Doing Business in Estonia: 2009

Country Commercial Guide for U.S. Companies

Chapter 1: Doing Business in Estonia

Market Overview Return to top

- Since regaining independence in 1991, Estonia has transformed itself into a highly motivated and dynamic center of commerce. The business environment has blossomed, thanks mainly to the stability of the political situation and the sound economic policies of the government. Estonia achieved its overriding foreign policy goals of the past decade when it acceded to both NATO and the European Union in the spring of 2004. The accession process is currently underway for Estonia to join the Organization for Economic Cooperation and Development (OECD).

- After enjoying 8% average annual GDP growth since 2000, the economy started to show signs of cooling in 2007 when GDP growth slowed to 6.3%. The global financial and economic crisis of 2008 has forced the Estonian economy to face these challenges even faster than expected. In December 2008, the Bank of Estonia forecast a decline in Estonia's 2009 GDP that may exceed 4%. The unemployment rate has increased to 6.2% in the 3rd quarter of 2008, compared to 4% in the 2nd quarter.

- The economic crisis has brought a few positive changes for Estonia as well. By December 2008, the inflation rate had dropped to 8%, from an average for that year estimated to be above 10%. 2009 estimates are that inflation will fall below 5%. High inflation has been the main obstacle to Estonia meeting the Maastricht criteria for Euro adoption by 2011 – a top priority of the government. With inflation now coming down, Estonia might struggle with another Euro accession criteria. Estonia's 2009 government budget deficit may be greater than the 3% of GDP allowed under Maastricht.

- Being a small country of 1.4 million, Estonia relies for commercial success on its greatest natural asset -- geography. Estonia lies just south of Finland and across the Baltic Sea from Sweden. To the east is the huge potential market of northwest Russia. After Estonia regained its independence in 1991, Russia imposed a non-favorable tariff regime for Estonian imports, which caused most local businesses to shift their export markets to European countries. This situation began to change after May 1, 2004, when Estonia joined the EU, and Russia lifted its double-tariff regime on Estonian products. This has increased considerably the level of Estonian business interest toward the Russian market. Estonia’s membership in the EU has increased Russian business interest in Estonia as well. Sound, liberal economic policies and an excellent business climate have ensured high levels of foreign direct investment (FDI) in Estonia. Companies partly or wholly owned by foreigners account for one-third of Estonian GDP and over 50 percent of the country's exports. Scandinavian countries are the largest foreign direct investors in Estonia. Sweden has 39 % of the total, followed by Finland with 25%, and the Netherlands with 6.3%. The United States accounts for 1.4% of foreign direct investment stock. (11th overall)

- According to the U.S. Census Bureau's Foreign Trade Division, in 2008 the principal imports from the United States were electric apparatus and machinery, measuring and testing instruments, audio-visual equipment, passenger cars, and medical equipment. Estonian membership in the EU has not had major bilateral trade implications for the United States, although this membership is disadvantageous for some U.S. exports. Estonia's main trading partners are Finland, Sweden, Germany and Russia. The U.S. share in trade is about 1%.

Market Challenges

Return to top

- Estonia has a small domestic market - 1.36 million people.
- The primary competition for American companies in the Estonian marketplace is European, especially Finnish and Swedish companies.

Market Opportunities

Return to top

Estonia's business attitude towards the United States is positive and business relations between the United States and Estonia are increasingly significant. Over the next several years, major growth is likely in services, especially in the telecommunications, transportation and energy sectors.

Market Entry Strategy

Return to top

All market entry strategies are applicable.

Return to table of contents

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/5377.htm

Return to table of contents

Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor Return to top

One exclusive agent/distributor is usually appointed to cover the entire country. Estonian importers often represent several different product lines. In selecting a representative, the exporter should check whether that company handles competing products.

It is recommended that U.S. companies seeking agents, distributors, or partners in Estonia contact local trade associations for a list of importers or the Political/Economic Section of the U.S. Embassy in Tallinn.
Local Yellow Pages also have information in English:
Ekspress Hotline: http://www.1182.ee/eng/
Infopluss: http://www.infopluss.ee/infopluss.php?lang=en&

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union (EU) and Member State national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of such "vertical agreements." Most U.S. exporters are small- and medium-sized enterprises (SMEs) and are therefore exempt from the Regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link:
http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also looks to combat payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link: http://ec.europa.eu/enterprise/regulation/late_payments/index.htm

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights.

Key Link: http://www.ombudsman.europa.eu/home/en/default.htm

Data Privacy Return to top

The EU's general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. *Data subjects* must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. This general legislation is supplemented by specific rules set out in the "Directive on the processing of personal data and the protection of privacy in the electronic communications sector" (2002/58/EC). This requires companies to secure the prior consent of consumers before sending them marketing emails. The only exception to this opt-in provision is if the marketer has already obtained the intended recipient's contact details in the context of a previous sale and wishes to send them information on similar products and services.

Key Link: http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Transferring Customer Data to Countries outside the EU

The EU's general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the **unambiguous consent** of the data subject is secured. The European Commission has decided that a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is not one of these.

The Department of Commerce and the European Commission negotiated the Safe Harbor agreement to provide U.S. companies with a simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit to a series of data protection principles (based on the Directive), and who publicly state that commitment by "self-certifying" on a dedicated website, to continue to receive personal data from the EU. Signing up is voluntary but the rules are binding on those who do. The ultimate means of enforcing Safe Harbor is that failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the Federal Trade Commission (FTC) Act or under a concurrent Department of Transportation (DoT) statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, transfers that are covered by the Safe Harbor scheme will. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat packing facilities, or telecommunications carriers) are not eligible to sign up to the Safe Harbor.

EU based exporters or U.S. based importers of personal data can also satisfy the adequacy requirement by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005; work to update these and develop new ones in ongoing. Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual or consent arrangements.

EU countries' Data Protection Authorities (DPAs) and large multinational companies are also developing a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country approval of "binding corporate rules" (BCRs). Companies that set up BCRs that satisfy European DPAs will be able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not been attempted by small or medium-sized companies.

Key Links: http://www.export.gov/safeharbor/
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm
http://ec.europa.eu/justice_home/fsj/privacy/workinggroup/wpdocs/2007_en.htm

Franchising

Return to top

Estonia's legal system provides for trademark protection and licensing provisions. In Estonia, the general legal framework for transactions, including the General Principles of the Civil Code, applies to contracts entered into. The Law of Obligations, which governs obligations including contractual agreements, also applies.

Franchisors have to consider the small size of the market when making their agreement requirements.

Direct Marketing

Return to top

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase, and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance selling and on-line commerce. It is worth noting that the EU is currently overhauling its consumer protection legislation. Companies are advised to consult the information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules

- Distance and Door-to-Door sales
  The EU's Directive on distance selling to consumers (97/7/EC and amendments) sets out a number of obligations for companies doing business at a distance with

consumers. It can read like a set of onerous "do's" and "don'ts," but in many ways it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

Key Link: http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

- Distance Selling of Financial Services
  Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

  Key Link: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT

Direct Marketing over the Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link: http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Joint Ventures/Licensing Return to top

Joint ventures and licensing arrangements with foreign manufacturers are allowed and encouraged. Over 100 U.S. companies have established themselves in the Estonian market with subsidiaries joint ventures

Selling to the Government Return to top

The EU public procurement market, including EU institutions and Member States, totals around EUR 1,600 billion. This market is regulated by two Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and

- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds. The revision of this agreement should be finalized in 2009.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: http://www.buyusa.gov/europeanunion/eu_tenders.html

Government procurement in Estonia is governed by the Public Procurement Act (PPA), which came into force in 2001. The objects of public procurement are goods, services, construction work, construction work concessions and design solutions.
PPA in English: http://www.rha.gov.ee/?id=1175

On January 1, 2004, the new public procurement register went into force. In order to be able to enter a procurement notice, invitation to tender or any other document in the register, the contracting authority has to register with the registry by contacting: http://www.rha.gov.ee/

All EU government tender notices can be viewed in English at: http://ted.europa.eu/

Distribution and Sales Channels Return to top

Distribution channels in Estonia are similar to those in the United States market. Goods may be sold through an agent, distributor, established wholesaler, or by selling directly to retail organizations.

Selling Factors/Techniques

Return to top

Selling factors and techniques are very similar to those in the United States. Terms generally applied to international trade with industrial countries apply to selling in Estonia. When selling through a local distributor, financing is covered by mutual agreements.

Electronic Commerce

Return to top

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules are currently set to expire at the end of 2009.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

In Estonia there are a number of Internet shops offering books, publications, tools, household goods, software and hardware, flowers and multimedia products. It is possible also to book and buy air and ferry tickets on-line or purchase tickets to various entertainment events. More info: http://www.ee/index.php?Page=kataloogsisu&Meedia/Uudised&l=2&ID=278&lang=ENG

Trade Promotion and Advertising

Return to top

General Legislation

Laws against misleading advertisements differ widely from Member State to Member State within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a Directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member States can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." Member States can, and in some cases have, restricted misleading or comparative advertising.

