

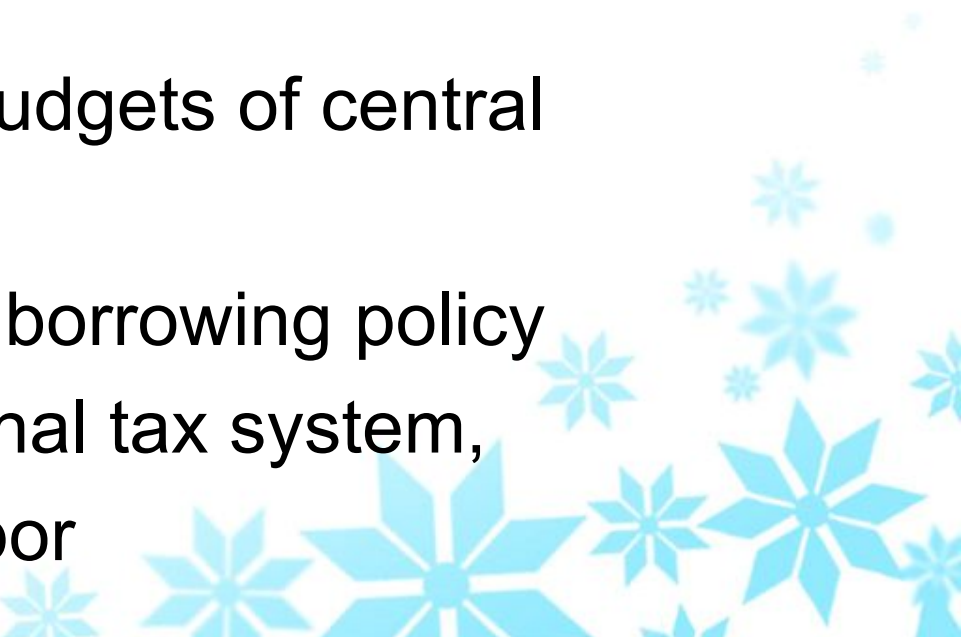
Future direction of Estonian economy?

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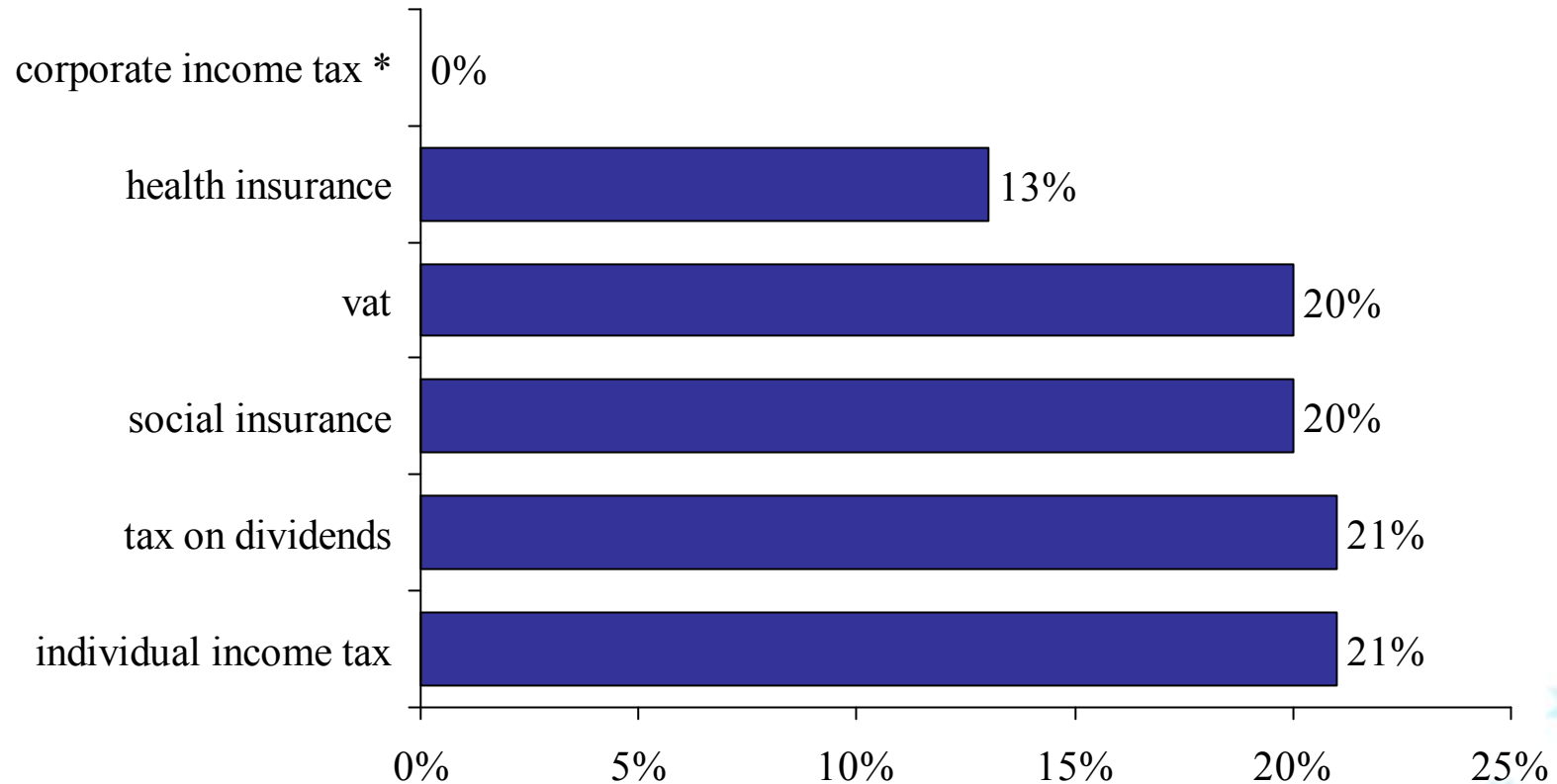
Business climate maintains its competitiveness



