



VISITE DE L'AAD À TALLIN DANS LE CONTEXTE DE LA PRÉSIDENCE ESTONIENNE

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II. ESTONIE

- 1. CULTURE D'ESTONIE**
- 2. HISTOIRE**



II. Estonie¹

1. Culture d'Estonie

Située sur la carte entre l'Europe orientale et l'Europe occidentale, l'Estonie, du point de vue culturel, est une zone frontière, ou plutôt un carrefour. Dans ses traditions on trouve des éléments venus aussi bien de l'Est que de l'Ouest, mais de surcroît les Estoniens ont toujours été vus comme des Nordiques, liés mentalement à la Scandinavie. Une culture des marges, de la frontière peut susciter des phénomènes et des corrélations extrêmement intéressantes, et de ce point de vue, l'Estonie est un pays ouvrant une multitude de perspectives.

Ce pays a un beau patrimoine dans lequel nous pouvons trouver des lieux et des parcs naturels parsemés de fjords, de forêts et de lacs. L'Estonie conserve également de nombreux villages médiévaux avec de bâtiments d'intérêt artistique historique.

Tallinn, la capitale, est le centre commercial et financier de l'Estonie et est devenu l'un des repères culturels les plus internationaux du Baltique.

C'est un pays indépendant depuis 1991. Sœur de la Finlande, a su passer du communisme au capitalisme sans conflits et a réussi à conquérir son indépendance plus rapidement et d'une manière plus stable que le reste de ses voisins.

2. Histoire

Les premiers habitants sont arrivés sur l'actuel territoire estonien il y a 11.000 ans, dès que la fonte de la calotte glaciaire a rendu la zone habitable.

1ère moitié du 13e siècle :

Dans l'histoire de la région de la Mer Baltique, le 12e siècle est marqué par les croisades. L'Estonie est incorporée au monde chrétien au début du 13e siècle, suite aux invasions des croisés germaniques et danois.

14e siècle :

Le commerce dans la région de la Baltique est dominé par la Ligue Hanséatique. Plusieurs villes d'Estonie en font partie, dont Tallinn, ayant acquis son droit de cité depuis 1248.

1ère moitié du 16e siècle :

La Réforme de l'église gagne l'Estonie. Désormais, le pays fera partie de l'espace culturel luthérien.

2ème moitié du 16e et 17e siècle :

A partir de 1558, le territoire de l'Estonie devient théâtre de combats dans une guerre opposant le Danemark, la Suède, la Russie et la Pologne. La Suède en sortira victorieuse, gardant la domination sur l'Estonie jusqu'au début du 18e siècle. En 1632, la première Université est fondée à Tartu.

18e siècle :

¹ <http://www.est-emb.fr/estonie/tourisme>



Au cours de la Grande Guerre du Nord, l'Estonie passe sous domination russe (1721). L'Estonie sera la fenêtre que Pierre le Grand avait souhaité ouvrir sur l'Europe.

19e siècle :

Les vents du romantisme national soufflent dans toute l'Europe. C'est le début du Réveil national estonien. C'est en 1862 que paraît l'édition populaire de l'épopée nationale, le *Kalevipoeg*.

1918 :

Le 24 février, proclamation de la République d'Estonie. Celle-ci ne sera indépendante que sur le papier, jusqu'à ce qu'elle gagne sa véritable indépendance au terme de la Guerre de Libération (1918-1920), consacrée par le Traité de paix de Tartu conclu avec la Russie soviétique.

1918-1939 :

Période de la première indépendance estonienne. L'Estonie aura le temps d'instaurer des relations diplomatiques avec les principaux pays de l'arène internationale et d'ancrer son image dans la conscience collective européenne. Cette indépendance sera mise en cause par la conclusion du Pacte germano-soviétique en août 1939.

1939-1991 :

Après l'occupation soviétique de 1940, l'Estonie fera partie de l'axe nazi de 1941 à 1944. Elle est à nouveau annexée par la Russie soviétique à l'automne 1944. Une partie importante de la population choisit d'émigrer, une autre sera déportée en Sibérie. Ceux qui restent tentent de s'adapter au nouveau régime.

Fin du siècle :

L'Estonie réussit à restaurer son indépendance, par le biais de la "Révolution chantante" de 1988.

2004 : L'Estonie est devenu un État membre de l'OTAN le 29 mars 2004, ainsi que de l'Union Européenne le 1er mai 2004.

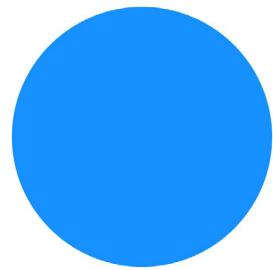
2007: l'Estonie adhère à la zone Schengen

2012: l'Estonie adopte l'euro



III. PRÉSIDENCE ESTONIENNE DE L'UE 2017

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- 3. PRIORITÉS DE LA PRÉSIDENCE ESTONIENNE DISCUSSIONS AU SEIN DES COMMISSIONS PARLEMENTAIRES**



EU2017.EE



Programme de la présidence estonienne du Conseil de l'Union européenne

1ER JUILLET – 31 DÉCEMBRE 2017



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INTRODUCTION



L'unité européenne, un voyage entamé voilà soixante ans, reste aujourd'hui un objectif ambitieux et tourné vers l'avenir. L'Union européenne était le rêve de quelques-uns. Les quatre libertés européennes fondamentales – un rêve et un objectif lointains en 1957 – sont aujourd'hui appliquées et acceptées comme une évidence. Les Européens ont vécu en paix plus longtemps qu'à n'importe quelle époque précédente. Les citoyens et les entreprises de l'Europe jouissent de libertés et d'une prospérité sans précédents dans le monde.



Alors que l'Union européenne fait face à des défis inédits, en interne comme à l'extérieur, l'Estonie, en tant qu'État membre exerçant la présidence du Conseil, veut croire que l'Europe est suffisamment unie et déterminée pour faire face à ces défis. Alors que l'Union européenne fait face à des défis inédits, en interne comme à l'extérieur, l'Estonie, en tant qu'État membre exerçant la présidence du Conseil, veut croire que l'Europe est suffisamment unie et déterminée pour faire face à ces défis. Nous avons confiance dans nos forces et dans nos capacités à transformer ces défis en opportunités, et nous avons des raisons d'envisager l'avenir de l'Union européenne avec de grands espoirs. L'unité européenne s'exprime par une voix et une action conjointes. Ensemble, nous sommes plus forts qu'il y a soixante ans: des centaines de millions d'Européens bénéficient des conditions de vie d'une plus grande Union. Une Union qui a mis de côté ses différences et veut défendre ses réalisations. Une Union déterminée à résoudre les problèmes d'aujourd'hui comme de demain. Une Union où les États membres et les institutions partagent les responsabilités et décident ensemble, pour servir les intérêts et améliorer la vie des citoyens européens.



Alors que l'Union européenne fait face à des défis inédits, en interne comme à l'extérieur, l'Estonie, en tant qu'État membre exerçant la présidence du Conseil, veut croire que l'Europe est suffisamment unie et déterminée pour faire face à ces défis. L'unité signifie soutenir largement les valeurs fondamentales de l'idée européenne et les objectifs de l'Union européenne, respecter la diversité – une valeur européenne fondamentale – et la considérer comme un atout. Par ces principes, l'Europe – un conglomérat politique plutôt disparate – peut atteindre l'équilibre entre les opinions, les intérêts, les traditions. Ténacité, unité et perspectives d'avenir nous imposent à tous d'accepter des compromis et de toujours chercher l'équilibre entre ce qui doit être préservé et nouveaux développements qui doivent encouragés. «Un pour tous, tous pour un». Ensemble, nous sommes plus forts.

Lors du sommet des soixante ans à Rome, nous avons signé la déclaration d'intention pour les dix années à venir. Les discussions concernant l'avenir de l'Europe se poursuivent. Les priorités de la présidence estonienne se fondent sur le programme stratégique du Conseil européen et les objectifs communs définis à Rome. Voici les objectifs importants tant pour l'Estonie que pour la présidence: une économie européenne ouverte et innovante ; une Europe sûre ; une Europe numérique et la liberté de mouvement des données ; une Europe durable et ouverte à tous. En cherchant à atteindre ces objectifs, nous respecterons les droits humains et les libertés fondamentales, suivrons les principes d'amélioration de la réglementation et examinerons les possibilités d'utilisation de diverses solutions numériques.



UNE ÉCONOMIE EUROPÉENNE OUVERTE ET INNOVANTE

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L'économie européenne, ouverte, a toujours su s'adapter aux évolutions. L'Estonie, à la présidence, cherchera à tirer le meilleur parti des évolutions et des crises pour en faire des opportunités de promouvoir le marché unique – moteur essentiel du bien-être économique des citoyens. L'Europe devrait s'ouvrir à l'innovation et promouvoir la concurrence juste pour encourager la société à développer des produits et des services innovants. L'économie européenne ne peut croître et faire face aux crises que si la société fait usage des technologies de pointe et des dernières connaissances scientifiques. La recherche d'excellence est un investissement sur l'avenir; elle nous permet de faire face aux évolutions rapides et aux problèmes de la société. Tous les Européens devraient bénéficier de la croissance.

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L'économie européenne ne peut prospérer que si l'environnement économique soutient la créativité et l'esprit d'entreprise, qu'il est transparent, simple et évite la bureaucratie. Pour créer de la croissance et des emplois, nous devons tirer pleinement parti des avantages du marché unique pour les services, en simplifiant les formalités administratives pour les entreprises et en sachant profiter des opportunités que procurent les technologies numériques. Encourager la prestation transfrontalière de services aura un impact positif direct sur l'ensemble de l'économie, ce qui bénéficiera à la création et à la croissance des

entreprises et offrira plus de choix, à des prix plus attractifs, pour les consommateurs. L'Estonie cherchera donc à réaliser d'importants progrès dans les négociations concernant les services; entre autres, une carte numérique des services, une procédure de notification des services et une analyse de la proportionnalité des services professionnels.



Créer une entreprise dans l'Union européenne devrait être simple. En profitant des opportunités qu'offre la société de l'information, les entrepreneurs devraient pouvoir mener leurs activités d'entreprise, de la création à la liquidation, dans les limites de ce que permettent les technologies numériques. La création d'un meilleur environnement économique et l'exercice de la liberté de création dans l'Union européenne bénéficient de l'harmonisation de la réglementation pour les fusions et divisions transnationales et pour le transfert du siège social entre deux États membres. L'Estonie souhaite contribuer activement aux discussions sur les évolutions futures du **droit des sociétés** et se tient prête à entamer les négociations avec la Commission européenne concernant le paquet de réformes proposé.