The EU's Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU. From 2009 the rules will allow for US-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These new rules will outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

Key Link:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

Medicine

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission plans to present a new framework for information to patients on medicines in 2008. The framework would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

Key Link:

http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients_key.htm

Food

On July 1, 2007, a new regulation on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the use of nutrition claims such as “low fat” or “high in vitamin C” and health claims such as “helps lower cholesterol”. The regulation applies to any food or drink product produced for human consumption that is marketed on the EU market. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) will be allowed to carry claims. Nutrition and health claims will only be allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of nutritional labeling directive 90/496/EC.
Nutrient profiles will be developed by January 2009, based on scientific evaluations by the European Food Safety Authority (EFSA). Once they have been set, there will be another two-year period before the nutrient profiles begin to apply to allow food operators time to comply with the new rules. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states “high sugar content”. Health claims cannot fail any criteria. New products on the EU market must respect the conditions for using nutrition claims set out in detail in the Annex of Regulation 1924/2006. Products already labeled or on the market before January 2007 may remain on the market with the old labels until January 2010. From 2010, only nutrition claims included in the Annex will be allowed. A list of well-established health function claims such as “calcium is good for your bones” will be established by January 2010, based on Member States’ lists of health claims already approved at national level. Disease risk reduction claims and claims referring to the health and development of children will require an authorization on a case-by-case basis, following the submission of a scientific dossier to EFSA. A simplified authorization procedure has been established for health claims based on new scientific data. GAIN Report E48055 describes how application dossiers for authorization of health claims should be prepared and presented. A guidance document on how companies can apply for health claim authorizations can be downloaded from EFSA’s website at http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178623592471.htm.

Key Link: http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Food Supplements

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods and sets criteria for establishing minimum and maximum levels.

Key Link: http://useu.usmission.gov/agri/foodsupplements.html

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed though these are banned in many Member States. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the TV without Frontiers Directive.

Key link: http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Media contacts:
http://www.ee/index.php?Page=kataloogsisu&Meedia/Uudised&l=2&ID=278&lang=ENG

Most international fairs take place at the grounds of Estonian Fairs, Ltd., located in Tallinn: www.fair.ee

Pricing Return to top

Excise tax is levied on raw tobacco and cigarettes, cigars, cigarillos; alcohol and beer; gasoline, diesel oil, jet fuel, and lubricating engine oil; cars, motorcycles, and yachts; and packaging.

Nearly all imports, as well as domestic production, are subject to the Value Added Tax 18% (VAT)

More on VAT:
http://www.investinestonia.com/index.php?option=displaypage&Itemid=73&op=page&SubMenu=

Sales Service/Customer Support Return to top

Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Liability

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link: http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm

Product Safety

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU.

Key link: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

Key link:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property Return to top

Info on IPR in Estonia

It is recommended that U.S. firms desiring to register their patent or trademark seek the assistance of a reputable attorney experienced in IPR issues. The Association of Estonian Patent Attorneys (EPS) has a list of 25 certified patent attorneys: http://www.lasvet.ee/

Copyright

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Almost all Member States have fully implemented the rules into national law; and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU.

Key Link: http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

The on-line copyright Directive (2001/29/EC) addresses the problem of protecting rights holders in the online environment while protecting the interests of users, ISPs and hardware manufacturers. It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list of other exceptions that individual Member States can select and include in national legislation. This list is meant to reflect different cultural and legal traditions, and includes private copying "on condition right holders receive fair compensation."

Key Link: http://eur-lex.europa.eu/pri/en/oj/dat/2001/l_167/l_16720010622en00100019.pdf

Patents

EU countries have a "first to file" approach to patent applications, as compared to the "first to invent" system currently followed in the United States. This makes early filing a top priority for innovative companies. Unfortunately, it is not yet possible to file for a single EU-wide patent that would be administered and enforced like the Community Trademark (see below). For the moment, the most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that enables rights holders to get a bundle of national patents using a single application. However, these national patents have to be validated, maintained and litigated separately in each Member State.

Key Links: http://ec.europa.eu/internal_market/indprop/index_en.htm
http://www.european-patent-office.org

Trademarks

The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. It lasts ten years and is renewable indefinitely. For companies looking to protect trademarks in three or more EU countries the CTM is a more cost effective option than registering separate national trademarks.

On October 1, 2004, the European Commission (EC) acceded to the World Intellectual Property Organization (WIPO) Madrid Protocol. The accession of the EC to the Madrid Protocol establishes a link between the Madrid Protocol system, administered by WIPO, and the Community Trademark system, administered by OHIM. As of October 1, 2004, Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through the filing of an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol will be entitled to apply for protection of their trademarks under the Community Trademark system.

Key Links: http://oami.europa.eu/
http://www.wipo.int/madrid/en

Designs

The EU adopted a Regulation introducing a single Community system for the protection of designs in December 2001. The Regulation provides for two types of design protection, directly applicable in each EU Member State: the registered Community design and the unregistered Community design. Under the registered Community design system, holders of eligible designs can use an inexpensive procedure to register them with the EU's Office for Harmonization in the Internal Market (OHIM), based in Alicante, Spain. They will then be granted exclusive rights to use the designs anywhere in the EU for up to twenty-five years. Unregistered Community designs that meet the Regulation's requirements are automatically protected for three years from the date of disclosure of the design to the public.

Key Link: http://oami.europa.eu/

Trademark Exhaustion

Within the EU, the rights conferred on trademark holders are subject to the principle of "exhaustion." Exhaustion means that once trademark holders have placed their product on the market in one Member State, they lose the right to prevent the resale of that product in another EU country. This has led to an increase in the practice of so called "parallel importing" whereby goods bought in one Member State are sold in another by third parties unaffiliated to the manufacturer. Parallel trade is particularly problematic for the research-based pharmaceutical industry where drug prices vary from country to country due to national price regulation.

Community wide exhaustion is spelled out in the Directive on harmonizing trademark laws. In a paper published in 2003, the Commission indicated that it had no plans to propose changes to existing legal provisions.

Key Link: http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

Due Diligence Return to top

AS Krediidiinfo provides credit information:
http://www.krediidiinfo.ee/index.php?ss_max=10&ss=&m=&otsi=1&lang=I

The U.S. Embassy can also provide an International Company Profile (ICP) report.

Local Professional Services Return to top

Local service providers can be found in the Estonian Yellow Pages:
http://www.1182.ee/eng/

Web Resources Return to top

Yellow Pages: http://www.1182.ee
Credit Information: http://www.krediidiinfo.ee/

Estonian Patent Attorneys: http://www.lasvet.ee/
Estonian Patent Agency: http://www.epa.ee/default.asp?wa_site_id=2
Enterprise Estonia: http://www.investinestonia.com/
Media Contacts:
http://www.ee/index.php?Page=kataloogsisu&Meedia/Uudised&l=2&ID=278&lang=ENG
Estonian Fairs: http://www.fair.ee
Government Procurement Agency: http://www.rha.gov.ee/
Yellow pages: http://www.infopluss.ee

EU websites:

Coordination of the laws of the Member States relating to self-employed commercial agents (Council Directive 86/653/EEC):
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community
http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

Regulation on late payment:
http://ec.europa.eu/enterprise/regulation/late_payments/index.htm

European Ombudsman: http://www.ombudsman.europa.eu/home/en/default.htm

EU's general data protection Directive (95/46/EC):
http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Safe Harbor: http://www.export.gov/safeharbor/

Model Contracts:
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm

Data Protection Working Group:
http://ec.europa.eu/justice_home/fsj/privacy/workinggroup/wpdocs/2007_en.htm

Distance Selling Rules: http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

Distance Selling of Financial Services:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT

E-commerce Directive (2000/31/EC):
http://ec.europa.eu/internal_market/e-commerce/index_en.htm

VAT on Electronic Service:
http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

The Unfair Commercial Practices Directive:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

Information to Patients - Major developments:
http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients_key.htm

Nutrition and health claims made on foods:
Regulation 1924/2006

Provisions of Nutritional Labeling:
Nutritional labeling directive 90/496/EC

EU-27 FAIRS Subject Report Health Claims - EU Authorization Procedure 2008:
GAIN Report E48055
Guidance document on how companies can apply for health claim authorizations:
http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178623592471.htm.

Health & Nutrition Claims:
http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Tobacco: http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Product Liability: http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm

Product Safety: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Copyright: http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):
http://eur-lex.europa.eu/pri/en/oj/dat/2001/l_167/l_16720010622en00100019.pdf

Industrial Property: http://ec.europa.eu/internal_market/indprop/index_en.htm

European Patent Office (EPO): http://www.european-patent-office.org

Office for Harmonization in the Internal Market (OHIM): http://oami.europa.eu/

World Intellectual Property Organization (WIPO) Madrid: http://www.wipo.int/madrid/en

Directive on harmonizing trademark laws:
http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

U.S. websites:

EU Public Procurement: http://www.buyusa.gov/europeanunion/eu_tenders.html

Food supplements: http://useu.usmission.gov/agri/foodsupplements.html

Local Professional Services: http://www.buyusa.gov/europeanunion/services.html.

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

Agriculture

Internet Applications, Secure Data Communication

Rank of sector: 1
ITA industry code: TES

Overview Return to top

Estonia leads the way among the Baltic States in Internet usage. Today about 69% of the population uses the Internet and about 58% of households have Internet access at home. Internet banking services have experienced rapid growth. Internet banking has become a common channel through which people perform cash transfers, pay taxes, pay for services, communicate with the tax board, etc.

Since January 2002, the Citizenship and Migration Board has been issuing a new primary domestic identification document - the ID card. In addition to many security features, the card has a machine-readable code and a chip, an electronic device containing visual data on the card and two security certificates (long number series), to verify the individual and supply digital signatures. In March 2007, Estonia became the first country in the world to employ internet voting for parliamentary elections. Possible future uses of the card include the integration of ID cards, banking cards and various access cards.

In April 2007, Estonia experienced an intensive, coordinated 'cyber attack' against government and private sector websites, following the government's decision to relocate a Soviet-era statue from the center of Tallinn to a nearby military cemetery. The targeted sites recovered quickly, but the attacks revealed weaknesses in cyber defenses and a lack of information security specialists. State institutions plan to spend an estimated $15 million raising the efficiency of information security over the next six years. The biggest part of this would be spent on protecting critical infrastructure.

