.4	1.3

Source: [Statistical Office of Estonia](http://www.stat.ee)

Due to the accession with the European Union, the methodology of macroeconomic statistics changed. The changes concerned the calculation methodology of imputed rent and consumption of fixed capital, and changed also the level of gross domestic product and gross national income in the period 1993–2003.



Main Trade Partners and Main Exports and Imports in 2008, as a % of total trade, figures shown in special trade system

Country	Exports
1. Finland	18.4
2. Sweden	13.9
3. Russia	10.4
4. Latvia	9.9
5. Lithuania	5.7
6. Germany	5.0
7. USA	4.8
8. Norway	3.3
9. Denmark	3.3
10. Great Britain	2.7
Others	22.4

Country	Imports
1. Finland	14.2
2. Germany	13.3
3. Sweden	10.0
4. Latvia	9.0
5. Lithuania	8.9
6. Russia	7.7
7. Poland	4.6
8. Netherlands	3.3
9. Great Britain	2.9
10. Belarus	2.9
Others	23.2

Main Commodity Groups	Exports
Machinery and appliances	21.8
Mineral products	11.9
Base metals and articles of base metals	12.1
Agricultural products and food preparations	9.0
Wood and articles of wood	8.5
Transport equipment	7.7
Miscellaneous manufactured articles	7.3
Chemical products	5.4
Textiles and textile articles	4.2
Articles of plastics and rubber	3.1
Paper and articles of paper	3.0
Others	6.0

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Articles of plastics and rubber	4.7
Wood and articles of wood	2.5
Miscellaneous manufactured articles	2.3
Paper and articles of paper	2.2
Others	5.9

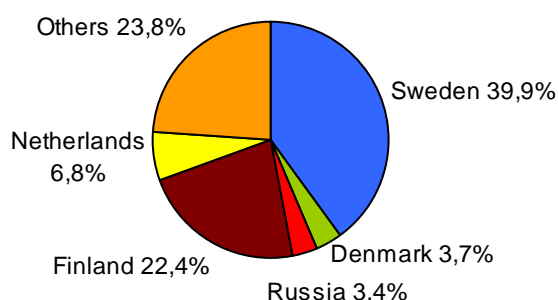
Source: Statistical Office of Estonia www.stat.ee

Direct Investment Position in Estonia by Countries as of 31 December 2008

Country	Million EUR	% of total
1. Sweden	4 651.9	39.9
2. Finland	2 610.7	22.4
3. Netherlands	795.9	6.8
4. Denmark	431.8	3.7
5. Russia	395.6	3.4
6. Norway	392.8	3.4
7. Cyprus	276.1	2.4
8. Great Britain	273.6	2.3
9. Germany	227.8	2.0
10. Luxembourg	208.2	1.8
Others	1 383.5	11.9
Total	11 647.9	100.0

Source: Bank of Estonia www.bankofestonia.info

Direct Investment Position in Estonia by Countries as of 31 December 2008

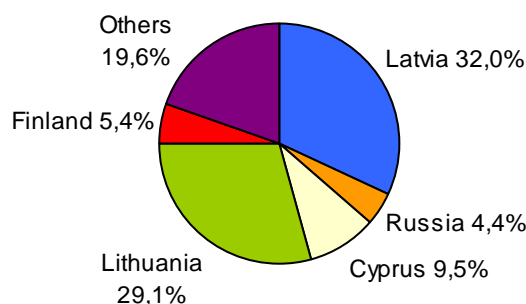


Estonia's Direct Investment Position abroad by Countries as of 31 December 2008

Country	million EUR	% of total
1. Latvia	1 523.4	32.0
2. Lithuania	1 385.5	29.1
3. Cyprus	454.9	9.5
4. Finland	257.2	5.4
5. Russia	208.1	4.4
6. Ukraine	180.1	3.8
7. Italy	154.1	3.2
8. Poland	89.8	1.9
9. Great Britain	62.7	1.3
10. Belarus	50.9	1.1
Others	400.8	8.3
Total	4 767.5	100.0