Macroeconomic framework

- Liberal trade and price policy
 - Fixed exchange rate system, adoption of euro by 2011
 - No restrictions to the free movement of capital
 - Return to balanced budgets of central government
 - Conservative foreign borrowing policy
 - Simple and proportional tax system, reducing taxes on labor
- 

Taxes in Estonia



unemployment insurance 1.4 (employer)
2.8 (employee)

* no corporate income tax on reinvested earnings

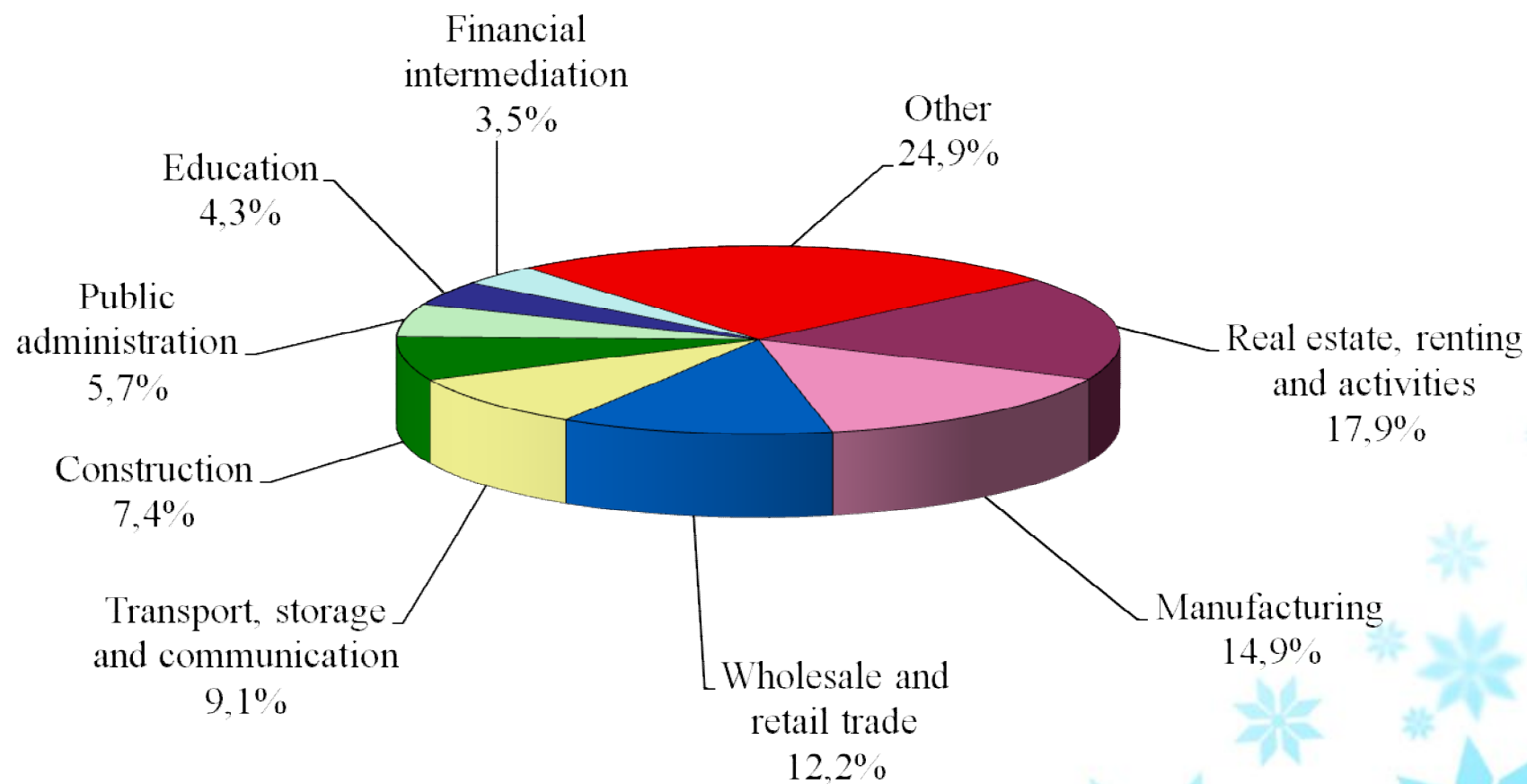
Source: Enterprise Estonia

Index of Economic Freedom Ranking

	2004	2005	2006	2007	2008	2009
Hong Kong	1	1	1	1	1	1
Singapore	2	2	2	2	2	2
United Kingdom	7	7	5	6	10	10
Ireland	5	5-6	3	7	3	4
Luxembourg	4	3	4	8	15	15
Estonia	6	4	7	12	12	13
Denmark	8	8	8	13	11	8
Finland	15	15	12	16	16	17
Sweden	12	14	19	21	27	26
Lithuania	23	23	23	22	26	30
Latvia		28	39	41	38	45

Source: Wall Street Journal The Heritage Foundation

GDP by Sectors in Estonia in 2008



Current strengths



Home of IT innovators



NATURAL RESOURCES

❖ TIMBER

- ❖ 2 mln ha, 48% of Estonia covered by forest
- ❖ Wood-processing industry is the second largest manufacturing sector (15% of the total industrial output)
- Forest resources 353 mln m³ / Annual increment 10 mln m³
- ❖ Closely connected to Scandinavian forestry companies