In 2004, Estonia proposed establishing a NATO Cooperative Cyber Defense Center (CCD) in Estonia, which in 2007 received renewed focus and momentum. The agreement on the establishment of the CCD was signed by commanders of seven NATO countries' defense forces on May 14 2008 in Brussels.
U.S. Defense Secretary Robert Gates announced in November 2008 the United States' intent to become a Sponsoring Nation of the CCD in Estonia.

E-voting, M-voting

Estonia's parliamentary elections in spring 2007 were the world's first national elections to allow voters to use the internet to cast their ballots. Estonia first allowed e-voting in local elections in 2005. In 2007, 30,275 voters (3.4% of the total) voted online – three times the number from two years before. E-voters needed an ID card, ID card reader and a PC connected to the Internet. The software for the e-voting worked properly and no technical problems hindered the voting process. Officials monitored closely for cases of fraud, but none were reported. Estonia has since become a case study for many countries wanting to introduce e-voting.

The Estonian Parliament passed the M-voting (mobile phone) act in December 2008 which will enter into force from January 2011. The new act creates the opportunity to vote by mobile telephones where a SIM card is used to identify the voter and gives access to the internet-based e-voting system. In this case, for security purposes, the mobile telephone replaces the ID card reader and certificate with certificates given by the SIM card of the mobile telephone. M-voting cannot be used in elections to the European Parliament or local elections in 2009, but will be available by the parliamentary elections of spring 2011.

An overview of e-government projects can be found:
http://www.cyber.ee/cms-en

Best Products/Services Return to top

Identification and security related applications, software and hardware.

Resources Return to top

Estonian National Electoral Committee: http://www.vvk.ee/engindex.html
Cybernetica: http://www.cyber.ee/cms-en

General Science and Technology

Rank of sector: 2
ITA industry code: GST, BTC

Overview Return to top

The Estonian Research and Development Strategy “Knowledge-based Estonia” was approved by the Riigikogu (parliament) on December 6, 2001. In May 2006, the Ministry of Economic Affairs and Communication revised and updated the strategy for 2007-2013. On the basis of this strategy, annual R&D action plans will be compiled which define specific programs and measures for promoting R&D. The Estonian Government intends to increase expenditures on R&D to 3% of GDP by 2014. The main strategies for financing this planned increase include a significant increase in state financing and the active participation of private and foreign capital. In 2007, the trade promotion agency Enterprise Estonia opened a new office in San Jose, CA targeting business opportunities for Estonian companies with IT and biotech firms in Silicon Valley.

Minister of Economy Juhan Parts signed a measure in September 2008 to provide EUR 13.4 million to Estonian businesses over the next five years. This money will help to recruit and hire highly skilled staff to research and development positions, with the aim of raising Estonia's competitiveness. Companies can receive the funds for three years to cover up to 50 percent of the salary of newly hired development staff. (Money cannot be used to compensate existing employees.) The European Union is supporting this project.

In December 2008, Estonia and the United States signed an agreement on cooperation in science and technology, the purpose of which is to promote joint activity of researchers from the two countries and thus raise the level of science and technology. Under this agreement, the countries can carry out joint programs and research projects, stage seminars, conferences and symposiums, exchange information and documents, researchers and specialists. The agreement also sets out the possibility to exchange and share equipment and materials and engage in other kinds of cooperation in research and technology. An annex to the agreement provides for the protection of intellectual property rights (IPR) stemming from joint research activities.

Best Products/Services Return to top

- information and communication technologies
- biomedicine
- materials technology

Resources Return to top

Tartu University: http://www.ut.ee/english
Estonian Biocentre: http://www.ebc.ee/EBC/
Institute of Chemical Physics and Biophysics: http://www.kbfi.ee/
Enterprise Estonia: http://www.eas.ee/?lngswitch=1
Tallinn science park Tehnopol: http://www.tehnopol.ee/en

Transit Services and Logistic Centres

Rank of sector: 3
ITA industry code: TRN

Overview Return to top

Estonia's location is ideal for the creation of efficient transportation links and distribution chains for goods and services for European and other international companies. The Estonian transportation and logistics sector is comprised of a combination of transportation services, transit trade, distribution centers and value-added logistics. Operator services are mostly provided by private enterprises. Sea transport, inter-urban bus traffic and air traffic are all organized by private companies. The most important state-owned transport companies are AS Tallinna Lennujaam (Tallinn Airport Ltd), AS Tallinna Sadam (Port of Tallinn Ltd), AS Elektriraudtee (Electrical Railways) and AS Eesti Raudtee (Estonian Railways). (Note: Electrical Railways provides service within the immediate vicinity of Tallinn. Estonian Railways in the major owner of the national railway infrastructure. End Note.)

Estonia's transport and communications sector is transnational by nature and, therefore is one of the economic sectors most thoroughly integrated with European countries. Estonia has become a member of all the necessary international transport and communication organizations. The lion's share of transportation income comes from international transit and port services.

The Port of Tallinn is the biggest cargo and passenger port in Estonia. It holds a leading position in the handling of cargo flows between Russia (as well as other CIS countries) and Western Europe. Estonia's sea transportation system is connected to other European ports. There are daily ferry links from Tallinn to Helsinki and Stockholm, as well as frequent cargo ferries to Antwerp, Copenhagen, Hamburg, Kiel, and Harwich, etc.

The Port of Tallinn's Muuga Harbor Free Zone is designed to increase the competitiveness of the transit sector in Estonia by granting more flexible customs procedures to companies rendering transit and distribution services. The Port of Muuga is especially attractive to high value container distribution operators. The simplified customs paper handling, easy transfer of ownership rights, and value-added operations allowed in the zone are designed to foster the development of distribution centers. Continuous infrastructure investment provides additional expansion opportunities at Muuga Port, which is one of the deepest ports in the Baltic Sea region.

In January 2008, the Port of Tallinn signed a cooperation agreement with Ningbo Port of China, one of the world's biggest ports, by which the companies will jointly build a container terminal and Chinese goods distribution center in Muuga. The total investment will amount to USD 220 million and the new terminal should be completed by the end of 2010 or early 2011. The new terminal will be the first major distribution center of Chinese goods in the Baltic Sea area and will serve markets of northwestern Russia, Scandinavia and the Baltic countries.

The port in Sillamae on Estonia's northern coast, opened in 2005, can handle up to 10 million tons of goods a year and receive even the biggest of ships that enter the Baltic Sea. The port is connected with the Tallinn-St. Petersburg highway by new roads. Owned by Estonia's Silmet Group and Russia-based oil interests, the Sillamae port is a landlord-type port that leases its infrastructure to independent operator companies on the basis of long-term rights. At present four terminals are being developed in the port. Sillamae Oil Terminal is building a facility for heavy and light oil products with a container capacity of 157,500 tons, Tankchem Ltd. a liquid chemical products terminal with a capacity of 46,500 tons, Sillgas Ltd. an oil and liquefied gas terminal with a capacity of 12,000 tons, and SilSteve Ltd. a general cargoes terminal with a 22 hectare open storage yard and 7,000 square meters of warehouses.

The North Paldiski Port is a rapidly developing privately-owned port which specializes in handling rolling cargo including cars, containers, general cargo and oversized project cargo.

Best Prospects/Services Return to top

Estonian ports overall provide excellent opportunities for value-added logistics services and can serve as distribution centers for the Baltic Sea Region, including Russia and Scandinavia.

Resources Return to top

Enterprise Estonia:
http://www.investinestonia.com/index.php?option=displaypage&Itemid=77&op=page&SubMenu=
Port of Tallinn: www.ts.ee
Port of Sillamäe: www.silport.ee

Paldiski Northern Port: http://www.portofpaldiski.ee/index.php?lang=eng&pid=2
Paldiski Industrial Park:
http://www.paldiskitehnopark.ee/content.php?mm=3&pr=5&id=1&lid=eng

Travel and Tourism

Rank of sector: 4
ITA industry code: TRA

Overview

Return to top

The travel and tourism industry in Estonia accounts for an estimated one-fifth of GDP. In-bound and out-bound tourism from Finland, Sweden, Russia and elsewhere is thriving, and the cruise ship business still anticipates growth. The Government of Estonia will spend USD 33 million over the next five years to develop special Estonian attractions, and a newly finished renovation of the Tallinn airport has doubled passenger capacity.

According to Statistics Estonia, half of all Estonian residents made at least one overnight trip abroad in 2008. Finland is the top destination, but other popular ones include Egypt, Spain, Turkey, Sweden, Greece and Italy. U.S. is the most popular long haul market for Estonian tourist followed by Thailand.

The main obstacle to rapid market growth to date have been a lack of direct or charter flights and the perception that it is difficult to get a U.S. visa. The latter was solved when Estonia joined the Visa Waiver Program (VWP) November 17, 2008.

There are no direct flights from Estonia to the U.S. There are some packaged tours offered by the local tour operators and the Scandinavian travel agencies to California, Florida, Hawaii and for cruises. Top cities visited in the U.S. include New York, San Francisco, Miami, Las Vegas, and Washington, DC.

New York, California and Florida are the top choices in the U.S. New York is the major gateway; Florida is popular for the sun, beaches and Disney World; and California also for the sun, the lifestyle, and as a gateway to the western national parks region.

For both business and vacation travel, fly-and-drive remains the most popular way for Estonians to travel to and in the United States. After flying to a major city, tourists are likely to rent a car and drive to the next destination. Two of the most popular routes are New York-Miami and Las Vegas-Los Angeles-San Francisco. The major tourism attractions are locations that are recognized from American TV series broadcast in Estonia.

In June 2008, the U.S. embassy in Tallinn helped the American Chamber of Commerce in Estonia to establish the first-ever Discover America (DA) committee in the Baltics. This committee brings together car rental, hotel, air and travel agencies to better coordinate the selling of U.S. tourism destinations.