L'objectif de l'Estonie, à la présidence, est de faire en sorte que l'Union européenne continue d'être le

défenseur actif du libre-échange

sur la scène internationale. L'Estonie est déterminée à contribuer au lancement de négociations concernant les nouveaux accords de libre-échange et à continuer et conclure les négociations déjà en cours. L'Estonie souhaite également promouvoir le libre-échange avec les partenaires de l'Union européenne au sein de l'Organisation mondiale du commerce (OMC). La Onzième conférence ministérielle de l'OMC, qui aura lieu à Buenos Aires, en Argentine, est un rendez-vous important pour l'amélioration de la réglementation du commerce mondial.

L'Estonie est attachée à l'augmentation des investissements tant publics que privés et cherchera à étendre le mandat du Fonds européen pour les investissements stratégiques.

La compétitivité européenne ne peut que profiter des investissements, d'un secteur bancaire stable et d'une politique fiscale transparente et travaillera pour étendre le mandat du **Fonds européen pour les investissements stratégiques**. L'Estonie, à la présidence, cherchera à créer des conditions optimales pour une croissance économique durable et une zone euro plus résistante. **L'Union économique et monétaire européenne** s'est renforcée ces dernières années, et de nombreux



projets sont encore en cours. Un secteur bancaire stable et résistant participe à la prévention des crises économiques et financières. La réduction des risques est une étape nécessaire pour établir une **union bancaire**. L'Estonie veut participer aux propositions concernant l'établissement de règles communes pour réduire les risques dans le secteur bancaire et renforcer la confiance dans les banques. Cela renforcera la stabilité financière et la confiance dans l'euro, et réduira la pression qui découle de l'utilisation de l'argent public pour soutenir ce secteur.



L'union bancaire et l'**union des marchés des capitaux** fonctionnelles faciliteraient le partage des risques entre secteurs privé et public dans l'Union européenne et participeraient au financement des entreprises et à la stabilité financière. L'union bancaire et l'union des marchés des capitaux fonctionnelles faciliteraient le partage des risques entre secteurs privé et public dans l'Union européenne et participeraient au financement des entreprises et à la stabilité financière. Sur la base de cette analyse à mi-parcours, nous définirons les prochaines étapes pour renforcer les marchés des capitaux et lever les restrictions concernant la libre circulation des capitaux.



Le paysage d'imposition européen doit prendre en compte l'impact des changements mondiaux et rester un marché attractif pour les entreprises dans le contexte de l'accroissement de la concurrence internationale. L'évasion et la fraude fiscales sapent la compétitivité des entreprises honnêtes et peut faire sensiblement baisser les revenus fiscaux des États. L'Estonie cherche à entamer des négociations concernant un **système définitif de TVA transnationale**. Les mécanismes temporaires actuels laissent la possibilité d'une fraude fiscale. Le régime définitif de taxe sur la valeur ajoutée se basera sur le principe de l'imposition plutôt que de la consommation. Le développement du commerce numérique transnational rend nécessaire la **modernisation de la TVA pour ce secteur**, afin de faciliter le commerce numérique transnational pour les PME, combattre la fraude fiscale et garantir une concurrence équitable entre les entreprises européennes et les entreprises de pays tiers. L'Estonie veut réaliser de grands progrès concernant l'initiative sur la TVA pour le commerce numérique et conclure les négociations sur la **TVA pour les livres et publications numériques**.



L'Estonie veut trouver un accord avec le Conseil de l'Union européenne pour établir **une liste européenne commune des juridictions non-coopératives en matière d'imposition**.

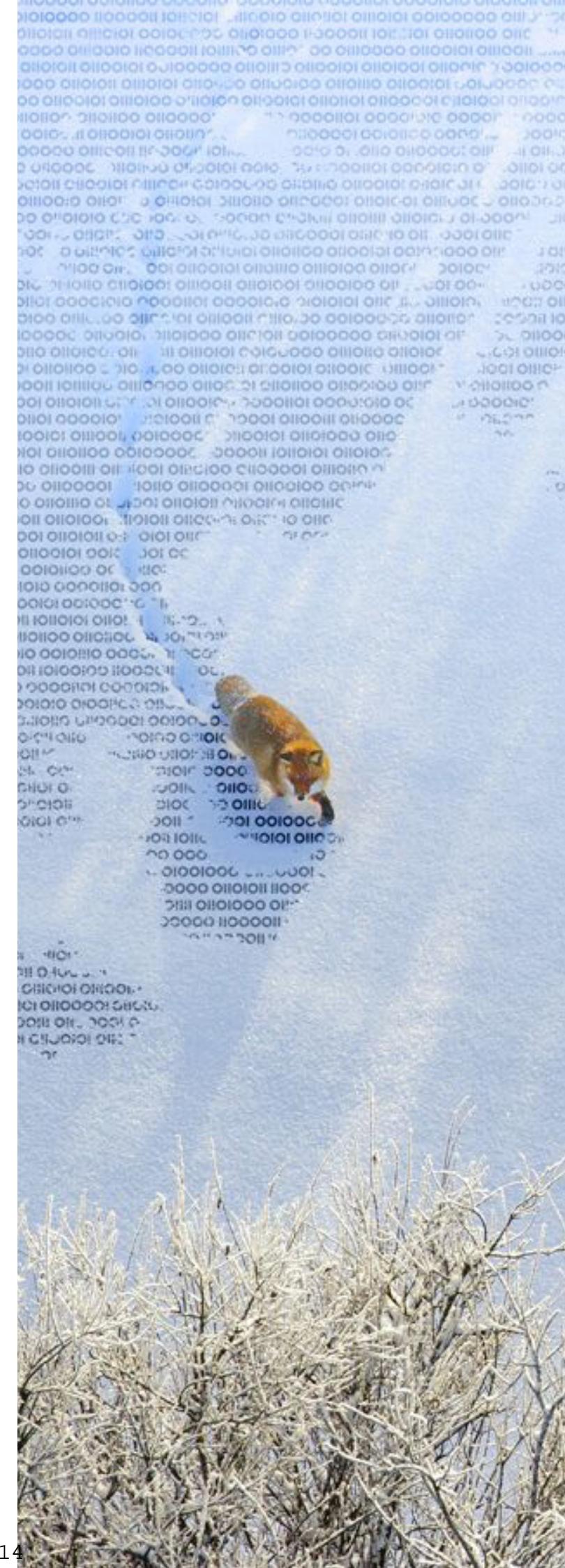
L'Estonie veut trouver un accord avec le Conseil de l'Union européenne pour établir une liste européenne commune des juridictions non-coopératives en matière d'imposition. Nous amorcerons également des discussions pour savoir s'il faut **imposer aux intermédiaires et conseillers financiers de révéler les projets d'évasion fiscale**.

Le marché moderne de l'énergie réunit système de fourniture énergétique efficace et facilité d'utilisation.

Guidée par les principes de l'**Union européenne de l'énergie**, l'Estonie cherchera à développer des politiques énergétiques, climatiques, environnementales et économiques communes pour favoriser l'émergence d'une économie européenne ouverte et innovante. L'utilisation durable et responsable des ressources naturelles participera à l'effort de l'Union européenne pour réduire les émissions de gaz à effet de serre de 40% d'ici à 2030 - par rapport aux niveaux de 1990 - et à accroître la compétitivité de l'Union européenne.



À la présidence, l'Estonie s'intéressera à tous les aspects importants de l'union de l'énergie. Nous devons créer les conditions qui permettront d'améliorer le rôle des consommateurs sur le marché. Les réseaux de distributions et commerces de détail devraient être adaptés aux besoins



des clients, y compris concernant l'électricité. L'approche européenne du commerce de l'électricité devrait se baser sur la coopération, qui pourrait permettre d'économiser de l'énergie. L'Estonie contribuera largement aux efforts de l'Union européenne pour développer des marchés de l'énergie qui encouragent l'efficacité énergétique et les investissements dans la production et la connexion énergétiques. **L'intégration des systèmes et marchés énergétiques** européens est essentielle pour garantir une énergie abordable et une sécurité énergétique pour les consommateurs.

Le budget de l'Union européenne contribue aux objectifs communs.

En finançant des politiques communes pour des objectifs communs, l'Union européenne et ses États membres peuvent faire mieux que s'ils agissaient séparément. Dans les **débats sur l'avenir du budget européen**, il est essentiel de prendre en compte la plus-value de l'action conjointe des États membres de l'Union européenne, que ce soit dans le domaine de la coopération scientifique, des projets transfrontaliers d'infrastructure, de la réduction des disparités géographiques du développement économique, de la fourniture de nourriture de bonne qualité ou de la protection des ressources naturelles.

Au second semestre 2017, la Commission européenne publiera les rapports intérimaires sur les résultats et les réalisations des fonds destinés aux secteurs principaux – **Horizon 2020, Mécanisme pour l'interconnexion en Europe, Fonds pour les politiques de cohésion et politique agricole commune** – ainsi que sur les lignes directrices possibles pour l'avenir. Les discussions portant sur la meilleure manière de soutenir les efforts pour atteindre les objectifs politiques de l'Union européenne durant l'exercice commençant en 2021 seront également amorcées. Le second thème est le début des discussions sur l'amélioration de la cohésion des partenariats européens de recherche et d'innovation financés par le programme-cadre, et sur le soutien des nouveaux-venus. L'Estonie prévoit également de mener les discussions sur l'évaluation à mi-parcours du Mécanisme pour l'interconnexion en Europe concernant le programme-cadre à venir des investissements pour les infrastructures transfrontalières. L'Estonie souhaite faire progresser la discussion politique concernant l'avenir de la politique de cohésion, en prenant en compte les besoin de développement à long terme de l'Union européenne et de ses régions et en soutenant une politique de cohésion forte et continue. L'Estonie croit que la politique agricole devrait rester une politique européenne commune, financée par le budget de l'Union européenne. L'Estonie, à

la présidence, aura l'opportunité de lancer le débat sur la planification du prochain cadre financier pluriannuel.

Le budget européen pour 2018 devrait continuer ses efforts pour soutenir la compétitivité, la croissance et la reprise économiques ainsi que l'emploi, et répondre aux questions migratoires et de sécurité. Il est important de proposer un budget réaliste, qui vise à remplir les objectifs et répond aux exigences en place. L'objectif de l'Estonie est de parvenir à un accord, pour que l'Union européenne dispose, dans le budget pour 2018, des ressources nécessaires pour atteindre ses objectifs et mettre en place ses politiques. L'Estonie continuera les négociations sur la simplification de la réglementation financière européenne et autres réglementations associées, regroupées sous l'appellation de **règlement Omnibus**, afin qu'elles soient en place dès le 1er janvier 2018. Le budget de l'Union européenne doit pouvoir s'adapter avec flexibilité aux évolutions; les règles concernant l'utilisation des fonds budgétaires devraient être clarifiées et simplifiées.