OIL SHALE

» Reserves ca 1.8 billion tons

– Annual production

» production 14 mln tons

» 80% for electricity

» ALSO

Shale oils and fuel oils

Bitumens, coke, pitch

Phenols and phenolic compounds

VKG

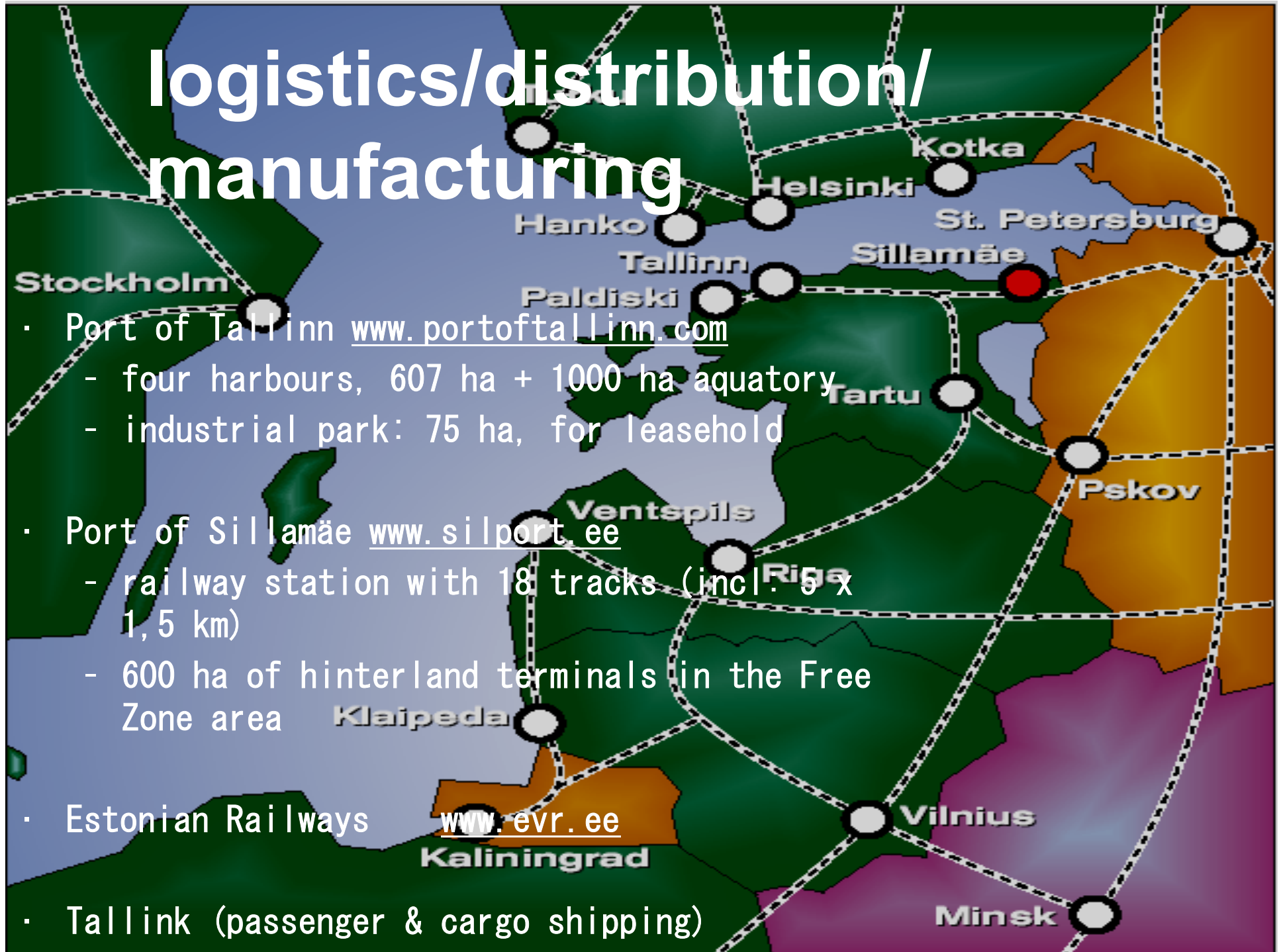