Best Products/Services

Return to top

Estonian companies are actively looking for accommodation contacts in major cities on East coast, mainly in NY. There is a demand for hotels in the price range 150 USD and lower per night. Florida, California and New York are the top sales prospects for the U.S. travel industry.

Resources Return to top

Discover America Committee: http://www.amcham.ee/?id=3573

Agricultural Sectors Return to top

The Estonian food market holds potential for imports of a wide range of high-value packaged goods targeted to higher/middle income level groups, increasing numbers of tourists, and a growing expatriate community. The fast-developing consolidation of retail outlets through investment by large Scandinavian chains may provide new opportunities for exporters who can successfully connect with these companies. There are long established consumer preferences for domestic fresh products which have short shelf lives and are free of additives. Although consumer demand remains price-sensitive; consumers have started to show interest in organic foods. A preference for new products is strong among the younger population, but a significant number of consumers remain "tasting level" buyers.

Estonia is a net importer of food products. The Estonian food market holds considerable potential for a wide range of competitively priced packaged goods targeted at high/middle income groups and tourists. Estonia's most important food imports are beverages, meat products, fruits and vegetables, coffee, tea, preserves of vegetables and fruits, and feed grains. Major U.S. exports, which have good market potential, include fish (salmon), nuts (shelled almonds), dried fruit (prunes), fruit (grapefruit), wines, liquors.

Estonian food exports include dairy products, meat, fish, and beverages. The U.S. imports Estonian beverages, frozen fish and fish preparations, as well as starch, glues, and cotton articles.

Since Estonia's EU accession in 2004, the EU's external customs tariffs now apply on imports to Estonia. EU agricultural exports from European countries therefore face zero duties, compared with Most Favored Nation (MFN) rates for U.S. exports. Detailed information on the current customs tariffs applicable in the EU are available at

http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Lang=EN

For more information see: Foreign Agricultural Service (regional office in Warsaw): http://poland.usembassy.gov/poland/agric.html

Return to table of contents

Chapter 5: Trade Regulations, Customs and Standards

Import Tariffs

Return to top

Estonian Master Tariff System: https://vaarikas.emta.ee/emts/do/language?lang=en

The National Customs Board is a state institution operating under the Ministry of Finance of the Republic of Estonia. It enforces the customs regulations of the country and is the direct administrator of customs arrangements. In 1992 Estonia became a member of the World Customs Organization (WCO).

Trade Barriers

Return to top

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:
http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_NTE_Report/asset_upload_file991_14650.pdf

Information on agricultural trade barriers can be found at the following website:
http://useu.usmission.gov/agri/

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at http://www.trade.gov/tcc or the U.S. Mission to the European Union at http://www.buyusa.gov/europeanunion.

Import Requirements and Documentation

Return to top

The information on Estonian Customs: http://www.emta.ee/?id=1939

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Many EU Member States maintain their own list of goods subject to import licensing. For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law. For information relevant to Member State import licenses, please consult the relevant Member State Country Commercial Guide.

Key Link: http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Import Documentation

Non-agricultural Documentation

The official model for written declarations to customs is the Single Administrative Document (SAD). European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. However, other forms may be used for this purpose. Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III, of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57). Goods brought into the customs territory of the Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Goods presented to customs are covered by a summary declaration, which is lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration, which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document that contains the particulars necessary for identification of the goods. It is encouraged that the summary declaration be made in computerized form.

The summary declaration is to be lodged by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

The Modernized Customs Code (MCC) of the European Union is expected to be passed into law in the first half of 2008. The MCC will replace the existing Regulation 2913/92 and simplify various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm.

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The updated Directive applies to all batteries and accumulators put on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. EU Member States must implement the EU Directive into their national law by September 26, 2008. For more information, see our market research report:
http://www.buyusainfo.net/docs/x_8086174.pdf

REACH

REACH is a major reform of EU chemicals policy that was adopted in December 2006 and became national law in the 27 EU Member States in June 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization and Restriction of Chemicals." Starting June 1 2008, REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year per to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. Chemicals pre-registered before December 1 2008, benefit from extended registration deadlines, from three to eleven years depending on the volume of the substance and its hazard properties. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives can be found on the website of the U.S. Mission to the EU: http://www.buyusa.gov/europeanunion/reach.html.

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of substances of very high concern. Substances on that list are subject to communication requirements and may at a later stage require Authorization for the EU market. For more information, see the ECHA website:
http://echa.europa.eu/doc/press/pr_08_38_candidate_list_20081028.pdf

WEEE & RoHS

EU rules on waste electrical and electronic equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for EEE restricting the use of the hazardous substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. Work is underway to revise the WEEE and RoHS Directives; some new rules could take effect as early as 2011. U.S. exporters seeking more information on WEEE and RoHS regulations should visit:
http://www.buyusa.gov/europeanunion/weee.html

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). Many of these certificates are uniform throughout the EU, but the harmonization process has not been finalized yet. During this transition period, certain Member State import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: http://useu.usmission.gov/agri/certificates-overview.html.

Sanitary Certificates (Fisheries): In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC places specific conditions on imports of fishery products from the U.S. Sanitary certificates for live shellfish are covered by Commission Regulation (EC) 1664/2006 and must be used for gastropods, bivalve mollusks, tunicates and echinoderms. The two competent Authorities for issuing sanitary certificates are the

FDA and the U.S. Department of Commerce, National Marine Fisheries Service (NMFS/NOAA/USDC).

Since May 1, 2007, with the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate covered by Regulation (EC) 1664/2006. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@mail.doc.gov) or visit the following FDA dedicated web site: http://www.cfsan.fda.gov/.

U.S. Export Controls

Return to top

As a member state of the European Union and NATO, Estonia is obliged to share the responsibility for international security, which presupposes the adoption of the values and the codes of conduct of these organizations. An essential part of this is the efficient implementation of export control measures and a foreign policy oriented towards preventing the proliferation of weapons of mass destruction (WMD). The latter is coordinated by several international organizations – the Wassenaar Arrangement, the Australia Group (dealing with issues related to chemical weapons), the Missile Technology Control Regime (MTCR) and the Nuclear Suppliers Group.

U.S. Export controls and licenses: http://www.export.gov/exportcontrols.html

Temporary Entry

Return to top

Goods transiting Estonian territory are not charged duties. It is possible to obtain a temporary exemption from duty for items such as commercial samples, and for goods intended for public displays at exhibitions and fairs. If the goods are put to any unauthorized use or are not re-exported within the prescribed time period (a maximum of one year) they must go through normal customs clearance and become liable for relevant duties and taxes.

Labeling and Marking Requirements

Return to top

The following information, **in Estonian**, is required on retail packaging, or otherwise marked on the product (a sticker, label, etc.):

- Name of product (indicating clearly the contents of the package)
- Name of the manufacturer or the name of the company that had the product manufactured
- Amount of contents (weight or volume of the contents to be specified, measures in metric system).

If warranted, the following information should also be included on the retail packaging or otherwise clearly identified on the product: contents of the product, care instructions, operating instructions, and a warning of possible danger related to the use or disposal of the product.

A retail-size food package must show the same name of the manufacturer, packer or importer, commercial name of the product, net metric weight or volume, ingredients in descending order of weight, last recommended date of sale, and storage instructions if perishable or intended for infants. This information described above must be provided **in Estonian**.

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at: http://www.buyusainfo.net/docs/x_4171929.pdf.

The subject has been also been covered in the section about standards (see below).

Prohibited and Restricted Imports Return to top

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link: http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Customs Regulations and Contact Information Return to top

Homepage of Customs and Taxation Union Directorate (TAXUD) Website

Key Link: http://ec.europa.eu/taxation_customs/customs/index_en.htm

Major Regulatory Efforts of the EC Customs and Taxation Union Directorate:

Electronic Customs Initiative – Deals with major EU Customs modernization developments to improve and facilitate trade in the EU Member States. The electronic customs initiative is essentially based on the following three pieces of legislation:

- The Security and Safety Amendment to the Customs Code, which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade (Electronic Customs Decision) which sets the basic framework and major deadlines for the electronic customs projects;

- The modernized Community Customs Code which provides for the completion of the computerization of customs

Key Link:
http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Customs Valuation – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods' value, which will then serve for calculating the customs duty.

The EU imports in excess of one trillion euro worth of goods (year 2004 estimate). It is vitally important that the value of such commerce is accurately measured, for the purposes of

- economic and commercial policy analysis,
- application of commercial policy measures,
- proper collection of import duties and taxes, and
- import and export statistics.

These objectives are met using a single instrument - the rules on customs value.

The EU applies an internationally accepted concept of 'customs value'.

The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

Key Link:
http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Customs and Security – At the end of July 2003, the Commission presented to the Parliament and Council a series of measures to address security issues. These measures can be found in two communications and a proposal for amending the Community Customs Code. This package brings together the basic concepts underlying the new security-management model for the EU's external borders, such as a harmonized risk assessment system. The security amendment to the Community Customs Code (Regulation (EC) n° 648/2005 of 13 April 2005) has been published in the Official Journal of the European Union on 4 May 2005. With this amendment the European Union introduces a number of measures to tighten security around goods crossing international borders. The measures will mean faster and better-targeted checks. The results are positive for customs authorities, the public and industry.

The measures cover three major changes to the Customs Code:

- require traders to provide customs authorities with information on goods prior to import to or export from the European Union (see Pre Arrival / Pre Departure Declarations);
- provide reliable traders with trade facilitation measures see Authorized Economic Operator (AEO);
- introduce a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerized systems.

