



Foreign Trade

Last update: March, 2007

Overview

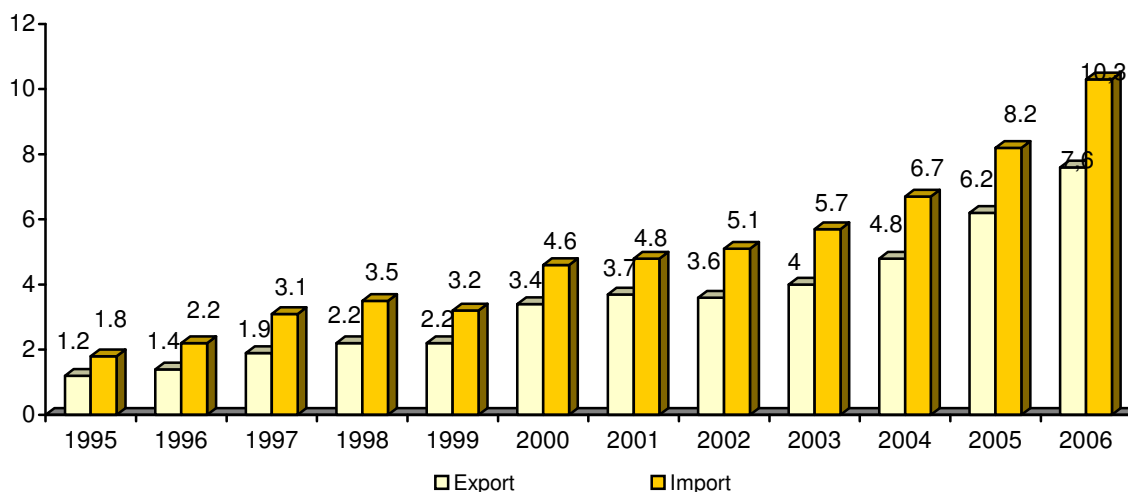
Proximity to the Nordic markets, location between Eastern and Western Europe, competitive cost structure and high-skill labour force have been the major Estonian comparative advantages since the 1990's. As a member of the European Union, Estonia today obviously enjoys free trade within the Union, and full participation of external trade agreements signed by the Union.

In November 1999 Estonia became a member of the World Trade Organisation (WTO), and in May 2004 the country joined the EU. Already from its early years of re-independence in the 1990's Estonia pursued a clear pro-trade policy, opening up its borders to foreign trade and investments in a quite unique way. This early exposure to foreign competition and capital, guaranteed the country a comparatively quick transformation to a full-fledged market economy, dominated by the spirit of free-trade, already before joining the EU. Also as a consequence of the openness, many large Estonian companies are today owned by foreign capital, and the share of subcontracting works in exports is still high.

Estonian Foreign Trade in 2006

The value of Estonian foreign trade in 2006 was 18.0 billion EUR, of which exports accounted for 7.6 billion EUR, and imports 10.3 billion EUR. Compared to 2005, this meant an increase in the trade value of 25% (exports +23%, imports +26%)

Estonian Foreign Trade 1995-2006, special trade method (billion EUR)



Source: Statistical Office of Estonia (<http://www.stat.ee>)

By Countries

In 2006 the share of European Union countries (EU 25) in the exports was 65% compared with 78% the year before. CIS countries accounted for 10% compared with 9% in 2005.

The EU countries' share of imports was 76% compared to 78% a year earlier, and that of CIS countries 12% versus 9% in 2005.

Foreign Trade, 2006



The largest increase in exports (among the major export countries) was to China +527%, Gibraltar +270% and USA +166%. Imports grew most rapidly from Russia +84%, Latvia +51% and the Netherlands +31%.

Export			Import		
Country of destination	2005 %	2006 %	Country of origin	2005 %	2006 %
1. Finland	26.2	18.5	1. Finland	19.7	18.3
2. Sweden	13.1	12.0	2. Russia	9.2	13.4
3. Latvia	8.8	8.8	3. Germany	14.0	12.4
4. Russia	6.5	7.9	4. Sweden	8.7	8.6
5. USA	3.1	6.7	5. Lithuania	6.0	6.2
6. Germany	6.2	5.1	6. Latvia	4.7	5.6
7. Lithuania	4.7	4.8	7. Poland	3.7	3.8
8. Gibraltar	-	4.6	8. Netherlands	3.4	3.6
9. China	-	2.8	9. Italy	2.6	2.6
10. Norway	2.9	2.7	10. Denmark	2.4	2.3

Source: Statistical Office of Estonia (<http://www.stat.ee>)

Finland and Sweden has been the number one and two export countries for the last few years. Russia has risen somewhat in the list, and Germany fallen back to number six in 2006. In terms of imports Finland has constantly topped the list. Russia has been rising and reached the second place in 2006. At the same time the import share from Germany and Sweden has fallen back slightly.