<http://www.vkg.ee>

- one of the leading shale oil producers in the world

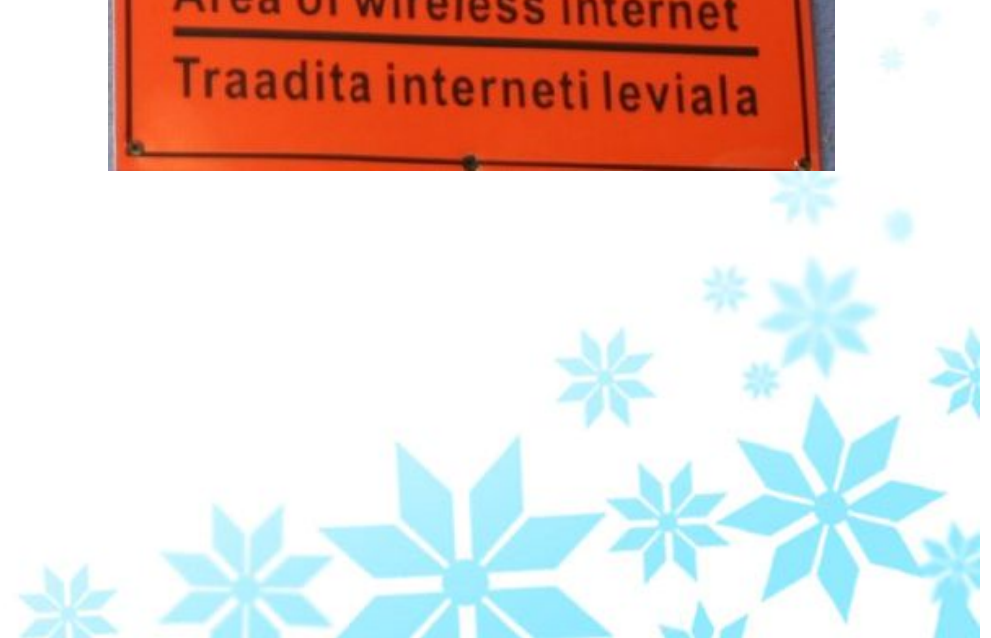
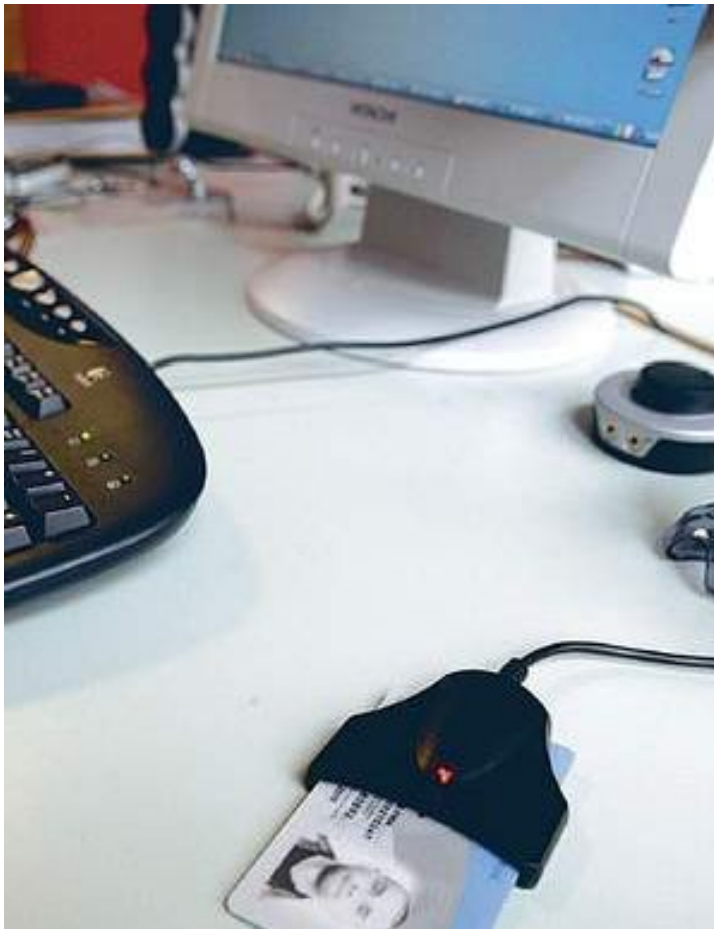
- processes 1.4 million tonnes of oil shale a year