Key Link:
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Contact Information at national customs authorities:

http://ec.europa.eu/taxation_customs/common/links/customs/indes_en.htm

Estonian Customs: http://www.emta.ee/?id=1939

Standards Return to top

- Overview
- Standards Organizations
- Conformity Assessment
- Product Certification
- Accreditation
- Publication of Technical Regulations
- Labeling and Marking
- Trade Agreements
- Web Resources

Overview Return to top

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the New Approach are harmonized across the 27 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to www.newapproach.org. This list shows that not all products are covered by EU legislation calling for CE marking.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: http://useu.usmission.gov/agri/.

Standards Organizations Return to top

EVS (a non-profit association recognized by the Government of Estonia as the national standards body for Estonia) started its operations as provided by the Technical Regulations and Standards Act on April 1, 2000. National Standards are sold in Estonia only by EVS. EVS has exclusive rights for sale of ISO, CEN, BSI, DIN, SFS and GOST standards in Estonia. EVS also has a sales agreement with IHS Nordic http://www.evs.ee/Esileht/tabid/111/language/en-US/Default.aspx

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (http://www.cenelec.org/Cenelec/Homepage.htm)
- ETSI, European Telecommunications Standards Institute (http://www.etsi.org/)
- CEN, European Committee for Standardization, handling all other standards (http://www.cen.eu/cenorm/homepage.htm)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual Member States standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards

Organization for harmonized standards that will be linked to EU technical legislation. Mandates can be checked on line at http://ec.europa.eu/enterprise/standards_policy/mandates/.

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Croatia, FYR of Macedonia, and Turkey among others. Another category, called "partner standardization body" includes the standards organization of Australia, which is not likely to become a CEN member or affiliate for political or geographical reasons. Many other countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical Regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU Regulations, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp.

Conformity Assessment Return to top

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member State country in this list by the European Commission.

Key Link: http://ec.europa.eu/enterprise/newapproach/nando/

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, CEN workshop agreements (CWA) and the European Standard Agreement Group. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Product Certification

Return to top

To sell products on the EU market of 27 Member States as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by Member State inspectors, the consumer may well perceive it as a quality mark.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

Return to top

Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.

Key Link: http://ts.nist.gov/Standards/Global/mra.cfm

Accreditation is handled at Member State level. "European Accreditation" (http://www.european-accreditation.org/default_flash.htm) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Publication of Technical Regulations Return to top

The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as case law, studies by committees, and more (http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en). It lists the standards reference numbers linked to legislation (http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/whatsnew.html). National technical Regulations are published on the Commission's website http://ec.europa.eu/comm/enterprise/tris/ to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT) Agreement to report to the WTO all proposed technical regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at Internet URL: http://tsapps.nist.gov/notifyus/data/index/index.cfm

Labeling and Marking Return to top

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable until end of December 2009. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC, to replace 80/232/EC in April 2009, harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Key Link: http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

The Eco-label

EU legislation in 1992, revised in 2000, distinguishes environmentally friendly products and services through a voluntary labeling scheme called the Eco-label. Currently, the scheme applies to 28 product types in 7 categories: cleaning products, appliances, paper products, clothing, lubricants, home and garden products and tourism services. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than similar products. This "green label" also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and Regulations.

The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/year for the use of the label, with a reduction of 25% for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become more and more a reference for green consumers.

Key Links: http://buyusainfo.net/docs/x_4284752.pdf
http://ec.europa.eu/comm/environment/ecolabel/index_en.htm
http://www.eco-label.com/default.htm

Estonian Center for Standardization: http://www.evs.ee/Esileht/tabid/111/language/en-US/Default.aspx
Estonian Accreditation Center: http://www.eak.ee/index_eng.php?pageId=15

Trade Agreements

Return to top

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see http://tcc.export.gov/Trade_Agreements/index.asp.

Return to top

Estonian Center for Standardization: http://www.evs.ee/Esileht/tabid/111/language/en-US/Default.aspx

Estonian Accreditation Center: http://www.eak.ee/index_eng.php

Estonian Customs: www.emta.ee

EU websites:

Online customs tariff database (TARIC):
http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

The Modernized Community Customs Code MCCC):

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm.

ECHA: http://echa.europa.eu/doc/press/pr_08_38_candidate_list_20081028.pdf

Taxation and Customs Union:
http://ec.europa.eu/taxation_customs/customs/index_en.htm

Regulation (EC) 648/2005:
Security and Safety Amendment to the Customs Code

Decision N° 70/2008/EC: Electronic Customs Decision

Regulation (EC) 450/2008): Modernized Community Customs Code

Legislation related to the Electronic Customs Initiative:
http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

International Level: Customs value

What is Customs Valuation?
http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Customs and Security:
Two communications and a proposal for amending the Community Customs Code
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Establishing the Community Customs Code:
Regulation (EC) n° 648/2005 of 13 April 2005

Pre Arrival/Pre Departure Declarations: Pre Arrival / Pre Departure Declarations

AEO: Authorized Economic Operator

Contact Information at National Customs Authorities:
http://ec.europa.eu/taxation_customs/common/links/customs/indes_en.htm

New Approach Legislation: www.newapproach.org

Cenelec, European Committee for Electrotechnical Standardization:
http://www.cenelec.org/Cenelec/Homepage.htm

ETSI, European Telecommunications Standards Institute: http://www.etsi.org/

CEN, European Committee for Standardization, handling all other standards:
http://www.cen.eu/cenorm/homepage.htm

Standardization – Mandates: http://ec.europa.eu/enterprise/standards_policy/mandates/.

ETSI – Portal – E-Standardization : http://portal.etsi.org/Portal_Common/home.asp

CEN – Sector For a: http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp

Nando (New Approach Notified and Designated Organizations) Information System: http://ec.europa.eu/enterprise/newapproach/nando/

Mutual Recognition Agreements (MRAs): http://ts.nist.gov/Standards/Global/mra.cfm

European Co-operation for Accreditation: http://www.european-accreditation.org/default_flash.htm

Eur-Lex – Access to European Union Law: http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en

Standards Reference Numbers linked to Legislation: http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/whatsnew.html

National technical Regulations: http://ec.europa.eu/comm/enterprise/tris/

NIST - Notify us: http://tsapps.nist.gov/notifyus/data/index/index.cfm

Metrology, Pre-Packaging – Pack Size: http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

European Union Eco-label Homepage: http://ec.europa.eu/comm/environment/ecolabel/index_en.htm

Eco-Label Catalogue: http://www.eco-label.com/default.htm

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers: http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_NTE_Report/asset_upload_file991_14650.pdf
Agricultural Trade Barriers: http://useu.usmission.gov/agri/

Trade Compliance Center: http://www.trade.gov/tcc

U.S. Mission to the European Union: http://www.buyusa.gov/europeanunion

The New EU Battery Directive: http://www.buyusainfo.net/docs/x_8086174.pdf

The Latest on REACH: http://www.buyusa.gov/europeanunion/reach.html.

WEEE and RoHS in the EU: http://www.buyusa.gov/europeanunion/weee.html

Overview of EU Certificates:
http://useu.usmission.gov/agri/certificates-overview.html

Center for Food Safety and Applied Nutrition: http://www.cfsan.fda.gov/

EU Marking, Labeling and Packaging – An Overview
http://www.buyusainfo.net/docs/x_4171929.pdf.

The European Union Eco-Label: http://buyusainfo.net/docs/x_4284752.pdf

Trade Agreements: http://tcc.export.gov/Trade_Agreements/index.asp

Return to table of contents

Chapter 6: Investment Climate Statement

Openness to Foreign Investment Return to top

Since joining the EU in 2004, the Estonian government has sought to maintain liberal policies in order to attract investments that could produce exports. Foreign investors are treated on an equal footing with local investors. While the GOE's focus in the mid-1990s was to attract actively foreign direct investment (FDI) into Estonia, at present it is prioritizing the finding of new export markets for Estonian goods and services. Creating favorable conditions for FDI and openness to foreign trade has been the foundation of Estonia's economic strategy.

Estonia's government does not screen foreign investments. It does, however, establish requirements for certain sectors. These requirements are not intended to restrict foreign ownership but rather to regulate it and establish clear ownership responsibilities. Licenses are required for a foreign investor to become involved in the following sectors: mining, energy, gas and water supply, railroad and transport, waterways, ports, dams and other water-related structures and telecommunications and communication networks. The Estonian Financial Supervision Authority issues licenses for foreign interests seeking to invest in or establish a bank. Government review and licensing have proven to be routine and non-discriminatory.

Estonia's openness to foreign direct investment extended to its 1993-2001 privatization program, which is now complete. Only a small number of enterprises -- the country's main port, the power plants, the postal system, and the national lottery -- remain state-owned. In January 2007, the government also repurchased the 66 percent of shares of the Estonian Railway which had been in the hands of private investors since 2001, claiming the need to maintain control of this key part of Estonia's national infrastructure.

During the last decade, Estonia has been one of the leading countries in Central and Eastern Europe in terms of inward investment per capita. Companies partly or wholly owned by foreigners account for one-third of Estonian GDP and over 50 percent of the country's exports. Some general facts concerning foreign direct investment inflows into Estonia include:

- In 1995-1996, the majority of foreign direct investment was privatization-related;
- There is a trend towards cross-border acquisitions;
- Greenfield investments are increasingly rare;

Conversion and Transfer Policies Return to top

Estonia has been under a currency board arrangement since 1992. Initially pegged to the German mark, the Estonian kroon (EEK) has been fixed to the euro at EEK 15.65 since January 1999. Estonia joined the Exchange Rate Mechanism (ERM) II in June, 2004.

The Estonian currency has no restrictions on its transfer or conversion. Similarly, there are no restrictions, limitations or delays involved in converting or transferring funds associated with an investment (including remittances of investment capital, earnings, loan repayments, or lease payments) into other currencies at market rates. There is no limit on dividend distributions as long as they correspond to a company's official earnings records. If a foreign company ceases to operate in Estonia, all its assets may be repatriated without restriction. These policies are all long-standing; there is no indication that they will be altered in the future. Foreign exchange is readily available for any purpose.