Il est de l'intérêt commun d'assurer une utilisation constructive des fonds budgétaires européens. Il est nécessaire de répondre avec fermeté aux abus concernant le budget européen et la fraude à la TVA. L'Estonie cherchera à obtenir un accord concernant la création d'un **Parquet européen**.





UNE EUROPE SÛRE ET SÉCURISÉE

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La raison d'être de l'Union européenne est de garantir la sûreté et la sécurité des citoyens européens. Que l'Union européenne atteigne ou non cet objectif dépend de ce qui se passe non seulement dans l'Union européenne et dans son voisinage immédiat, mais également dans le reste du monde. Pour montrer ce lien intrinsèque entre aspects internes et externes de la sécurité européenne, la présidence cherchera à promouvoir et défendre les objectifs de l'**union de la sécurité** et ceux figurant dans la **stratégie globale** pour la politique étrangère et de sécurité de l'Union européenne.

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Une Europe sans frontières internes rend nécessaire l'adoption de politiques communes en matière de sécurité, de migration, d'asile et de frontières extérieures. La présidence publiera à mi-mandat une évaluation du progrès de l'Union européenne en matière de renforcement de

la coopération concernant la liberté, la sécurité et la justice. Nous continuerons de travailler pour une société sûre, basée sur les droits fondamentaux, en garantissant une capacité à répondre aux menaces émergentes de manière coordonnée et cohérente, par exemple pour les urgences naturelles ou pour les menaces terroristes, technologiques et hybrides. Pour prévenir et stopper les activités criminelles, l'Estonie veut tirer parti des opportunités fournies par les communications modernes et les technologies de l'information, comme l'interopérabilité des systèmes d'information et la meilleure qualité des échanges de données, et ce dans le cadre d'une unique réglementation européenne en matière de protection des données.

Les solutions numériques et bases de données modernes contribuent au maintien de la sécurité publique dans l'espace Schengen.

Une Europe sans frontières, où les biens, les services et les personnes peuvent circuler librement est l'une des réalisations majeures de l'Europe et nous en profitons au quotidien. La présidence continuera ses efforts pour **garantir la sécurité de l'espace Schengen** en renforçant la coopération et en améliorant les mesures compensatoires, particulièrement en ce qui concerne le contrôle et la surveillance des frontières externes de l'Union européenne. Ces actions accompagneront une coopération de terrain, par exemple pour échanger plus fréquemment et plus efficacement des informations sur les crimes importants.

La présidence travaillera pour faire adopter des solutions numériques modernes pour améliorer la sécurité des frontières externes de l'espace Schengen, tout en garantissant un passage de frontière simple et rapide. Afin de rendre plus efficaces le contrôle et la surveillance des frontières externes de l'Union européenne et de vérifier des informations plus détaillées concernant les ressortissants de pays tiers entrant ou sortant de l'Union européenne, l'Estonie cherchera à obtenir un accord concernant le nouveau **système européen d'enregistrement des entrées et des sorties** pour les ressortissants de pays tiers. Nous chercherons également à conclure les négociations concernant le **système européen d'information et d'autorisation concernant les**

voyages (ETIAS), créé pour enregistrer le passage des frontières externes par des ressortissants de pays tiers dispensé de l'obligation de visa.



Les autorités chargées de l'application des lois devraient pouvoir échanger des informations plus précises concernant les délinquants. L'Estonie se concentrera sur la modernisation du **système d'information Schengen**, le principal outil d'échange de données et d'informations entre la police, les forces chargées du contrôle des frontières et les douanes. L'échange de casier judiciaire réduit le risque qu'un délinquant puisse dissimuler ses infractions en changeant d'État membre. L'Estonie se concentrera sur l'amélioration du **système européen d'information sur les casiers judiciaires**.



Aujourd'hui, les données recueillies par les autorités européennes de sécurité et de contrôle des frontières sont fragmentées, ce qui gêne leur travail. Le meilleur moyen d'améliorer l'échange d'information est de rendre les systèmes d'information **interopérables** et de faciliter un accès clairement défini et justifié des autorités à ces informations.

La coopération transfrontalière devrait être renforcée, pour combattre plus efficacement le terrorisme et le crime organisé.



Le terrorisme est devenu une menace mondiale, à laquelle nous ne pouvons faire face efficacement qu'ensemble, unis. Pour combattre efficacement le terrorisme et la **radicalisation**, nous devons avoir une compréhension commune des menaces. Nous devons, en tant qu'États membres, améliorer nos capacités de prévention de la radicalisation et créer des moyens **de répondre rapidement**. Nous voulons rapprocher aspects internes et externes de la lutte contre le terrorisme et développer des capacités d'expertise conjointes. Un des aspects essentiels de ceci est l'**amélioration des capacités** de lutte contre le crime organisé **dans les pays avoisinants**, y compris en coopérant plus étroitement avec l'Ukraine.

ordres de gel des capitaux ou de confiscation doit également être modernisé. Un ordre de gel ou de confiscation délivré par un État membre doit être rapidement et efficacement reconnu et appliqué dans les autres États membres.

La possibilité d'utiliser des preuves numériques et de conserver des données de communications est nécessaire pour lutter efficacement contre le terrorisme et d'autres types d'infractions. Une **meilleure disponibilité** et un **meilleur traitement des preuves numériques** pourraient grandement faciliter l'obtention de preuves dans les affaires transfrontalières. L'Estonie veut entamer des discussions concernant la collecte et l'utilisation de preuves numériques. Les **données de communications** sont souvent importantes dans les affaires criminelles, tant pour capturer les délinquants que pour retrouver les victimes. L'Estonie entamera une vaste discussion pour trouver une solution concernant la conservation des données de communication au niveau européen.

L'Estonie poursuivra ses efforts pour obtenir des accords concernant l'intensification de la lutte contre le financement du terrorisme et du crime organisé, ainsi que les poursuites judiciaires pour les infractions transfrontalières graves. L'Union européenne doit pouvoir **lutter contre le blanchiment d'argent plus efficacement**, pour s'assurer que les infractions liées au blanchiment d'argent sont jugés dans l'Union européenne sur la base d'une même **politique pénale**. Le cadre juridique européen concernant la **reconnaissance mutuelle des**

Une politique migratoire intelligente est nécessaire pour garantir le développement et la sécurité de l'Union européenne

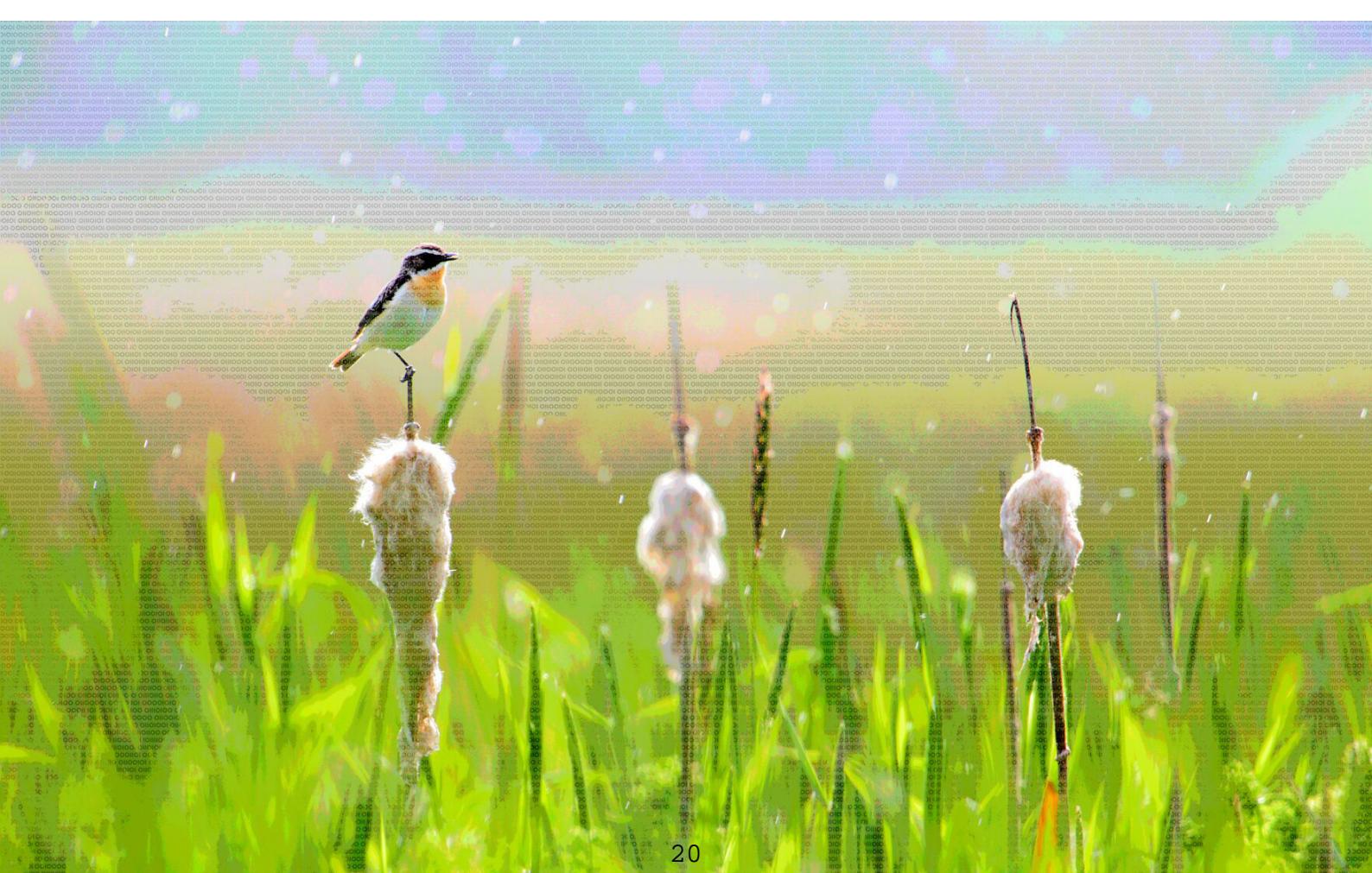
Il est indispensable de prendre en compte tant les aspects internes que les aspects externes, et d'envisager

les perspectives migratoires sur le long terme pour adopter une approche systémique des politiques migratoires.

La présidence estonienne continuera d'appliquer les **cadres de partenariat** entre l'Union européenne et les pays tiers, en coopération avec les principaux pays d'origine ou de transit, afin de soulager la pression migratoire. Une politique de retour efficace fait partie intégrante de la gestion des migrations; l'Union européenne doit assister les pays d'origine via des politiques de coopération et d'investissement pour le développement, en mettant l'accent sur l'obligation pour eux de

réadmettre leurs ressortissants. Il est également essentiel de mettre en place le **Plan d'action de La Valette** et le Plan d'action de l'Union européenne en matière de retour ainsi que leurs recommandations, visant à réduire l'immigration illégale. Nous devons être au fait des actions et évolutions des pays tiers, pour pouvoir répondre rapidement aux changements.