logistics/distribution/ manufacturing

- Port of Tallinn www.portoftallinn.com
 - four harbours, 607 ha + 1000 ha aquatory
 - industrial park: 75 ha, for leasehold
- Port of Sillamäe www.silport.ee
 - railway station with 18 tracks (incl. 9 x 1,5 km)
 - 600 ha of hinterland terminals in the Free Zone area
- Estonian Railways www.evr.ee
- Tallink (passenger & cargo shipping)



E-country



information society indicators

- ❖ Mobile phones penetration – 116%
- ❖ Home PC penetration – 76%
- ❖ Business Online – 92%
- ❖ Financial Transactions Online – 98%
- ❖ Schools Online – 100%
- ❖ Government Online – 100%

New human right in Estonia: access to wireless internet



Estonia: a Great Test Market for New Technologies

- e-elections (local 2005 and 2009, national 2007, European Parliament 2009)
- e-government project (*august*)
- e-tax board – income tax statements can be filled out via internet (*spring 2001*)
- digital signature act came into force (*december 2000*)
- 98% electronic transactions, 109% internet banking penetration (*sept 2007*)
- e-billing (*july 2000*)
- world's first MPS project for society (*may 3, 2000*)
- mobile parking (*july 1, 2000*)



Key focus areas in ICT

- E-services
 - E-Health, E-Taxboard, E-School etc.
- R&D in ICT
 - IT Academy
- Security and fraud detection
 - NATO Center of Excellence in Tallinn from 2008
- Shared services