Expropriation and Compensation Return to top

Private property rights are observed in Estonia. The government has the right to expropriate in the case of public interests related to boarder guard, public ports and airports, public streets and roads, supply to public water catchments, etc. Compensation is offered based on market value. Post is not aware of any expropriation cases involving discrimination against foreign owners.

Dispute Settlement Return to top

Investment disputes concerning U.S. or other foreign investors and Estonia are rare. Estonia's judiciary is independent and insulated from government influence. Property rights and contracts are enforced by the courts.

Estonia's commercial law has proven extremely effective and is often cited as one of the components of Estonia's successful economic reforms. The Commercial Code, as a part of the overall commercial law, is consistently applied. The Obligation Law, enacted in 2002, is the basis for all commercial agreements. A Bankruptcy Act was adopted in 2004. The full text of these laws can be found from: http://www.legaltext.ee/en/ Estonia has been a member of the International Center for the Settlement of Investment

Disputes (ICSID) since 1992, and a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards since 1993.

Recognition of court rulings of EU Member States is regulated by EU legislation.

The Arbitration Court of the Estonian Chamber of Commerce and Industry is a permanent arbitration court which settles disputes arising from contractual and other civil law relationships, including foreign trade and other international economic relations.

Performance Requirements and Incentives Return to top

A fundamental principle of Estonia's economic policy is equal treatment of foreign and domestic capital. No special investment incentives are available to foreign investors, nor is any favored treatment accorded them. Similarly, there are no specific performance requirements for foreign investments that differ from those required of domestic investments.

Estonia continues to refine its immigration policies and practices. U.S. citizens are exempt from the quota regulating the number of immigration and residence permits issued, as are citizens of the EU and Switzerland.

Estonia's has a long-standing system of low, simple, flat-rate taxes, in particular, a 21 percent income tax which is set to be reduced one percent per year until it reaches 18 percent in 2012. To encourage companies to expand their business, all reinvested profits are exempted from corporate income tax. However, any redistributed profits, such as dividends, are taxed at 21 percent in 2009. This tax strategy was designed to promote business and accelerate economic growth by making additional funds available for investment. During accession talks, the EU gave Estonia a transition period of seven years (the end of 2008) by which time this tax policy will have to be brought into accordance with EU tax directives governing parent-daughter subsidiary relationships. Starting in January 2009, undistributed corporate profits will remain tax-exempt and the tax base for corporations will generally remain the same, except that liquidation proceeds, share buy-backs and capital reductions will become subject to tax at the level of Estonian company, just as dividends are taxed. (Previously, such items were taxable at the level of the shareholder.)

Generally, the government does not impose "offset" requirements on major procurements. There are no government imposed conditions to invest.

Right to Private Ownership and Establishment Return to top

Private ownership and entrepreneurship are respected in Estonia. In most fields of business, participation by foreign companies or individuals is unrestricted. As provided for by the Law on Foreign Investments, foreign investors have the same rights and obligations as Estonian citizens. Foreign investors may purchase buildings and land for production purposes and establish, buy, and fully own companies.

Government approval is required for foreign investment and participation in only a handful of sectors (see section A.1).

Competitive equality is the official standard applied to private enterprises in competition with public enterprises. Private companies do not face discrimination in relation to state-owned companies.

Estonia made amendments to the Regulation on Rules of Takeover Bids taking into the consideration Directive 2004/25/EC of the European Parliament and new amendments came into force February 8, 2008.

Protection of Property Rights Return to top

Secured interests in property are recognized and enforced. Mortgages are quite common for both residential and commercial property and leasing as a means of financing is widespread and efficient.

The legal system protects and facilitates acquisition and disposition of all property rights, including land, buildings, and mortgages. The long and complicated process of property restitution (begun when the Principles of Ownership Reform Act came into force June 20, 1991) is almost complete, including the area of non-residential real properties.

The Estonian legal system adequately protects property rights, including intellectual property, patents, copyrights, trademarks, trade secrets and industrial design. Estonia adheres to the Berne Convention, WIPO and TRIPS, the Rome Convention and the Geneva Convention on the Protection of the Rights of Producers. Estonian legislation fully complies with EU directives granting protection to authors, performing artists, record producers, and broadcasting organizations.

Transparency of Regulatory System Return to top

The Government has set out transparent policies and effective laws to foster competition and establish "clear rules of the game." However, due to the small size of Estonia's commercial community, instances of favoritism are not uncommon despite regulations and procedures designed to limit them.

Tax, labor, health and safety laws and policies have been crafted to encourage investment. They appear to have been successful, given the relatively high level of foreign direct investment per capita.

All proposed laws and regulations are published for public comments on the website: http://eoigus.just.ee/
There is also website www.osale.ee where the public can comment on draft laws and propose changes to the government regulations.

Estonia’s bureaucratic procedures are generally far more streamlined and transparent than those of other countries in the region.

International institutions and organizations give Estonia’s economic policies high marks. The U.S.-based Wall Street Journal/Heritage Foundation’s 2008 Index of Economic Freedom ranked Estonia 12th in the world. The index is a composite of scores in monetary policy, banking and finance, black markets, wages and prices. Estonia scores highly on this scale for investment freedom, fiscal freedom, financial freedom, property rights, business freedom, and monetary freedom.

Efficient Capital Markets and Portfolio Investment Return to top

Estonia's financial sector is modern and efficient. Government and Central Bank policies facilitate the free flow of financial resources, thereby supporting the flow of resources in the product and factor markets. Credit is allocated on market terms and foreign investors are able to obtain credit on the local market. The private sector has access to an expanding range of credit instruments similar in variety to those offered by banks in Estonia's Nordic neighbors Finland and Sweden.

Legal, regulatory, and accounting systems are transparent and consistent with international norms.

The Security Market Law complies with EU requirements and enables EU securities brokerage firms to deal in the market without establishing a local subsidiary. In 2002, the Helsinki Stock Exchange (Finland) bought a controlling interest in the Tallinn Stock Exchange, merging the two entities and making the smaller Estonian market more accessible to foreign investors.

Estonia's banking system has consolidated rapidly. Total assets of the commercial banks are approximately USD 31 billion at the end of 2008. Two Swedish-owned banks (Swedbank and SEB) control over 70 percent of the market. More info: http://www.pangaliit.ee/eng/Info/

The Scandinavian-owned Estonian banking system is modern and efficient, encompassing the strongest and best-regulated banks in the region. These provide both domestic and international services (including Internet and telephone banking) at very competitive rates. Both local and international firms provide a full range of financial, insurance, accounting, and legal services. Estonia has a highly advanced Internet banking system: more than 80 per cent of residents make their everyday transactions via Internet banking.

The Central Bank and the government hold no shares in the banking sector.

In 2001, the Estonian government created a consolidated Financial Supervisory Authority (FSA) under the auspices of the Central Bank. The Authority is an agency with autonomous competence and a separate budget. The FSA conducts financial supervision on behalf of the state and is independent in the conduct of financial supervision. The Authority was established to enhance the stability, reliability, transparency, and efficiency of the financial sector, to reduce system risks, and to prevent the use of the financial sector for criminal purposes.

Political Violence Return to top

Politically motivated damage to projects or installations is extremely rare. However, in April 2007, following the government's decision to relocate a Soviet-era statue from downtown Tallinn to a nearby cemetery, there were two days of rioting and looting of shops in Tallinn. A subsequent Russian Federation boycott of Estonian goods, and disruption of rail and truck transit into Estonia had a negative impact on some local companies. For a few days in early May, cyber criminals targeted Estonian banks and government websites with massive distributed denial-of-service (DDOS) attacks, which cost several million Euros in estimated lost revenues. The industrial sector most impacted was transit. Initial data from the Port of Tallinn indicate they handled 20 percent less volume in 2008 than in the previous year. (The government has estimated the overall economic loss to Estonia of Russian restrictions on trade during May-December 2007 as between one-half and one percent of GDP.)

Corruption

Return to top

Estonia has laws, regulations, and penalties to combat corruption and, while corruption is not unknown, it has generally not been a major problem faced by foreign investors. However, foreign companies have found it difficult to become part of the local commercial community because many Estonian executives have known one another since childhood and often help one another out in ways that make it difficult for outsiders to compete effectively.

Both offering and taking bribes are criminal offenses which can bring imprisonment of up to five years. While “payments” that exceed the services rendered are not unknown, and “conflict of interest” is not a well-understood issue, surveys of American and other non-Estonian businesses have shown the issues of corruption and/or protection rackets are not a major concern for these companies.

In 2004, the government of former Prime Minister Juhan Parts, who ran on an anti-corruption platform in 2003, instituted the “Honest State” program, which included specific policies to reduce the risk of corruption in government. These included auditing local governments (widely seen as the greatest source of corruption in Estonia), requiring public servants to file electronic declarations of their economic interests, setting up a National Ethics Council, increasing the number of specialized investigators and prosecutors who focus on corruption, and setting up an anonymous hotline for people to report corruption cases.

The Security Police Board has shown its capacity to deal with corruption offences and criminal misconduct, leading to the conviction of several high-ranking state officials. Estonia co-operates in fighting corruption at the international level and is a member of GRECO (Group of States Against Corruption).

Estonia began as a full participant in the OECD Working Group on Bribery in International Business Transactions (the Working Group) in June 2004, and deposited its instruments of accession on November 23, 2004. The Convention entered into force in Estonia on January 22, 2005.

In 2008 Transparency International (TI) ranked Estonia 27th out of 180 countries on its Corruption Perceptions Index. The Estonian Ministry of Justice invited TI to take a lead role in the drafting of the country’s new anti-corruption strategy.