Source: Bank of Estonia www.bankofestonia.info

Estonia's Direct Investment Position abroad by Countries as of 31 December 2008



Telecommunications and IT

	12/ 2005	12/ 2006	12/ 2007	12/ 2008
Telephone main (fixed) lines per 100 inhabitants	32.8	33.7	35.7	37
Share of digital lines (%)	83	85	86	84
Number of mobile phone subscribers per 100 inhabitants	107	123	147.6	121.2
Broadband connections per 100 inhabitants (%)	13	17	21	24
Number of households connected to broadband per 100 homes	28	36	44	50

Sources: Estonian Competition Authority www.konkurentsiamet.ee

- 71% of population aged 16 to 74 are Internet users (2009, Statistics Estonia).
- 63% of households have access to the Internet at home (2009, Statistics Estonia).
- All Estonian schools are connected to the Internet.
- All Estonian towns and villages are covered by the network of public Internet access points.
- There are more than 1 100 free wireless Internet zones around the country. More information: www.wifi.ee

- Incomes can be declared to the Tax and Customs Board via Internet. In 2009, the percentage of electronic tax declarations was 91.
- Expenditures made in state budget can be followed on the Internet in real-time
- The Government has changed Cabinet meetings to paperless sessions using a web-based document system
- All of Estonia is covered with digital mobile phone networks

With its policies and innovative initiatives the Estonian Government is helping companies make the information technology sector one of the fastest growing in the country. The World Economic Forum's Global Information Technology Report 2008–2009 – The Networked Readiness Index, (<http://www.weforum.org>) also indicates a strong Estonian standing in government and the community readiness to participate in and benefit from ICT developments: the study ranks Estonia 18th out of 134 thanks to its regulatory framework for ICT, making Estonia the leader among the Central and Eastern European countries.

Economic Development Perspectives

Growth and associated factors 2008–2013

Main economic indicators	2008*	2009*	2010*	2011*	2012*	2013*
GDP real growth (%)	-3.6	-14.5	-2.0	1.5	3.0	3.8
GDP (current prices, billion EUR)	15.9	13.4	12.9	13.3	14.0	14.9
GDP deflator (%)	7.8	-0.9	-2.5	1.6	2.4	2.7
Consumer price index (%)	10.4	-0.1	0.2	1.5	2.3	2.7
Employment (15–74 years old, thousands)	656.6	597.4	578.5	578.5	584.9	595.4
Employment growth (%)	0.2	-9.0	-3.2	0.0	1.1	1.8
Real growth in labour capacity	-3.8	-6.1	1.2	1.5	1.9	1.9
Unemployment rate (ILO)	5.5	14.4	16.8	16.6	15.4	13.7
Average wage (EUR)	825.0	777.9	746.8	756.5	777.7	804.9
Wage real growth (%)	13.9	-5.7	-4.0	1.3	2.8	3.5
Current account (% of GDP)	-9.4	2.1	3.6	2.9	1.1	-2.9

* Forecast; Source: Ministry of Finance www.fin.ee, August 2009

A comparison of economic forecasts from various institutions 2009–2010

	Economic growth, %		Consumer price index, %		Current account, % of GDP	
	2009	2010	2009	2010	2009	2010
IMF	-14.0	-2.6	0.0	-0.2	1.9	2.0
European Commission	-10.3	-0.8	0.6*	0.5*	-1.1	-3.1
Bank of Estonia	-12.3	0.2	-0.5*	-2.9*	2.7	-1.7
Ministry of Finance	-14.5	-2.0	0.2*	-0.2*	2.1	3.6

* Harmonised consumer price index

Source: Ministry of Finance www.fin.ee, European Commission www.europa.eu.int, Bank of Estonia www.bankofestonia.info, IMF www.imf.org

More about Estonia's economy

Bank of Estonia: www.bankofestonia.info

Statistical Office of Estonia: www.stat.ee

Estonian Chamber of Commerce and

Industry: www.koda.ee

Ministry of Finance: www.fin.ee

Ministry of Economic Affairs and Communications:

www.mkm.ee

Tallinn Stock Exchange: www.nasdaqomxbaltic.com

Enterprise Estonia: www.eas.ee

Estonian Investment and Trade Agency:

www.investinestonia.com

Estonian Business Association: www.esea.ee

Estonian Development Fund: www.arengufond.ee

Estonian Trade Council: www.etc.ee