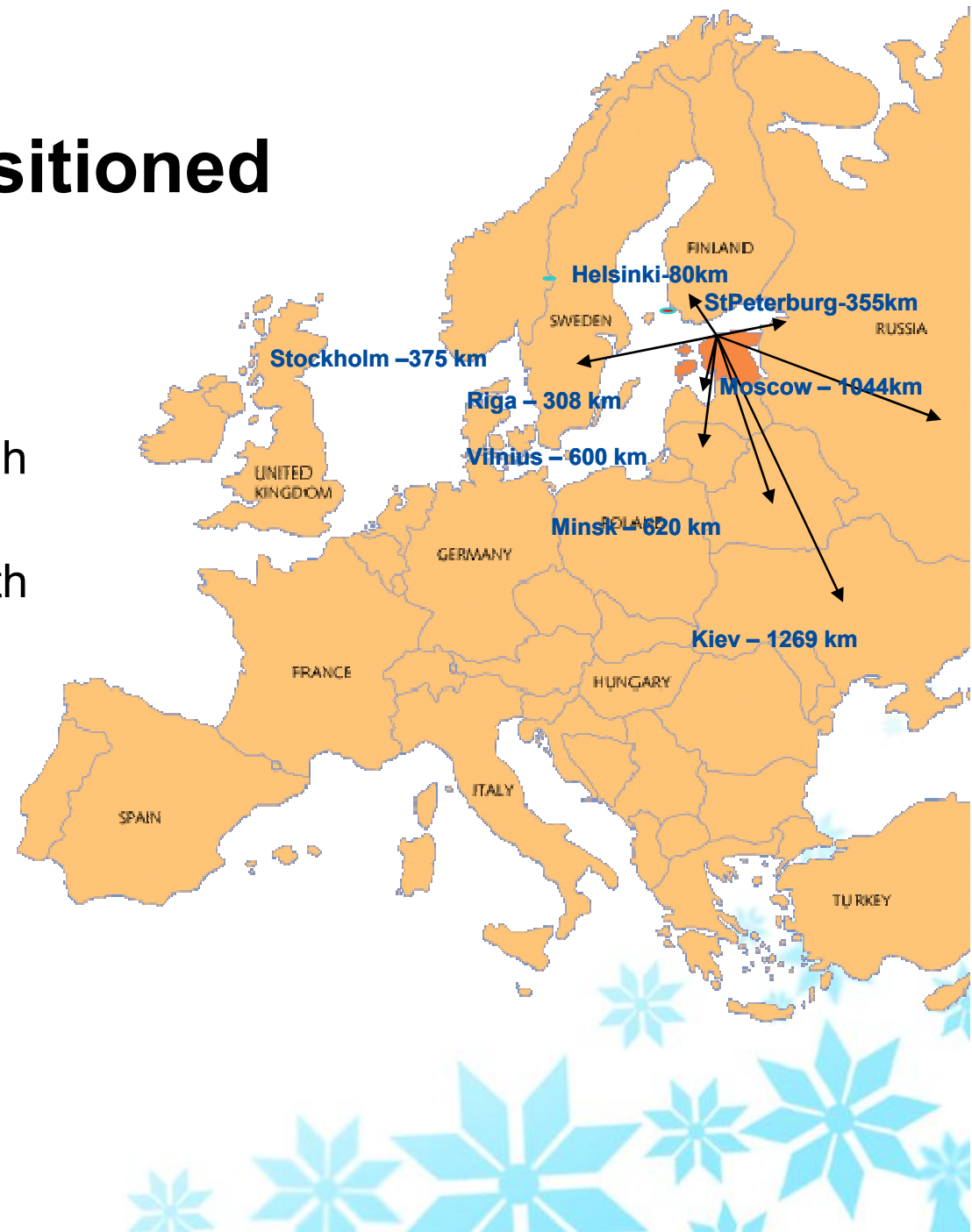


TRANSIT & LOGISTICS

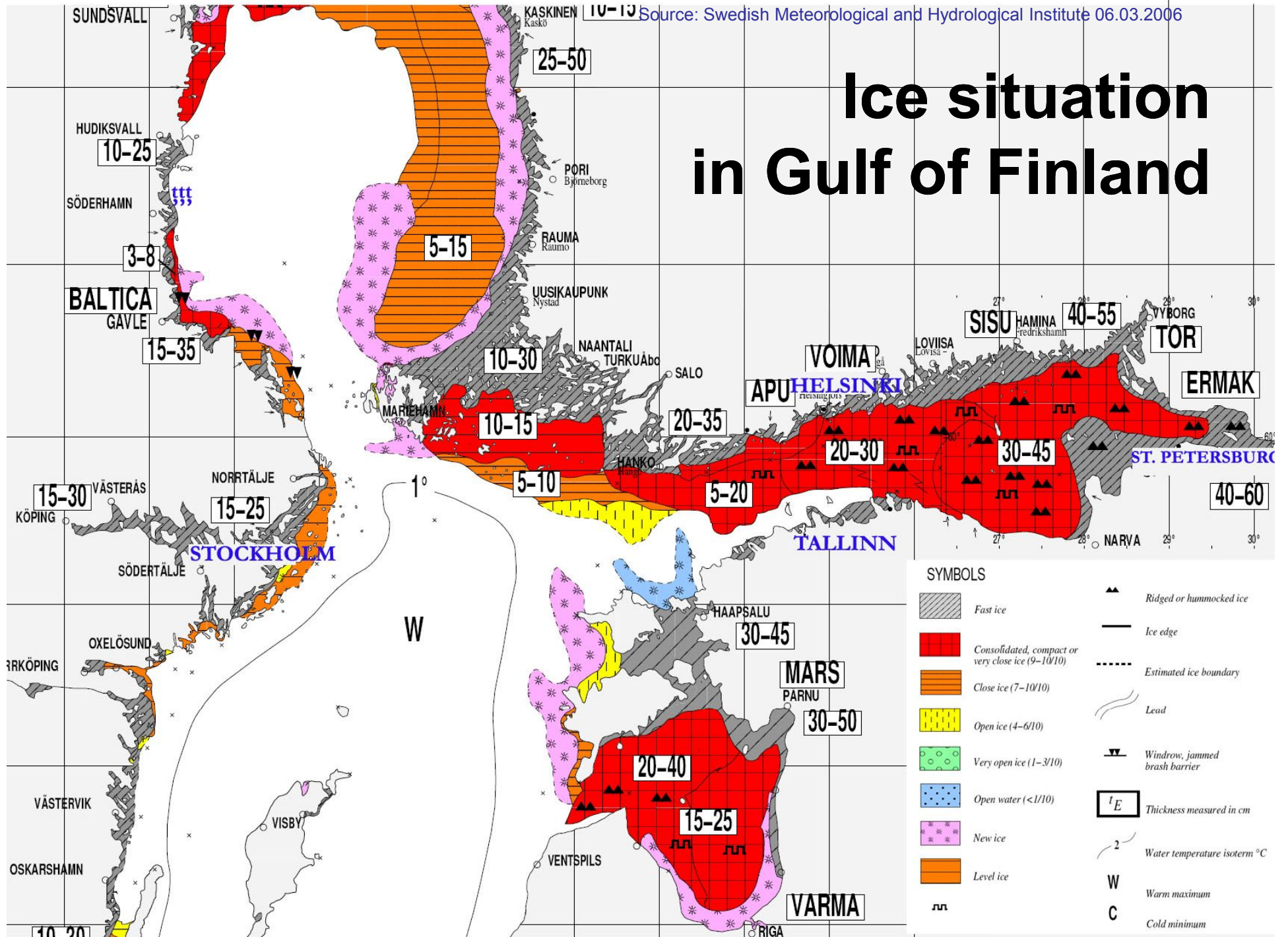


Estonia is well positioned as a gateway

- All regional centers are at 24h reach
- Estonia is well connected with all of these centers via sea, rail and road network