Bilateral Investment Agreements

Return to top

Estonia has investment promotion and protection agreements with the Belgium-Luxembourg Economic Union, China, Czech Republic, Denmark, Finland, Great Britain and Northern Ireland Greece, Israel, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, Turkey, Ukraine, UK and the United States. A Bilateral Taxation Treaty with the U.S. came into force on January 1, 2000.

OPIC and Other Investment Insurance Programs Return to top

Estonia is a member of the Multilateral Investment Guarantee Agency.

Estonia joined the Exchange Rate Mechanism II on June 28, 2004. The Estonian kroon is fixed against the euro at 1 EUR = 15.6466 EEK. The Estonian banking and financial sector are judged generally stable, though they have endured stresses during the global credit crisis of 2008. Devaluation of the local currency in next year is unlikely unless major, unforeseen economic events occur.

Labor Return to top

Estonia has a very small population - only 1.4 million people. The Estonian labor force is highly skilled and well educated. There are 14 universities, 19 higher education colleges and 114 technical secondary institutions, all combining to produce graduates with adequate technical skills, and fluent in English, Russian, German and other languages. Over 17 percent of the population has received post-secondary education; this number is growing rapidly.

The average monthly Estonian salary at the end of 2008 was USD 1,100. Annual economic growth above ten percent in recent years, rising inflation, and free movement of labor to other EU countries have driven up salaries in most sectors. Average gross wage growth in 2007 was 20 percent, and the increase for 2008 is expected to be approximately 14 percent and only around 5 percent in 2009.

The influence of trade unions, which tend to take a cooperative approach to industrial relations, is increasing. Estonia adheres to ILO Conventions protecting workers' rights.

With an aging population and a negative birth rate, Estonia, like many other countries of Central and Eastern Europe, faces serious demographic challenges affecting its long term supply of labor. Improving labor efficiency is a key focus for Estonia in the short-to-mid term. It is becoming increasingly hard to find a pool of blue collar workers to start up small or medium-sized manufacturing enterprises that requiring significant manpower.

Foreign-Trade Zones/Free Ports Return to top

According to the Customs Act, free zones can be established on the customs territory by order of the government. Goods in a free zone are considered as being outside the customs territory, for the purposes of import and export duties. As a rule, customs procedures are not applied to goods in a free zone. In free zones, VAT and excise duties (as well as possible fees for customs services) do not have to be paid on goods brought in for later re-export.

In Estonia, there are free zones at the Muuga port (near Tallinn), the Sillamae port (northeast Estonia), and in Valga (southern Estonia). All free zones are open for FDI.

The main supervisory authority responsible for monitoring the movement of goods in or out of free zones is the Estonian Tax and Customs Board (governed by the Ministry of Finance). There are ID requirements for companies and individuals using the zone. The U.S. Department of Homeland Security (Coast Guard) has inspected Estonia's ports and determined that the Republic of Estonia has substantially implemented the International Ship and Port Facility Security (ISPS) Code at all facilities visited.

Foreign Direct Investment Statistics Return to top

By the end of Q3 2008, the cumulative stock of FDI amounted to USD 17 billion. Roughly 30 percent of FDI has been invested into financial intermediation and the same amount in real estate, renting and business activities. Manufacturing is in third place with 14 percent of total FDI. Wholesale and retail trade has attracted 13 percent of the foreign direct investment stock.

Scandinavian countries are the largest foreign direct investors in Estonia. Sweden has 39 percent of the total, followed by Finland with 25 percent, and the Netherlands with 6 percent. The United States accounts for 1.4 percent of foreign direct investment stock. (10th overall)

For the value of FDI (position, stock, and flows in recent years by the commodity group, as well as country of origin) please go to:

http://www.eestipank.info/pub/en/dokumendid/statistika/maksebilanss/statistika/statistika.html?objId=292616

The ten selected largest FDI companies in Estonia in terms of total investment:

1. Hansapank AS
Foreign Shareholder: Swedbank
Country of origin: Sweden
Sector of operation: banking

2. Sampo Bank
Foreign Shareholder: Danske bank
Country of origin: Denmark
Sector of operation: banking

3. Estonian Telecom
Foreign Shareholder: Baltic Tele AB
Country of origin: Sweden
Sector of operation: telecommunication

4. Eurodek Tallinn OU
Foreign Shareholder: Blanin Holding Ltd.
Country of origin: Netherlands
Sector of operation: transportation

5. SEB Pank AS
Foreign Shareholder: SEB AB
Country of origin: Sweden
Sector of operation: banking

6. Kandur AS
Foreign Shareholder: Kone Holland B.V.
Country of origin: Netherlands
Sector of operation: elevators, escalators

7. Rakvere Lihakombinaat
Foreign Shareholder: HKSCAN OYJ
Country of origin: Finland
Sector of operation: food industry

8. Kunda Nordic Cement AS
Foreign Shareholder: Heidelberg Cement AB/ CRH Europe Holding BV
Country of origin: Sweden/Netherlands
Sector of operation: cement production

9. Eesti Merelaevandus AS
Foreign Shareholder: Tschudi Shipping Company AS
Country of origin: Norway
Sector of operation: water transport

10. Phoenix Land AS
Foreign Shareholder: EBRD/Mellon ABN Treaty Omnibus/Tolaram Corp.Pte.Ltd.
Country of origin: UK/USA/Singapore
Sector of operation: textiles

Web Resources Return to top

Bank of Estonia: http://www.eestipank.info

Financial Supervision Authority: http://www.fi.ee/?lang=en

Enterprise Estonia: http://www.investinestonia.com

Ministry of Foreign Affaires: http://www.vm.ee/eng/kat_131/

Return to table of contents

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

Project Financing Return to top

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.
The EU supports projects within its Member States, as well as EU-wide "economic integration" projects that cross both internal and external EU borders. In addition, the EU provides assistance to accession countries in Eastern and Southern Europe and Turkey, as well as some of the former Soviet republics.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds are distributed through the Member States' national and regional authorities, and are only available for projects in the 27 EU Member States. All grants for projects in non-EU countries are managed through the EuropeAid Cooperation agency in conjunction with various European Commission departments, called "Directorates-General."

The CSEU Tenders Database

The U.S. Commercial Service at the U.S. Mission to the European Union offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. The database features all current public procurement tenders issued by all national and regional public authorities in the 27 Member States of the European Union, plus four other European countries, and that are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) implemented in 1995. The database is updated twice weekly and is easy to use with a range of search options, including approximately 20 industry sectors. The database also contains tenders for public procurement contracts relating to structural funds. Readers may access the database at http://www.buyusa.gov/europeanunion/eu_tenders.html.

EU Structural Funds

For information on financing your project with EU structural funds, see: www.struktuurifondid.ee

The EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. The EU earmarked EUR 308 billion for projects under

the Structural Funds and the Cohesion Fund programs for the 2007-2013 period for the EU-27. In addition to funding economic development projects proposed by Member States or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. Member States negotiate regional and "sectoral" programs with officials from the regional policy Directorate-General at the European Commission. For information on approved programs that will result in future project proposals, please visit:
http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm.

For projects financed through the Structural Funds, Member State officials are the key decision-makers. They assess the needs of their country; investigate projects; evaluate bids; and award contracts. To become familiar with available financial support programs in the Member States, it is advisable for would-be contractors to meet with local officials to discuss local needs.

Tenders issued by Member States' public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation. There are no overt prohibitions against the participation of U.S. companies, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects, but it is advisable to team up with a local partner. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the US Mission to the EU:

http://www.buyusa.gov/europeanunion/mrr.html

The Cohesion Fund

The Cohesion Fund is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU Member States from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

Key Link: http://ec.europa.eu/regional_policy/funds/cf/index_en.htm

The Trans-European Networks

The European Union also provides financial support to the Trans-European Networks (TENs) to develop infrastructure, strengthen cohesion and increase employment across greater Europe. Launched at the Essen Counsel (Germany) in 1994, the TENs are a series of transport, telecommunications and energy projects that are continually being expanded and upgraded. The TENs are largely financed by private sector and non-EU sources. The EU does, however, provide grants from the Cohesion Fund, loans from the European Investment Bank (and loan guarantees from the European Investment Fund),

and partial feasibility study grants for the TENs. There are no overt EU restrictions on the participation of U.S. firms in the TENs.
Key Link: http://ec.europa.eu/ten/transport/index_en.htm

Other EU Grants for Member States

Another set of sector-specific grants offers assistance to EU Member States in the fields of science, technology, communications, energy, environmental protection, education, training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or tied to EU content. Information pertaining to each of these programs can be found on:

http://europa.eu.int/grants/index_en.htm

External Assistance Grants

The EuropeAid Cooperation Office is the European Commission agency in charge of managing the EU's external aid programs. This Agency is responsible for the management of the entire project cycle, from identification to evaluation, while the Directorates-General in charge of External Relations and Development, are responsible for the drafting of multi-annual programs. The EuropeAid website offers extensive information on the range of grant programs, the kind of projects that are eligible, as well as manuals to help interested parties understand the relevant contract law. However, participation to calls for tender for contracts financed by EuropeAid is reserved for enterprises located in the EU Member States and requires that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. But consultants of US nationality employed by a European firm are allowed to form part of a bidding team. European subsidiaries of U.S. firms are eligible to participate in these calls for tender.

Key Link: http://europa.eu.int/comm/europeaid/index_en.htm

All tenders related to EU-funded programs outside the territory of the European Union (including the accession countries) are located on the EuropeAid Cooperation Office website: http://europa.eu.int/comm/europeaid/tender/index_en.htm.