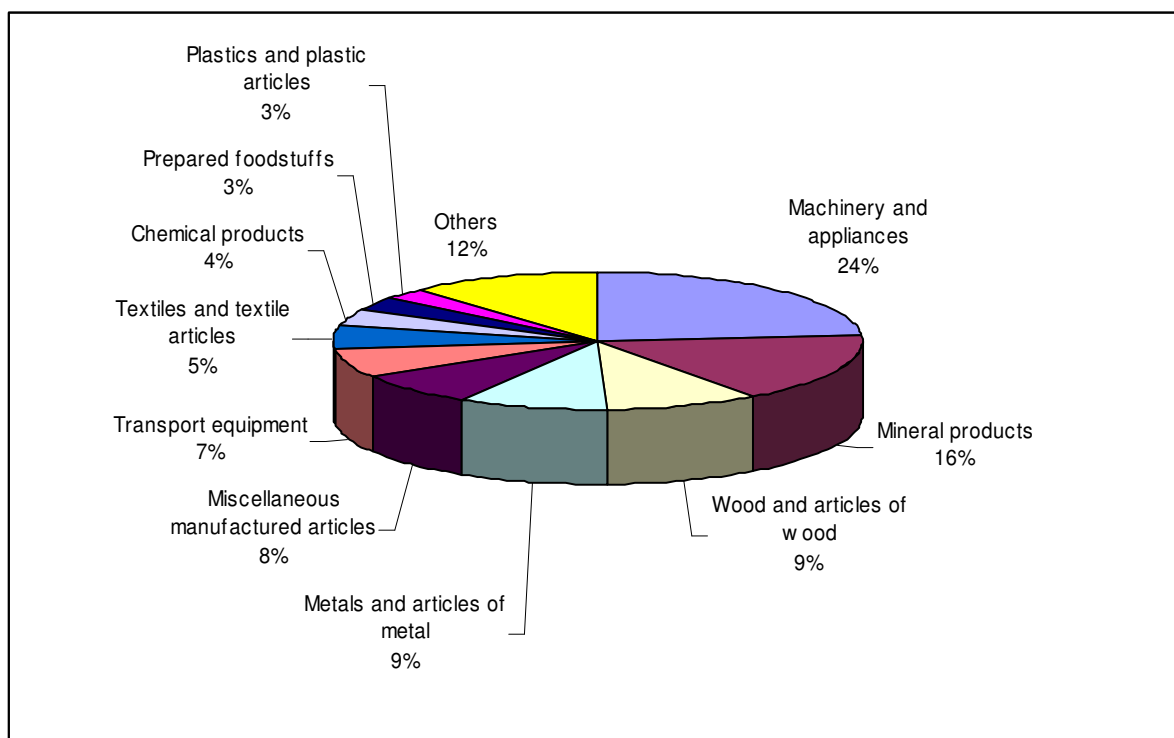
By Commodity Group

In 2006 the main export commodity groups were machinery and appliances 23,9%, mineral products 16,2% and wood and articles of wood with a 9,3% share of total exports.

Compared to 2005 there was an increase mainly in the exports of mineral products +164% (attributable to Estonia's role as a transit country of Russian oil products), pulp and paper products +45% (due to the opening of a new Estonian pulp plant), and plastics and plastic products +29%.



Estonian Exports by Commodity Groups, 2006



Source: Statistical Office of Estonia (<http://www.stat.ee>)

Estonian main import articles in 2006 were machinery and appliances 25.6%, mineral products 14.9% and transport equipment 12.2%.

Compared to 2005 the largest increase occurred in the imports of mineral fuels (+104%), transport equipment (+49%) and plastics and plastics products (+26%).

More information about Foreign Trade

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

Ministry of Economic Affairs and Communications: <http://www.mkm.ee>

Estonian Tax and Customs Board: <http://www.emta.ee>

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

Bank of Estonia: <http://www.eestipank.info/frontpage/en/>

Ministry of Foreign Affairs: <http://www.vm.ee/eng>