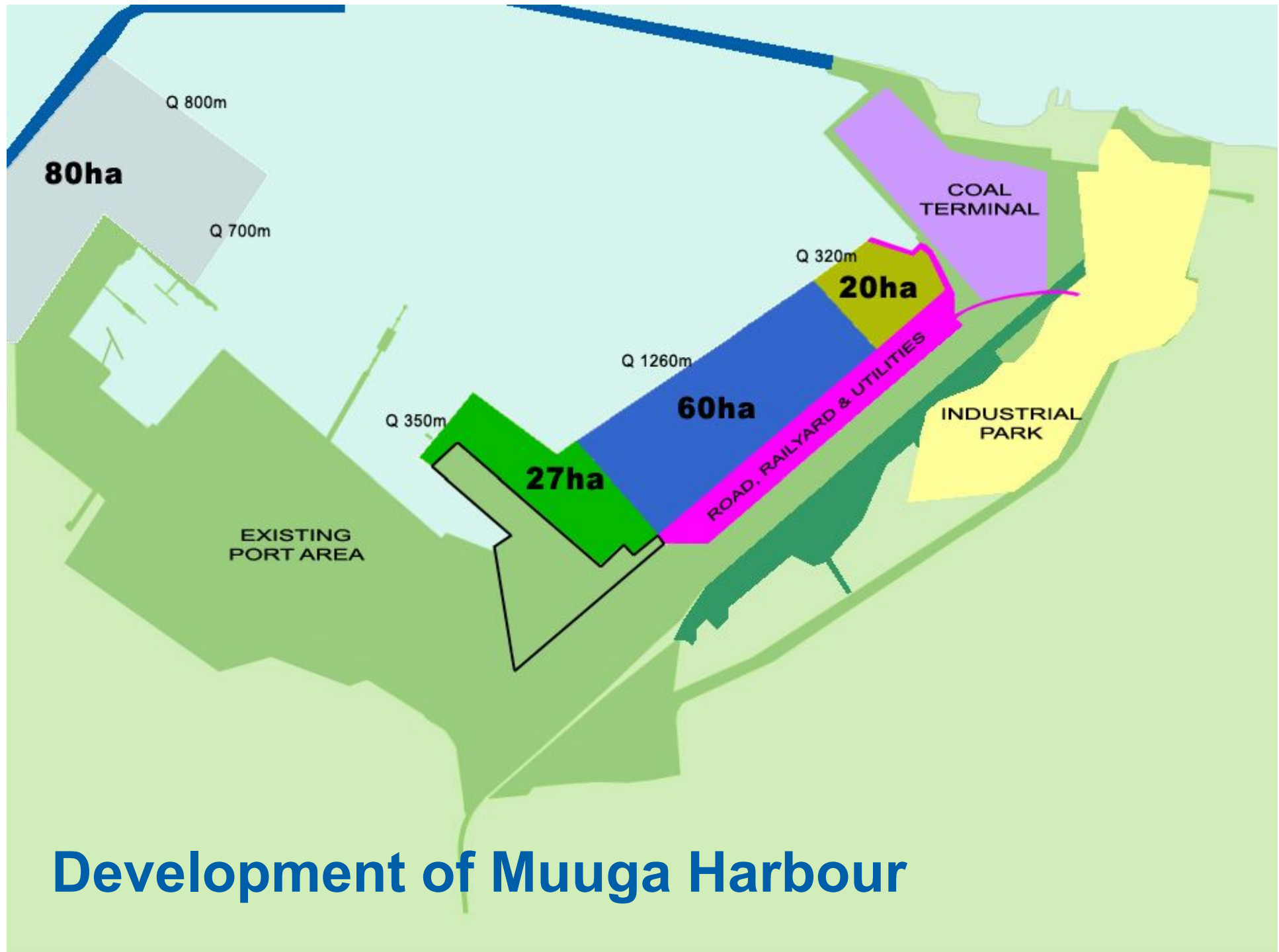


Ice situation in Gulf of Finland



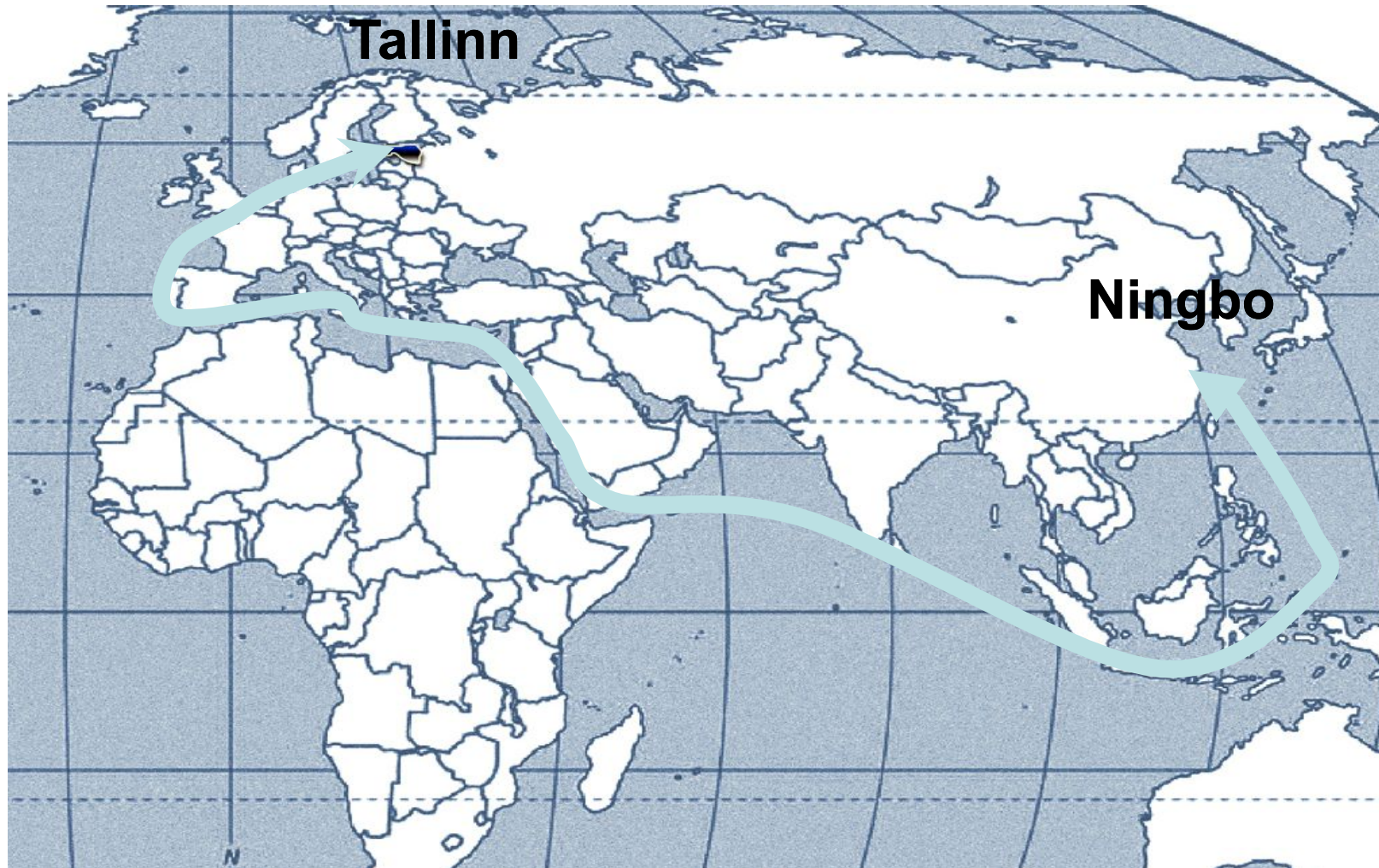
Development plans in Muuga Harbor 2008-2011





Development of Muuga Harbour

Focus on Asian markets: direct container line development already under way with Chinese



INDUSTRIES



Innovation: GOOD PRACTICES

- Competence centres
- R&D projects support program
- Clusters
- Innovation vouchers
- Technology investments



Horizontal direction for industries

- Environment
 - Cleantech, energy, environmental technologies
- Aging society
 - Welfare, medical products



Interesting facts:



- Estonia is an associated member of European Space Agency (ESA) from 2009
- There are 8 Technology Competence Centers in Estonia, funded by government (similar to Japanese cluster initiative)
- Estonia is expected to join OECD in 2010

Estonia and Japan: economic relations

- Current level rather low, however - high potential
 - Japanese investments in St. Petersburg area
 - ✓ industrial areas/parks in Ida-Virumaa (Estonia) only 150 km away
 - ✓ servicing transportation needs through Estonian ports
 - ICT: e-government and security issues
- Need for governments to lay the contractual ground for further developments

Thank you!

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