Une frontière externe bien gérée est la pierre angulaire d'une politique migratoire efficace. L'Estonie continuera les efforts visant à renforcer la frontière externe de l'Union européenne et à attirer l'attention sur la gestion des frontières terrestres.



Une politique migratoire efficace aurait des conséquences positives pour la croissance et la compétitivité européennes. L'Estonie veut attirer l'attention sur l'**immigration légale**, en particulier pour promouvoir l'immigration des travailleurs hautement qualifiés et simplifier la mobilité interne. L'Estonie continuera à chercher à renouveler la **directive européenne carte bleue**.

Nous devons poursuivre nos efforts pour moderniser le **régime d'asile européen commun** pour garantir son fonctionnement efficace et des conditions égales pour tous les demandeurs d'asile en Europe.

L'Union européenne dans un monde global

Concernant la politique extérieure, la présidence soutient la haute représentante de l'Union pour les affaires étrangères et la politique de sécurité dans toutes ses activités.

Assurer la sécurité, la paix et la stabilité dans les **régions avoisinantes ou plus lointaines** est un objectif européen important. C'est pourquoi nous continuerons à mettre en place les objectifs définis par la **politique européenne de voisinage**. L'Estonie cherchera à améliorer l'économie régionale, la démocratie, les droits humains et l'État de droit,

et promouvrà la prospérité et la résilience nationale pour faire face aux divers types de menaces.

Il est important de promouvoir un **Partenariat oriental** efficace en soutenant les décisions souveraines et la démocratie, la prospérité économique et la stabilité de nos partenaires dans la région. À la présidence du Conseil de l'Union européenne, l'Estonie veut contribuer au renforcement des relations entre les six pays du Partenariat oriental et l'Union européenne. En encourageant le dialogue et la coopération sectorielle avec ces pays et en les soutenant dans leurs réformes, nous voulons garantir des résultats positifs concrets pour les citoyens de nos partenaires et améliorer leur résilience. Une communication stratégique est essentielle pour expliquer les objectifs de l'Union européenne dans la région et rendre nos actions plus visibles et compréhensibles. Le **sommet de novembre du Partenariat oriental, à Bruxelles**, confirmera le soutien continu de l'Union européenne à la région.

Concernant les **pays au Sud de l'Union européenne**, l'Estonie veut promouvoir la poursuite du dialogue et de la coopération économique et sécuritaire. Nos voisins du Sud ont besoin d'aide pour faire face

aux défis socioéconomiques, mais aussi d'une coopération renforcée en matière de sécurité: prévention et gestion des conflits, lutte contre le terrorisme et la radicalisation, lutte contre la traite des êtres humains.

L'Estonie insistera sur la promotion du secteur numérique (administration en ligne et services numériques) pour faciliter la mise en place d'une gouvernance plus efficace et plus transparente dans toutes les régions.

Le sommet, prévu pour le second semestre 2017, fournira une excellente occasion de renforcer nos **partenariats avec des pays d'Afrique, d'Amérique latine et des Caraïbes**. Un partenariat Union européenne-Afrique ouvrira la voie à diverses formes de coopération, notamment concernant l'innovation, la technologie, l'administration en ligne, la jeunesse et l'éducation. L'Estonie poursuivra les préparatifs pour le renouvellement du programme-cadre de partenariat entre l'Union européenne et les États d'Afrique, des Caraïbes et du Pacifique et l'Union européenne car l'accord de partenariat ACP-UE (Accord de Cotonou) arrive à expiration en 2020.

Une **relation transatlantique forte** reste importante. C'est pourquoi l'Estonie poursuivra le dialogue sur des sujets et intérêts communs, comme la lutte internationale contre le terrorisme, les menaces informatiques et le commerce.

L'Estonie continuera de soutenir la mise en place de la **politique d'élargissement de l'Union européenne** dans le cadre plus large de la sécurité, de la stabilité, de la démocratie et de l'État de droit en Europe. L'approche estonienne se base sur le principe que tous les pays s'engagent à respecter et promouvoir les valeurs de l'Union européenne et à remplir les conditions strictes mais justes pour faire avancer le processus d'élargissement.



En ce qui concerne la **coopération pour le développement**, l'Estonie continuera de contribuer aux Objectifs de développement durable de l'ONU, tant à l'intérieur de l'Union européenne qu'à l'extérieur. Durant la présidence estonienne, nous établirons le Fonds européen pour le développement durable dans le cadre du plan d'investissement extérieur, afin de mobiliser plus de ressources pour le développement durable dans les pays partenaires.



Concernant l'**aide humanitaire**, la présidence se concentrera en particulier sur la situation des personnes déplacées. Dans la lignée du sommet mondial sur l'action humanitaire, l'Estonie se concentrera sur l'efficacité de l'aide et les solutions innovantes pour l'aide humanitaire.



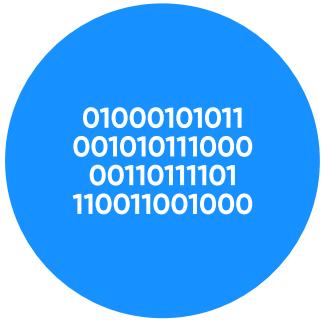


Une coopération renforcée et des dépenses militaires en augmentation renforcent la sécurité en Europe

Concernant la coopération européenne en matière de **défense**, la présidence cherchera à améliorer les capacités militaires européennes, notamment en ce qui concerne les **dépenses et investissements des États membres**, et cherchera à faire passer l'accord sur le financement conjoint des opérations européennes, afin d'accroître la disponibilité des groupements tactiques de l'Union européenne. L'Estonie soutient et contribue aux discussions concernant la **coopération structurée permanente**, l'**examen annuel coordonné en matière de défense (EACD)** et le **plan d'action européen de la défense**. L'Estonie soutient les initiatives de la Commission européenne en particulier concernant la R&D pour la défense et le renforcement de la base industrielle de défense européenne, afin de créer de

meilleures opportunités pour impliquer et financer les PME du secteur.

Dans ce nouvel environnement de sécurité, l'**identification des menaces hybrides**, la prise de conscience de ces menaces et la mise en place de mesures de résilience sont devenues des points essentiels de nos réponses à ces menaces. L'Estonie continuera de contribuer au système d'alerte avancée de l'Union européenne et promouvrà l'échange d'expériences entre les institutions et les États membres. Tous les outils de l'arsenal de l'Union européenne et de l'OTAN sont nécessaires pour faire face aux menaces hybrides et numériques. L'Estonie soutient la **coopération Union européenne-OTAN** via des actions pratiques, conformément à la déclaration conjointe UE-OTAN de 2016, et contribue aux objectifs de coopération concernant la **cyber-défense**, par exemple en organisant des exercices militaires mutuellement ouverts et coordonnées.



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UNE EUROPE NUMÉRIQUE ET UNE LIBERTÉ DE CIRCULATION DES DONNÉES

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Un marché unique fort, qui soutient la croissance et l'emploi, doit être connecté et suivre le rythme des développements technologiques comme de la numérisation croissante de la société. Les technologies de l'information et de la communication ne sont plus un secteur spécifique: elles sont l'épine dorsale de tous les systèmes économiques modernes innovants. Internet et les technologies numériques modifient nos vies, nos emplois, nos sociétés, et font partie de tous les secteurs économiques et de la vie quotidienne. Cependant, le progrès technologique, tout en nous offrant l'opportunité de défendre nos valeurs, pose également un risque pour notre sécurité et notre démocratie.

L'Europe doit suivre le rythme du progrès technologique et exploiter tout son potentiel. Cela contribuera à améliorer la vie quotidienne des citoyens, des entreprises et des États membres. L'objectif de l'Estonie est de faire progresser les **mesures stratégiques**

de la Commission pour un marché unique numérique. Nous souhaitons également poursuivre les négociations sur l'avenir du gouvernement numérique et de la liberté de mouvement des données, essentiels pour l'économie européenne. L'Estonie organisera une série d'événements et un **sommet numérique** pour avoir des discussions ouvertes concernant l'avenir numérique de l'Europe.

La liberté de mouvement des données est essentielle pour le développement d'une société numérique

Avec le progrès technologique, les données sont devenues une ressource fondamentale pour le développement sociale et la croissance économique. L'Union européenne est au commencement d'une économie **des données**. La présidence estonienne veut souligner l'importance du besoin de **développer une société numérique dans tous les domaines**.





L'Union européenne devrait **mettre fin au géoblocage injustifié, clarifier juridiquement la propriété des données non-personnelles** et garantir la fiabilité du stockage et de l'échange de données en fonction du **principe de «une seule fois»** en vigueur dans le secteur public. L'Estonie envisage un vaste débat concernant la liberté de mouvement des données et la mesure de son impact sur l'économie des données.

Une connexion internet à grande vitesse, de grande qualité et largement disponible est nécessaire pour une économie intelligente des données

L'économie intelligente se fonde sur l'interopérabilité des données et des technologies numériques, afin d'améliorer la réussite économique et le bien-être des citoyens. Afin de

promouvoir l'**économie intelligente** en Europe, nous devons nous concentrer sur les initiatives qui contribuent à la numérisation universelle de l'économie grâce aux technologies. Lors de la création d'un environnement ouvert aux nouveaux services, il est important de garantir des **communications électroniques modernes, accessibles et sûres** dans toute l'Europe, en s'avançant sur la route de la société du gigabit, par exemple en mettant en place le **code européen des communications électroniques**.

Le **portail unique numérique** proposé pour simplifier la prestation transfrontalière de services est également un important moyen de promouvoir l'entrepreneuriat. Il facilite l'arrivée des entreprises sur les marchés d'autres États membres, permet de comprendre ces marchés et d'obtenir des informations concernant les règlements et services publics locaux.

Le développement du commerce et des services en ligne élargit le choix des Européens

La présidence estonienne se concentrera sur le **développement des commerces et services en ligne transfrontaliers** pour le bénéfice des consommateurs et des entreprises. Pour que le commerce en ligne fonctionne correctement en Europe, il est nécessaire d'assurer la protection **des intérêts des consommateurs**, où qu'ils vivent. Pour mettre fin au géoblocage injustifié, il faut trouver un accord concernant la **réglementation sur le géoblocage**. L'absence de droit uniforme des contrats concernant la fourniture de contenu numérique et les ventes en ligne est un obstacle au commerce en ligne. L'Estonie veut faire avancer les négociations concernant le **droit des contrats**, afin de garantir la sûreté et la clarté juridique pour les entrepreneurs et consommateurs impliqués dans le commerce transfrontalier.