Two new sets of programs have been approved for the financing period 2007-2013. As of January 2007, the EU will provide specific Pre-Accession financial assistance to the accession candidate countries that seek to join the EU through a new instrument called the Instrument for Pre-accession Assistance (IPA). Also, the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

- IPA replaces the following programs: PHARE (Poland and Hungary Assistance for Restructuring of the Economy), ISPA (Instrument for Structural Pre-Accession financing transport and environment projects), SAPARD (projects in the agriculture sector), CARDS (aid to southern Balkans) and the Turkey Facility Fund. IPA focuses on priorities linked to the adoption of the *acquis communautaire* (the body of

European Union law that must be adopted by accession candidate countries as a precondition to accession), i.e., building up the administrative and institutional capacities and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to countries that are potential candidate countries, especially in the Balkans. The budget of IPA for 2007-2013 is EUR 11.4 billion.

Key Link: http://ec.europa.eu/enlargement/financial_assistance/ipa/index_en.htm

- ENPI: replaces the former TACIS and MEDA programs. The European Neighborhood Policy program covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. ENPI budget is € 11,9 billion for 2007-2013.

Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 2007, the EIB approved loans for projects worth EUR 56.4 billion, of which around 16% was lent outside the EU. The EIB also plays a key role in supporting EU enlargement with loans used to finance improvements in infrastructure, research and industrial manufacturing to help those countries prepare for eventual EU membership. Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and, generally promoting growth, competitiveness and employment in Europe. Last year, the EIB created a list of projects to be considered for approval and posted the list on its website. As such, the EIB website is a source of intelligence on upcoming tenders related to EIB-financed projects: http://www.eib.org/projects/index.htm?lang=-en.

The EIB presents attractive business opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

The EIB's i2i (Innovation 2010 Initiative) is designed to highlight projects that support innovative technology in the European Union, in particular by financing broadband and multimedia networks; the physical or virtual infrastructure providing local access to these networks; and research and development infrastructures, especially in the less developed regions of the European Union. i2i will also finance projects to computerize schools and universities and to provide information technology training in conjunction with public authorities.

Key Link: http://www.eib.org/Attachments/thematic/innovation_2010_initiative_en.pdf

The US Mission to the European Union in Brussels has developed a database to help US-based companies bid on EIB public procurement contracts in non-EU countries in particular. The EIB-financed contracts that are open to US-based companies are featured in this database. All the tenders in this database are extracted from the EU's Official Journal. The EIB database contains on average 50 to 100 tenders and is updated twice per week.

Key Link: http://www.buyusa.gov/europeanunion/eu_tenders.html

Web Resources

Return to top

Estonian websites:

Bank of Estonia: http://www.eestipank.info/pub/en/

Credit Information: www.kredinfo.ee

EU Structural funds in Estonia: www.struktuurifondid.ee

EU websites:

Future project proposals:
http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm.

The EU regional policies, the EU Structural and Cohesion Funds:
http://ec.europa.eu/regional_policy/index_en.htm

The Trans-European Networks (TENs): http://ec.europa.eu/ten/transport/index_en.htm

EU Grants and Loans index: http://ec.europa.eu/grants/index_en.htm

EuropeAid Co-operation Office: http://europa.eu.int/comm/europeaid/index_en.htm

IPA: http://ec.europa.eu/enlargement/financial_assistance/ipa/index_en.htm

The European Investment Bank: http://www.eib.org/?lang=en

EIB-financed projects: http://www.eib.org/projects/index.htm?lang=-en.

The EIB's i2i (Innovation 2010 Initiative):
http://www.eib.org/Attachments/thematic/innovation_2010_initiative_en.pdf

U.S. websites:

CSEU Tender Database:
http://www.buyusa.gov/europeanunion/eu_tenders.html

Market research section on the website of the US Mission to the EU:
http://www.buyusa.gov/europeanunion/mrr.html

European Union Tenders Database:
http://www.buyusa.gov/europeanunion/euopportunities.html

Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

Return to table of contents

Chapter 8: Business Travel

Business Customs Return to top

Estonia is a modern country that enjoys close relations with Nordic and other Baltic countries. Social and business protocol is similar to that in northern Europe.

Travel Advisory Return to top

The climate in Tallinn is characterized by a fairly cold winter, a cool spring with little precipitation, a moderately warm summer and a long and rainy autumn. However, some summers have weeks at a stretch of temperatures around +30° C, and a warm, sunny summer can keep autumn at bay until mid-October.
Average temperature in July +20°C
Average temperature in February -9°C
Weather forecast in the Internet: http://www.weather.ee/
More info: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1112.html

Visa Requirements Return to top

To live and work in Estonia, foreigners from non-EU countries need both a residence permit and a work permit, both of which may be obtained from local Migration Department offices. English-language instructions on how to apply are available from the Migration Department. Alternatively, instructions are posted in English on the web page of Enterprise Estonia www.investinestonia.com.

U.S. citizens do not need to obtain a visa for visits of less than 90 days.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas.gov: http://www.unitedstatesvisas.gov/
US Embassy Consular Section in Estonia: http://www.usemb.ee/

Telecommunications

Return to top

Within a short time, modern means of communication have become an inseparable part of the daily life of Estonians, and the use of mobile telephones and the Internet is more widespread than in most EU member states. Nearly 100 percent of Estonians have a mobile phone and about 69% of the population between 16-74 uses the Internet.

Transportation

Return to top

Estonia has a relatively well-developed transportation infrastructure. The density of Estonia's road network is comparable to that of the Nordic countries, although the quality of the roads in many places is not yet up to Nordic standards. Public transportation in major cities is efficient and reliable. While there are five passenger-serving airports in Estonia, most international flights occur through Tallinn Airport. For more info: http://www.tourism.tallinn.ee/index.php?page=49

Language

Return to top

The official language in Estonia is Estonian. English is widely spoken, especially in the capital city. Russian is still the most-widely spoken second language, although less so among younger Estonians.

Health

Return to top

Estonia has vigorously and quite successfully reformed its health care system over recent decades. The current system is built on solidarity-based health financing; a modern provider network based on family medicine-centered primary healthcare, modern hospital services, and more concentration on public health. This has resulted in a steadily increasing life expectancy and continuously high rates of population satisfaction with access and quality. Estonian hospitals are generally well equipped with modern x-ray sets, computed tomography systems, magnetic resonance tomography systems etc.

Cases of resistant strains of tuberculosis have been reported in Estonia. Visitors to forest areas in warm weather should also guard against tick-borne encephalitis. Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747); fax 1-888-CDC-FAXX (1-888-232-3299), or via the CDC's Internet site at http://www.cdc.gov/travel. For information about outbreaks of infectious diseases abroad consult the World Health Organization's website at http://www.who.int/en
Further health information for travelers is available at http://www.who.int/ith

Local Time, Business Hours, and Holidays

Return to top

Time Zone: GMT + 2 hours
Business hours are between 8 a.m. and 6 p.m. Supermarkets and shopping centers are generally open between 9 a.m. and 10 p.m. every day.

The national holidays in Estonia for 2009 are:

Day, Date	Holiday
Thursday, January 1	New Year's Day
Tuesday, February 24	Independence Day
Friday, April 10	Good Friday
Friday, May 1	May Day
Tuesday, June 23	Victory Day
Wednesday, June 24	Midsummer Day
Thursday, August 20	Day of Restoration of Independence
Thursday , December 24	Christmas Eve
Friday, December 25	Christmas Day
Saturday, December 26	Boxing Day

Temporary Entry of Materials and Personal Belongings

Return to top

Info on Temporary Entry
Estonian Customs: http://www.emta.ee/?id=1939

Web Resources

Return to top

Estonian Customs: http://www.emta.ee/?id=1939
Travel info: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1112.html
Weather forecast in Internet: http://www.weather.ee/
Enterprise Estonia: www.investinestonia.com.
State Department Visa Website: http://travel.state.gov/visa/index.html
United States Visas: http://www.unitedstatesvisas.gov/
US Embassy Consular Section: www.usemb.ee
World Health Organization's website at http://www.who.int/en

Return to table of contents

Chapter 9: Contacts, Market Research, and Trade Events

- Trade Events

Contacts Return to top

United States Embassy, Political/Economic Section
Kentmanni 20, 15099 Tallinn, Estonia
Tel: 372 668 8130
Fax: 372 668 8264
Contact: Ms. Reene Sepp, Economic/Commercial Assistant
E-mail:seppr@state.gov
Robert M. Hollister, Economic Officer
E-mail: hollisterRM@state.gov
www.usemb.ee

Foreign Commercial Service Partnership Post
U.S. Embassy Helsinki
It. Puistotie 14 B
FIN-00140
Helsinki, Finland
Tel: 358-9-616-250
Fax: 358-9-616-25130
E-mail: helsinki.office.box@mail.doc.gov

Foreign Agricultural Service (regional office in Warsaw):
http://poland.usembassy.gov/poland/agric.html

Chambers of Commerce, Trade Associations

Estonian Chamber of Commerce and Industry; www.koda.ee
American Chamber of Commerce: www.amcham.ee
Association of Estonian Food Industry: http://toiduliit.ee/
BSA (Business Software Alliance): www.bsa.ee
Estonian Banking Association: www.pangaliit.ee
Federation of Estonian Engineering Industry (EML): http://www.emliit.ee/

Country Government Offices

Ministry of Economic Affairs: www.mkm.ee
Ministry of Agriculture: http://www.agri.ee/
Ministry of Finance: http://www.fin.ee/
Ministry of Foreign Affairs: http://www.mfa.ee
Other Ministries and Government Agencies: http://www.eesti.ee/eng/

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/mrktresearch/index.asp
and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

Return to top

Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents/index.asp

Estonian Fairs: www.fair.ee

Return to table of contents

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. The global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses in Estonia, please click on the link below.

http://www.usemb.ee/serv1.php

Return to table of contents

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: http://www.export.gov