Comme le secteur des droits d'auteur doit également suivre le rythme des solutions numériques, l'Estonie veut faire avancer la **réforme du droit d'auteur**. Dans les nouvelles conditions du marché, l'accès transfrontalier à une plus grande variété de contenu numérique protégé par le droit d'auteur devrait être facilité, entre autres via l'harmonisation

de la réglementation concernant l'utilisation libre des œuvres protégées, tout en garantissant le fonctionnement d'un marché juste concernant les droits d'auteur. La mise à jour juridique des **services audiovisuels** contribue à garantir l'égalité de traitement des personnes impliquées, crée des conditions favorables au développement de ces services et offre un plus vaste choix aux consommateurs. L'Estonie veut obtenir un accord sur les amendements à la directive «Services de médias audiovisuels».

Les services en ligne publics simplifient également les formalités transfrontalières

Le Plan d'action européen 2016-2020 pour l'administration en ligne vise à développer la prestation de **services publics en ligne transfrontaliers**, afin de réduire le fardeau administratif pour les entreprises et les citoyens en facilitant et accélérant leurs interactions avec l'administration. L'Estonie souhaite garantir la mise en place durable et efficace du plan d'action et accélérer l'adoption de l'identification électronique (e-ID) et des services de confiance.



L'Estonie veut attirer l'attention sur l'application des principes d'administration en ligne aux initiatives mises en place dans tous les secteurs. La présidence veut entamer un

débat prospectif qui culminera dans la **déclaration de Tallinn sur l'administration en ligne** – une vision commune sur la manière d'établir une administration en ligne efficace en Europe, y compris dans un contexte transfrontalier. L'Estonie veut une administration en ligne qui soutient le marché unique, fondée sur les principes importants d'une société numérique efficace: «numérique par défaut», «une seule fois», «pas de vieilleries», liberté de mouvement des données.

Nous voulons aussi entamer une discussion concernant la **coopération et la coordination de la santé en ligne**, afin de créer les conditions nécessaires pour une utilisation plus vaste et transfrontalière de la liberté de mouvement des données à des fins de traitement, de recherche et d'innovation, et promouvoir l'innovation fondée sur les données dans le secteur de la santé. À ces fins, nous souhaitons nous concentrer sur la coopération européenne pour des solutions pratiques donnant un accès électronique et un meilleur contrôle des personnes sur leurs données de santé, et leur permettre de consentir au partage de ces données pour les services en ligne.

Aujourd'hui, les technologies de l'information sont largement employées dans des procédures judiciaires et garantissent un meilleur accès des

citoyens européens à la justice. Comme chacun a le droit de bénéficier d'une justice efficace, la présidence estonienne veut contribuer au développement et garantir la durabilité d'une **justice en ligne**.

L'Estonie contribuera également à la mise en place de solutions et technologies numériques hors de l'Union européenne en promouvant systématiquement et horizontalement l'utilisation de solutions numériques comme outil de développement dans le cadre de la **politique européenne de développement**.

La confiance et la sécurité sont cruciales pour le développement d'une société numérique.

Le développement d'une société numérique a ouvert de nombreuses opportunités, mais nous a rendus plus vulnérables, en créant de nouveaux risques et en exacerbant ceux déjà existants, comme l'utilisation malveillante des technologies. Dans l'espace numérique, l'Europe doit défendre ses valeurs et protéger sa sécurité.

L'Estonie promouvra une coopération à l'échelle européenne concernant la cybersécurité et la prise de conscience que ce secteur est une opportunité plus

qu'un obstacle. À ces fins, il est essentiel de mettre à jour la **stratégie de cybersécurité de l'Union européenne** et le mandat de l'Agence de l'Union européenne chargée de la sécurité des réseaux et de l'information. Mettre à jour la réglementation concernant

la **vie privée en ligne** pour l'ajuster aux besoins d'aujourd'hui et aux objectifs de la réforme sur la protection des données améliorera la confiance. L'Estonie veut faire avancer les négociations concernant la **réglementation sur la vie privée en ligne**.





UNE EUROPE DURABLE ET OUVERTE À TOUS

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La qualité de vie des personnes est affectée par l'environnement dans lequel elles vivent. Le développement durable ne peut se faire que si toutes les questions économiques, sociales et environnementales sont traitées de manière coordonnée et intégrée. Conformément au **Programme de développement durable à l'horizon 2030**, l'Europe doit garantir aux générations présentes et à venir la vie dans un environnement propre et adapté. Cela requiert une gestion efficace et durable des ressources naturelles, ainsi qu'un ordre social qui ouvre des perspectives durables. Une Europe durable et ouverte à tous aidera les citoyens à s'adapter aux changements et à soutenir l'égalité des chances, pour que chacun vive une vie aussi longue et saine que possible. La première responsabilité concernant la réduction des fractures sociales échoit aux États membres.

Une Europe ouverte à tous garantit d'égales opportunités pour tous

Afin de garantir la durabilité de la société et de l'économie européenne, ainsi que la prospérité sociale dans le contexte d'une population vieillissante, chacun en Europe doit bénéficier des mêmes opportunités pour développer ses qualités, obtenir une éducation, un emploi et un accès aux services de haute qualité. Les évolutions de la société et le progrès technologique ont **modifié la nature de notre travail** et amené de **nouvelles formes d'emploi**. Cela redéfinit les rôles d'employeur et d'employé, et nous pousse à adapter nos conditions de travail, nos compétences et nos systèmes de sécurité sociale.

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L'Estonie veut se concentrer sur la modernisation de l'éducation et du marché de l'emploi, pour garantir que les connaissances et compétences, y compris numériques, restent d'actualité. Pour renforcer la compétitivité européenne, il est nécessaire d'investir dans le

développement des compétences et de faire progresser les innovations apportées par la nouvelle stratégie en matière de compétences pour l'Europe, ainsi que par les autres initiatives de la Commission concernant la jeunesse et l'éducation. La présidence estonienne s'intéressera à l'établissement de meilleurs liens entre éducation et marché de l'emploi. Nous continuerons d'évaluer la **décision Europass** pour une meilleure mise en place et une meilleure synergie entre les outils numériques pour documenter les compétences et qualifications des personnes et moderniserons ces outils pour l'ère numérique.



L'Estonie propose une vaste discussion concernant l'avenir de l'emploi et les opportunités qui en découlent, y compris en ce qui concerne les solutions numériques nationales. Afin de garantir l'ouverture de l'Europe, l'Estonie contribuera à créer de meilleures opportunités pour les personnes ayant des besoins spéciaux, afin qu'elles puissent participer à la vie de société. C'est pourquoi nous chercherons à faire rapidement approuver le **règlement sur l'accessibilité**, auquel l'Estonie, à la présidence, contribuera grandement.



Le besoin croissant d'une main-d'œuvre qualifiée et la garantie d'une vie professionnelle de haute qualité impose de continuer de soutenir l'égalité entre les femmes et les

hommes, y compris dans l'**équilibre vie professionnelle-vie privée**. Le besoin croissant d'une main-d'œuvre qualifiée et la garantie d'une vie professionnelle de haute qualité impose de continuer de soutenir l'égalité entre les femmes et les hommes, y compris dans l'équilibre vie professionnelle-vie privée. L'Estonie souhaite continuer le débat sur la réconciliation de la vie privée avec la vie professionnelle, améliorer la participation des femmes à la vie professionnelle et réduire le fardeau des soins.

L'apparition de nouvelles opportunités pour les jeunes contribue au développement d'une société forte

Une Europe économiquement durable et compétitive doit proposer de nouvelles opportunités pour les jeunes Européens, promouvoir le développement de compétences, s'ouvrir à tous et proposer une participation active et des **activités volontaires**. Nous voulons souligner le rôle du **travail intelligent des jeunes** pour atteindre ces objectifs. Durant la présidence estonienne, les discussions concernant la coopération européenne pour l'emploi et les politiques de la jeunesse après 2019 continueront. L'objectif de l'Estonie est de créer plus d'opportunités **pour que les jeunes puissent s'exprimer** durant ces discussions. À la présidence, l'Estonie pourra contribuer à la création du **Corps européen de solidarité** pour



permettre aux jeunes de contribuer à faire face aux défis de la société contemporaine, via le travail volontaire et des activités professionnelles.

La liberté de mouvement est un pilier de l'Union européenne et doit se maintenir

La liberté de mouvement des personnes, des travailleurs et des services dans l'Union européenne, ainsi que les garanties sociales associées, doivent être efficacement garanties. L'Estonie se concentrera sur la modernisation des **règles de coordination de la sécurité sociale** et sur les négociations concernant la **réglementation du détachement des travailleurs**, essentielle dans le contexte du marché intérieur. Pour garantir un accès simple et rapide aux bénéfices sociaux pour les personnes bénéficiant de cette liberté de mouvement, de nouvelles solutions en ligne doivent être proposées.

Nous souhaitons travailler activement pour proposer une nouvelle législation en matière de transport routier en Europe, pour contribuer au fonctionnement d'un **marché des transports routiers** ouvert et équitable.

La mise en place de l'accord de Paris et la transition vers une économie favorable à l'environnement garantira des environnements de vie plus propres

Le changement climatique a un effet croissant sur l'environnement et la qualité de vie des personnes. Pour disposer d'un meilleur environnement de vie, l'Union européenne doit **réduire ses émissions de gaz à effet de serre**, comme déclaré dans l'accord de Paris, un accord mondial pour limiter le changement climatique. Premièrement, cela implique une réforme du système d'échange de quotas d'émission de l'Union européenne, et une réduction des émissions dues aux secteurs non couverts par ce système, comme celui des transports, de l'agriculture, de la production énergétique à petite échelle, de la gestion des déchets et d'autres. De plus, l'utilisation des terres et le secteur de la foresterie doivent être mieux intégrés au système européen de réduction des gaz à effet de serre pour atteindre les objectifs de l'Accord de Paris. Pour atteindre les objectifs de l'Union européenne concernant les politiques environnementales et énergétiques, il est également nécessaire de porter notre regard vers l'efficacité énergétique. L'Estonie souhaite continuer le travail sur les directives concernant l'efficacité énergétique.

Notre économie toujours croissante doit trouver le moyen de répondre aux défis que posent la limitation des ressources et la pollution environnementale. Pour garantir une croissance durable, les modes de consommation et de production doivent évoluer, ce qui

peut mieux se faire via l'introduction de solutions intelligentes et innovantes qui réduiront l'impact environnemental de la production, des modèles économiques et de la consommation et permettront une meilleure prévision et un meilleur développement. L'Europe cherche à mettre en place une **économie circulaire** efficace, qui se concentre sur la réutilisation, la réparation et le recyclage des matériaux et produits déjà existants. L'Estonie veut donc faire avancer les négociations concernant la réglementation sur les déchets et lancer les discussions sur la promotion de solutions numériques favorables à l'environnement et éco-innovantes, en bénéficiant d'une plate-forme commune dans le cadre plus large d'une transition vers une économie circulaire et la promotion de modes de consommations plus sensibles à l'environnement.

Dans le contexte de l'économie circulaire, il est également important de promouvoir l'utilisation accrue

d'engrais innovants, et de promouvoir une offre plus variée pour les producteurs agricoles, afin de rendre la production alimentaire plus rentable et économe en ressources. À cette fin, il est essentiel d'obtenir un accord concernant la **réglementation sur les produits fertilisants**, à laquelle l'Estonie contribuera.

L'un des objectifs du Programme de développement durable à l'horizon 2030 est de restaurer les terres et les sols dégradés. L'Union européenne doit et peut protéger plus efficacement les sols, vus comme une ressource, puisque la politique actuelle contribue indirectement à cet objectif. L'Estonie souhaite entamer une vaste discussion sur la protection des sols destinés à l'agriculture et leur importance pour une production alimentaire durable. À cet effet, l'Estonie insiste sur l'**importance d'utiliser à l'échelle européenne les données numériques concernant les sols**.



EU 2017 EE

Priority dossiers under the Estonian EU Council Presidency

INTRODUCTION

Estonia will hold the EU Council Presidency from July to December 2017. Its presidency will herald a new Trio Presidency, composed of Estonia, Bulgaria and Austria. This will be the first time Estonia holds the rotating presidency. Estonia is currently led by a government coalition consisting of three political parties: the Estonian Centre Party (Eesti Keskerakond), the Social Democratic Party (Sotsiaaldemokraatlik Erakond) and the Pro Patria and Res Publica Union (Isamaa ja Res Publica Liit). Its Prime Minister, Jüri Ratas, in office since November 2016, belongs to the Estonian Centre Party.

Estonia is a republic divided into 15 counties. It has a unicameral parliamentary system with 101 Members of Parliament, elected by proportional representation. On 15 October 2017, local municipality elections will be held, followed by parliamentary (Riigikogu) elections in 2019.

POLITICAL PRIORITIES OF THE ESTONIAN PRESIDENCY

The Estonian Presidency promises to focus on preserving the common values of prosperity, security, peace and stability in Europe. It will seek to maintain Europe's unity through practical decisions, while focusing on the following over-arching objectives:

- an open and innovative European economy,
- a safe and secure Europe,
- a digital Europe and the free movement of data,
- an inclusive and sustainable Europe.

This note looks at the Estonian Presidency priorities in Part A, with those dossiers which figure in the Joint Declaration agreed by the three institutions as priorities for 2017 marked with an asterisk (*). Part B refers to other dossiers in the 2017 Joint Declaration.

PART A: ESTONIAN PRESIDENCY PRIORITIES

1. OPEN AND INNOVATIVE EUROPEAN ECONOMY

The Estonian Presidency will focus on the development of a business environment that favours stability, knowledge-based growth and competitiveness. To this end, the free movement of services and cross-border mobility of companies will be encouraged, as well as the completion of the second stage of the European Banking Union. In concrete terms, implementation of the measures of the Capital Markets Union will be a priority, as well as utilisation of the European Fund for Strategic Investments (EFSI) as this becomes necessary. The EFSI legislation, clearly a priority file in the Joint Declaration 2017, could be finalised politically under the Maltese Presidency, possibly with a vote in plenary in July.

Other areas to feature as a matter of priority are:

- Modernisation of taxation rules to prevent tax evasion
- Value added tax regime for cross-border trade and removal of value added tax obstacles to e-commerce (2016/0370 CNS and 2016/0406 CNS)
- Cross-border company law
- New electricity market design
- EU budget 2018
- Omnibus regulation
- Horizon 2020
- Connecting Europe Facility
- Future of the Common Agricultural Policy
- European Services e-card (2016/0403 COD)
- Free trade agreements with Japan, Singapore, Australia and New Zealand

With regard to the new electricity market design, the European Commission has proposed the Clean Energy Package referred to in Part B of this paper.

2. A SAFE AND SECURE EUROPE

Terrorism and organised crime, as well as the protection of the EU's external borders remain a high priority. To this end, the Estonian Presidency will be focusing on modern IT solutions and the introduction of databases to support the Schengen Area.

Specifically this implies carrying forward work on the following:

- Entry/Exit regulation (Smart Borders 2016/0105 COD) and Use of the Entry/Exit System (2016/0106 COD)*
- European Travel Information and Authorisation System (ETIAS) (2016/0357 COD)*
- European Criminal Records Information System (ECRIS) (2016/0002 COD)*
- Legal migration framework, namely the Entry and Residency of third-country nationals for the purposes of highly skilled employment (2016/0176 COD)*
- Fair asylum policy, which includes the Dublin system (2016/0133 COD), the Asylum Agency (2016/0131 COD), Reception Conditions (2016/0222 COD), Asylum Qualification (2016/0223 COD), Asylum Procedure (2016/0224 COD) and New Resettlement Framework (2016/0225 COD)*
- Efficient procedure for returning illegal migrants (2016/0407 COD)

It is to be noted that these legislative proposals already feature as priority files in the Joint Declaration 2017, with the exception of the return of illegal migrants. Work is ongoing under the Maltese Presidency and there is a possibility that the proposal on the Entry/Exit System (both Regulation and Directive), as well as the Asylum Agency, could be concluded politically by summer. With regard to ETIAS, the Council plans to adopt a general approach by June 2017 and this would therefore feature prominently under the Estonian Presidency. Work on the asylum package, on the other hand, is progressing slowly under the Maltese Presidency. The Estonian Presidency will be tasked with continuing the work started; on most legislative proposals, a general approach is being sought in Council prior to the end of the Maltese Presidency. On ECRIS, the Commission is expected to present a modified proposal by the end of June 2017.

With regard to the Return Directive (Directive 2008/115/EC), and its connection to the use of the Schengen Information System for the return of illegal migrants, the Estonian Presidency intends to give priority to the Renewed Action Plan announced by the European Commission in its Communication of 2 March 2017, together with the implementation of the Malta Declaration of 3 February 2017, which highlighted the need to start a critical review of EU Return Policy.

On the international front, the Estonian Presidency supports the EU Global Strategy, the strengthening of trans-Atlantic relations and those with the European Neighbourhood Policy (ENP) countries, particularly the Eastern Partnership. It will also work on the review of the Cotonou Agreement.

On the defence front, the Estonian Presidency commits to enhancing European military capabilities, specifically to seek agreement on a level of military spending of 2 % of GDP. In line with the EU-NATO joint declaration of July 2016, emphasis will be placed on cyber-security and defence.

3. A DIGITAL EUROPE AND THE FREE MOVEMENT OF DATA

A digital Europe is an over-arching goal of the Estonian Presidency, based on the country's vast experience in the development of digital services. The Presidency will be focusing on the establishment of a Digital Single Market, increased e-solutions and data, as well as cross-border e-services.

The following are the main areas expected to be developed during the Estonian Presidency:

- EU Telecoms Reform, composed of the Electronic communications code (2016/0288 COD) and the Body of European Regulators for Electronic Communications (BEREC) (2016/0286 COD)*
- Copyright reform, encompassing copyright in the digital single market (2016/0280 COD) and the Regulation on online transmissions of broadcasting organisations and re-transmissions of television and radio programmes (2016/0284 COD)*
- Audiovisual media services reform (2016/0151 COD)*
- e-Privacy regulation and EU internal data protection rules (2017/0003 COD & 2017/0002 COD)*
- Cross-border parcel delivery services (2016/0149 COD)
- Development of e-Justice

While progress has been made on the package on copyright in the digital single market, it will likely be left to the Estonian Presidency to conclude these negotiations. The Audiovisual Media Services reform is expected to commence during the Estonian Presidency, with a first trilogue in July, and possible political agreement between the co-legislators towards the end of this year.

4. AN INCLUSIVE AND SUSTAINABLE EUROPE

The development of the information society has changed the nature of employment; as a consequence, there is a need to pay attention to working conditions and skills, as well as the need to reconcile work and family life.

In particular, the Estonian Presidency will focus on:

- Posting of Workers Directive (2016/0070 COD)*
- Regulation on the Coordination of social security systems (2016/0397 COD)*
- Work and family life package (2017/0085 COD)
- European Solidarity Corps (2017/0102 COD)*

The Work and Family Life Package is part of the wider European Pillar of Social Rights, adopted by the European Commission on 26 April 2017. An essential part of this package is the new proposal for a Directive on Work-Life balance for Parents and Carers (2017/0085 COD), as well as guidance on the interpretation of the Working Time Directive 2003/88/EC. On the Written Statement Directive 91/533/EEC, giving employees starting a new job the right to be notified in writing of the essential aspects of their employment relationship, the Commission is launching two consultations on a proposed revision to reflect labour market changes. The first consultation of the social partners concerns modernising the rules on labour contracts.

From the point of view of sustainability, the Estonian Presidency takes account of the Paris Agreement and the commitment of a 40 % reduction in greenhouse gas emissions by 2030. To this end, the following proposals, forming part of the Clean Energy package, will be given priority:

- Modernisation of EU Emissions Trading System (ETS) (2015/0148 COD)*
- Effort-sharing regulation (ESR) (2016/0231 COD)*
- Measures to limit greenhouse gas emissions from land use, land use change and forestry (LULUCF) (2016/0230 COD)*
- Increasing energy efficiency (2016/0376 COD)*.

On the ETS file, the Council adopted a general approach on 28 February 2017, and technical work is ongoing, paving the way for the Estonian Presidency to possibly reach a conclusion. On the Effort-sharing Regulation, a general approach may be adopted by Council in June 2017, while Parliament adopted its position in plenary in June. With regard to LULUCF, the ENVI committee will be seeking a mandate for negotiations from plenary, probably after the summer, hence it will be on the agenda of the Estonian Presidency.

PART B: JOINT DECLARATION ON LEGISLATIVE PRIORITIES

The Presidents of the European Parliament, Council and Commission signed, on 13 December 2016, the Joint Declaration on the EU's Legislative Priorities for 2017, in which they commit to give priority treatment in the legislative process to a series of initiatives in key policy areas.

The following is an overview of all the other legislative initiatives in the process of being finalised at Parliament level or being negotiated with the Council, and which remain a priority for end-2017. Those initiatives forming part of the Estonian Presidency priorities, and which are mentioned in part A of this paper, will not be repeated here.

1. NEW BOOST FOR JOBS, GROWTH AND INVESTMENT:

- the Circular Economy Package, composed of Batteries and accumulators (2015/0272 COD), Landfill of waste (2015/0274 COD), Waste (2015/0275 COD) and Packaging waste (2015/0276 COD)
- European Deposit Insurance Scheme (EDIS) (2015/0270 COD)
- the Banking Reform Package composed of Capital requirements regulation reform (2016/0360 COD), Loss-absorbing and re-capitalisation capacity Directive (2016/0362 COD) and Regulation (2016/0361 COD), Ranking of unsecured debt instruments in insolvency hierarchy (2016/0363 COD), Exempted entities, remuneration, supervisory measures and powers and capital conservation measures (2016/0364 COD), and Recovery and resolution of central counterparties (2016/0365 COD)
- Trade Defence Instruments (2013/0103 COD)

The Circular Economy Package is composed of four major legislative initiatives. Technical discussions are ongoing in the Council and an informal trilogue is planned for 26 June 2017. This package will continue to be negotiated under the Estonian Presidency. On the Trade Defence Instruments, negotiations between Parliament and Council are ongoing and it is hoped that political agreement can be reached during the Estonian Presidency.

2. ADDRESSING THE SOCIAL DIMENSION OF THE EUROPEAN UNION:

- Accessibility requirements for products and services (2015/0278 COD)

The IMCO committee voted on the report on accessibility on 25 April 2017 and the Council is expected to adopt a general approach in June 2017. His proposal will be negotiated during the Estonian Presidency.

3. BETTER PROTECTING THE SECURITY OF OUR CITIZENS:

- Money laundering and terrorist financing (2016/0208 COD)

The LIBE and ECON committees are joint committees under Rule 55. The mandate for negotiations was announced in plenary in March 2017 and trilogues are ongoing.

4. REFORMING AND DEVELOPING OUR MIGRATION POLICY IN A SPIRIT OF RESPONSIBILITY AND SOLIDARITY

- External investment plan/European Fund for Sustainable Development (EFSD) (2016/0281 COD)

- External investment package, composed of EIB external lending and the Guarantee fund for external actions (2016/0275 COD & 2016/0274 COD)

The DEVE, BUDG and AFET committees are joint committees under Rule 55 on the EFSD file. The mandate for negotiations was agreed and announced in plenary in April 2017. Both co-legislators hope to reach political agreement, and to have it voted in plenary in July 2017, in which case it would be closed before the Estonian Presidency. On the external investment package files, negotiations are ongoing and they could potentially be closed before the Estonian Presidency.

5. DELIVERING ON COMMITMENT TO IMPLEMENT A CONNECTED DIGITAL SINGLE MARKET

- Preventing unjustified geo blocking (2016/0152 COD)

IMCO adopted this report on 24 April 2017 and a mandate for negotiations was confirmed by plenary in May. This file will likely be concluded under the Estonian Presidency. It is also linked to the need to remove value added tax obstacles on e-commerce, which is an Estonian Presidency priority.

6. DELIVERING ON AN AMBITIOUS ENERGY UNION AND A FORWARD LOOKING CLIMATE CHANGE POLICY

- Clean Energy package, composed of the proposals on Energy efficiency (2016/0376 COD), Energy performance of buildings (2016/0381 COD), Common rules on the internal market in electricity (Directive 2016/0380 COD and Regulation 2016/0379 COD), European Agency for the cooperation of energy regulators (2016/0378 COD), Risk preparedness in the electricity sector (2016/0377 COD), Energy from renewable sources (2016/0382 COD) and Governance of the Energy Union (2016/0375 COD)

It is to be noted that the Maltese Presidency decided to accelerate two of the proposals of the Clean Energy Package, i.e. the Energy Efficiency file, also identified as an Estonian Presidency priority, and the Energy Performance of buildings. The Council plans to adopt a general approach on these two in June, following which it will be up to the Estonian Presidency to push for a conclusion.

One final point concerns the negotiations between the European Parliament, Council and Commission of the Joint Declaration for 2018. Negotiations on which proposals will form part of the Joint Declaration for 2018 will be held towards the end of the Estonian Presidency, with the participation of the subsequent Bulgarian Presidency. The Estonian Presidency is committed to working on all proposals included in the Joint Declaration for 2017 and which are not yet concluded. It is to be noted also that in the 18-month Trio Presidency Programme for Estonia, Bulgaria and Austria, published on 2 June 2017, there is a clear commitment to furthering the initiatives of the Joint Declaration on the EU's legislative priorities.

This document is also available on the internet at: www.europarl.europa.eu/thinktank

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Les priorités de la présidence estonienne débattues en commissions

Les priorités de la présidence estonienne du Conseil des ministres de l'UE ont été présentées aux commissions parlementaires lors d'une série de réunions en juillet.

Commerce international: restaurer la confiance des citoyens dans le libre-échange

La présidence estonienne souhaite faire avancer plusieurs négociations, ouvrir de nouveaux marchés aux entreprises européennes, tout en restaurant la confiance des citoyens dans le libre-échange, a déclaré à la commission du commerce international la ministre de l'entrepreneuriat et des technologies de l'information Urve Palo, le 11 juillet. La présidence est déterminée à résoudre les "questions difficiles" liées à la modernisation des instruments de défense commerciale de l'UE, en cours de négociation avec les ministres de l'Union.

Les députés ont souligné que le fait de rendre les mandats de négociation de la Commission européenne publics contribuerait grandement à la transparence.

Transports et tourisme: transport routier, solutions numériques, sécurité aérienne

Afin d'ouvrir la voie à l'adoption du "paquet mobilité" avant la fin de l'actuelle législature, la présidence estonienne cherchera à réaliser rapidement des progrès en matière de conditions de travail et d'accès au marché dans le transport routier, a déclaré à la commission des transports et du tourisme la ministre des affaires économiques et des infrastructures Kadri Simson, le 11 juillet. La numérisation favorisera la réduction des coûts administratifs et de la fraude (notamment celle liée aux sociétés-écrans), a-t-elle ajouté.

Mme Simson espère également parvenir à un accord sur les règles en matière de sécurité aérienne d'ici à fin novembre.

Culture et éducation: comment tirer profit de la révolution numérique

La mise en œuvre d'Erasmus+ ainsi que la modernisation des méthodes d'enseignement, afin de tirer au maximum profit des nouvelles technologies, font partie des priorités de la présidence estonienne, a déclaré à la commission de la culture et de l'éducation la ministre de l'éducation et de la recherche Mailis Reps, le 11 juillet.

Un accord sur la directive relative aux services de médias audiovisuels et de meilleures règles pour lutter contre le commerce illégal de biens culturels font aussi partie des dossiers prioritaires dans les six prochains mois, a ajouté le ministre de la culture Indrek Saar.

Libertés civiles, justice et affaires intérieures: migration, relocalisation des réfugiés, sécurité

La migration continue d'être en première ligne, l'objectif étant d'établir une politique d'asile appropriée alliée à des contrôles aux frontières rigoureux et à une politique de retour efficace, a déclaré à la commission des libertés civiles le ministre de l'intérieur Andres Anvelt, le 10 juillet. Il a considéré que la relocalisation de tous les demandeurs d'asile éligibles en Grèce et en Italie d'ici à septembre était réalisable.

Face à la menace terroriste "claire et bien réelle", l'UE doit améliorer l'interopérabilité de ses bases de données et faire des efforts en matière de déradicalisation. Le financement du terrorisme fera également partie des priorités, a ajouté le ministre de la justice Urmas Reinsalu.

Affaires étrangères: migration et partenariat oriental

Mettre au point une approche globale de la migration et renforcer l'axe oriental de la politique extérieure de l'UE sont des sujets prioritaires, a déclaré à la commission des affaires étrangères le ministre des affaires étrangères Sven Mikser, le 11 juillet. Plusieurs députés ont soulevé la question des négociations d'adhésion de la Turquie à l'UE, le Parlement réuni en plénière ayant récemment réaffirmé sa volonté de voir les négociations suspendues si les modifications proposées à la constitution demeuraient en l'état. La Turquie est toujours un pays candidat à l'adhésion et nous devons maintenir un dialogue ouvert avec elle, a déclaré M. Mikser.

Le sommet UE-ALC (San Salvador, octobre), le 5e sommet du partenariat oriental (novembre) et le 5e sommet UE-Afrique (Abidjan, novembre) ont été qualifiés de chances importantes pour tenter de résoudre les graves crises mondiales.

Agriculture et développement rural: réforme de la PAC, lutte contre les pratiques commerciales déloyales

Conclure un accord avec le Parlement sur le règlement dit "omnibus", visant à moderniser la politique agricole commune (PAC), est la priorité absolue, a déclaré à la commission de l'agriculture le ministre des affaires rurales Tarmo Tamm, le 11 juillet. La présidence estonienne souhaite également améliorer la situation des marchés agricoles, protéger les terres agricoles et lutter contre la résistance antimicrobienne.

Les députés ont souligné que la PAC ne serait efficace que si elle était financée de façon adéquate. Ils ont exhorté la présidence estonienne à soutenir le Parlement dans sa quête de législation européenne qui mettrait un terme aux pratiques commerciales déloyales dans la chaîne d'approvisionnement alimentaire.

Industrie, recherche et énergie: énergie, 9e programme de recherche et marché numérique

Ouvrir des négociations sur quelques dossiers importants en matière d'énergie et de télécommunications, terminer le travail sur le marché unique numérique et préparer le 9e programme-cadre de recherche, telles ont été les priorités présentées à la commission de l'industrie, de la recherche et de l'énergie par la ministre des affaires économiques et des infrastructures Kadri Simson, par la ministre de l'entrepreneuriat et des technologies de l'information Urve Palo, et par la ministre de l'éducation et de la recherche Mailis Reps, le 11 juillet.

Les députés ont aussi soulevé plusieurs questions relatives à l'avenir de la stratégie industrielle de l'UE, à la politique spatiale et à la libre circulation des données dans l'UE.

Environnement, santé publique et sécurité alimentaire: SEQE, UTCATF

Siim Kiisler, ministre de l'environnement, a déclaré que la présidence estonienne ferait avancer la politique de l'UE visant à mettre en œuvre les objectifs de l'accord de Paris, et qu'elle s'engageait à réaliser des progrès sensibles sur les dossiers liés au changement climatique, comme la réforme du système d'échange de quotas d'émission (SEQE), le règlement de la répartition de l'effort (RRE), le SEQE-aviation ou encore la législation sur l'utilisation des terres, le changement d'affectation des terres et la foresterie (UTCATF). Le ministre a également déclaré que la présidence estonienne chercherait à trouver un accord avec le Parlement sur le paquet "déchets".

Jevgeni Ossinovski, ministre de la santé et du travail, a déclaré que la présidence estonienne tenait à promouvoir la coopération et la coordination en matière de santé en ligne transfrontalière, dans le cadre du marché unique numérique. L'Estonie aura également pour objectif de poursuivre les discussions entre les États membres sur une stratégie de l'UE en matière d'alcool, notamment sur les défis transfrontaliers pour réduire les dommages liés à l'alcool.

Affaires juridiques: droit d'auteur, droit de la famille, insolvabilité

La révolution numérique est au cœur des priorités de la présidence estonienne, a déclaré à la commission des affaires juridiques le ministre de la justice Urmas Reinsalu, le 12 juillet. Les progrès en matière de réforme du droit d'auteur font partie des priorités. Toutefois, il reste à voir si un accord entre le Parlement et le Conseil pourra être conclu durant la présidence estonienne, a ajouté le ministre.

Les députés ont souligné la nécessité de réaliser des progrès sur la révision du règlement Bruxelles II relatif au droit de la famille et sur la directive sur l'insolvabilité.

Pêche: mer du Nord, Adriatique

La gestion durable des stocks de poissons et la protection des océans sont les deux priorités dans ce domaine, a déclaré à la commission de la pêche le ministre de l'environnement Siim Valmar Kiisler, le 12 juillet.

Le ministre a précisé que la présidence estonienne ouvrirait des négociations sur le plan pluriannuel pour la mer du Nord et sur le règlement relatif aux mesures techniques dès que le Parlement réuni en plénière aura adopté sa position, et qu'elle tenterait de faire avancer les discussions sur le plan pluriannuel applicable aux stocks de petits pélagiques de la mer Adriatique.

Droits de la femme et égalité des genres: violences à caractère sexuel, écarts de rémunération, congé parental

La lutte contre les violences à caractère sexuel demeurera une priorité centrale, a déclaré à la commission des droits de la femme et de l'égalité des genres le ministre de la santé et du travail Jevgeni Ossinovski, le 12 juillet. Les priorités de la présidence estonienne incluront également la promotion de l'égalité des genres en réduisant les discriminations et les stéréotypes qui engendrent les écarts de rémunération entre les hommes et les femmes, la ségrégation dans les domaines de l'éducation et sur le marché du travail.

Enfin, la présidence estonienne soutient l'équilibre entre vie professionnelle et vie privée, notamment via les règles relatives aux congés parentaux et de paternité.

Marché intérieur et protection des consommateurs: vers la création d'une Europe numérique

La priorité consistera à faire avancer le marché unique numérique et les propositions relatives à la stratégie pour le marché unique, a déclaré à la commission du marché intérieur la ministre des affaires économiques et des infrastructures Kadri Simson, le 12 juillet. Le géoblocage, le paquet "services" et le paquet "conformité" sont d'autres priorités qui ont été mentionnées par la ministre. En ce qui concerne l'homologation des véhicules, Mme Simson affirmé devant les députés que la présidence estonienne s'engageait à faire progresser les négociations.

La ministre de l'entrepreneuriat et des technologies de l'information Urva Palo a souligné l'importance du commerce électronique, de l'administration en ligne et de la cybersécurité, qui devraient être des points forts de l'industrie européenne.

Développement régional: l'avenir de la politique de cohésion

La politique de cohésion est un sujet transversal qui irrigue plusieurs politiques dans l'UE et qui est liée à bien des priorités de la présidence estonienne, a déclaré à la commission du développement régional le ministre des administrations publiques Jaak Aab, le 12 juillet. M. Aab a également qualifié de priorités la poursuite des discussions sur la simplification, l'efficacité et l'avenir de la politique de cohésion de l'UE et le lancement des négociations avec les députés européens sur le règlement dit "omnibus".

Le ministre a promis que la présidence estonienne "ferait tout son possible pour tenir informés les citoyens de l'UE des conséquences positives de la politique de cohésion et de ses principales réussites".

Affaires économiques et monétaires: coordination fiscale, EFSI, lutte contre le blanchiment d'argent

"La croissance économique est forte et l'incertitude a reculé. Nous devrions tirer profit des conditions financières et économiques favorables pour mieux coordonner les politiques économiques et fiscales, et pour nous concentrer sur des réformes politiques essentielles afin de favoriser la croissance, comme les recommandations spécifiques pays par pays", a déclaré à la commission des affaires économiques et monétaires le ministre des finances Toomas Töniste, le 11 juillet.

Le ministre a également qualifié de priorités la prolongation du Fonds européen pour les investissements stratégiques, la finalisation du l'Union bancaire, l'union des marchés de capitaux et la finalisation des négociations relatives aux règles anti-blanchiment.

Développement: prévention des crises et éducation pour les réfugiés

La présidence estonienne veut se concentrer sur la prévention des crises en renforçant la résilience des pays vulnérables, ce qui améliorera leur capacité à faire face à des catastrophes d'origine naturelle ou humaine, a déclaré à la commission du développement le ministre des affaires étrangères Sven Mikser, le 12 juillet. Dispenser un enseignement aux personnes déplacées, notamment aux enfants, et rendre l'aide humanitaire plus efficace grâce aux solutions numériques, font aussi partie des priorités de la présidence estonienne.

Les députés ont exprimé leur inquiétude quant à la situation des réfugiés en Italie et ont appelé à davantage de solidarité de la part des États membres, soulignant qu'en cas d'urgence, la perspective humanitaire devait toujours prévaloir sur les considérations bureaucratiques.

Affaires constitutionnelles: Brexit, transparence, répartition des sièges au Parlement

Le retrait du Royaume-Uni de l'UE, la transparence dans les institutions de l'Union et la redistribution des sièges au sein du PE ont été quelques-uns des sujets clés débattus en commission des affaires constitutionnelles, en présence du ministre délégué aux affaires européennes Matti Maasikas, le 12 juillet. M. Maasikas a déclaré que la présidence estonienne du Conseil s'engageait à poursuivre le travail entrepris par les précédentes présidences, mais également à faire avancer plusieurs dossiers législatifs tels que la révision de la loi électorale européenne et l'exercice du droit d'enquête du Parlement.

En conclusion, il a remercié les députés pour la résolution de mars relative au Brexit, soulignant qu'elle avait aidé le Conseil à consolider sa position sur ce sujet particulièrement complexe.

Emploi et affaires sociales: travailleurs détachés et prestations sociales

Les ministres de l'UE devraient parvenir à un accord en octobre sur les propositions de modifications, particulièrement complexes et controversées, relatives aux travailleurs détachés, et les négociations avec les députés devraient débuter dans la foulée, a déclaré à la commission de l'emploi le ministre du travail et de la santé Jevgeni Ossinovski, le 13 juillet. Le ministre a rappelé le slogan de la présidence estonienne, "l'unité par l'équilibre", et a souligné qu'il était essentiel de prendre en compte les meilleures pratiques de la société numérique afin d'améliorer l'Europe sociale.

La coordination des régimes de sécurité sociale, via des règles transparentes, faciles à comprendre et à mettre en œuvre pour accéder aux prestations sociales dans toute l'UE, notamment les soins de longue durée et les prestations familiales, est une priorité mise en exergue par la ministre de la protection sociale Kaia Iva. Cette dernière a également appelé à des solutions pratiques pour les personnes handicapées ou les personnes ayant des besoins particuliers, afin d'améliorer leur qualité de vie au travers d'une législation commune en matière d'accessibilité.



IV. POLITIQUE EN ESTONIE

- 1. CONTEXTE HISTORIQUE**
- 2. UNE SYNTHÈSE DE LA CONSTITUTION ESTONIENNE**
- 3. STRUCTURE POLITIQUE**



IV. POLITIQUE EN ESTONIE

1. Contexte historique²

Après des siècles de domination étrangère par les Danois, les Allemands, les Suédois, les Polonais et les Russes, les dirigeants estoniens ont déclaré l'indépendance de l'empire russe le 24 février 1918. Un système parlementaire instable mais démocratique a fonctionné de 1919 à 1934 lorsque le président intérimaire Konstantin Päts a pris le pouvoir et a dissous le Parlement. En 1940, l'URSS a annexé l'Estonie, ce qui en fait la République socialiste soviétique estonienne. L'armée allemande a envahi l'Estonie en 1941, en le gouvernant jusqu'à 1945. On estime que 90 000 personnes, soit 8% de la population d'avant-guerre en Estonie, sont mortes au cours de la guerre. Pendant le règne de Staline, 80 000 personnes ont été arrêtées ou expulsées et 15 000 sont mortes dans une guerre de guérilla de résistance.

Sous le communisme, la culture estonienne et d'autres formes d'expression nationale ont été réprimées et un grand nombre de Russes se sont installés en Estonie. Les Estoniens russifiés (certains d'entre eux ne parlent pas l'estonien), des Russes et d'autres ont été amenés pour gouverner l'Estonie. À l'ère post-stalinienne, les dissidents qui appelaient à l'observation des droits de l'homme ou protestaient contre la répression de la nation estonienne ont été harcelés, arrêtés, exilés et même tués.

Des changements importants sont survenus après que Mikhaïl Gorbatchev soit devenu le chef de l'URSS. À l'automne 1987, les politiques de la *glasnost* (ouverture) et de la *perestroïka* (restructuration) ont permis d'aborder pour la première fois ouvertement diverses questions économiques, environnementales et historiques en Estonie.

Le Front populaire, une organisation dédiée à apporter des changements progressifs et non affiliée au Parti communiste, a été créé en avril 1988. Peu de temps après, le gouvernement a légalisé le drapeau de l'Estonie indépendante et a déclaré l'estonien la langue officielle de la république.

En novembre, le parlement estonien, le Soviet suprême, a interprété le sens de la "souveraineté" dans la Constitution de la république dans les termes les plus larges possibles, provoquant une attaque en colère de Gorbatchev.

Un amendement constitutionnel adopté en février 1990 a dépouillé le parti communiste de son rôle de leader dans la société estonienne. En mars 1990, le parti communiste estonien se divisa en deux factions, l'un soutenant Moscou et l'autre se déclarant indépendant de Moscou. Le 16 mars, les nationalistes estoniens ont gagné une majorité écrasante. Arnold Rüütel a été élu président par le nouveau Parlement.

Lorsque le coup d'état contre Mikhail Gorbatchev a commencé à Moscou en août 1991, le gouvernement estonien s'est immédiatement associé avec le président russe Boris Yeltsin. Le 20 août, l'Estonie s'est déclarée indépendante de l'URSS; Le lendemain, la Fédération de Russie a reconnu

² <http://www.nationsencyclopedia.com/World-Leaders-2003/Estonia-POLITICAL-BACKGROUND.html>



l'Estonie comme un État indépendant. Le parti communiste de l'URSS et d'autres organisations soutenant le coup d'état ont été interdits. En septembre, l'URSS reconnaît l'indépendance estonienne.

Les Estoniens ont commencé à démanteler la police secrète soviétique (KGB). Le gouvernement soviétique a accepté de retirer toutes ses troupes du sol estonien avant la fin de 1994.

En 1992, une assemblée constitutionnelle a introduit des amendements à la Constitution de 1938. Une fois que le projet de Constitution a été approuvé par le référendum populaire, il est entré en vigueur le 3 juillet 1992. Les élections pour le nouveau Parlement et le président se sont tenues le 20 septembre 1992, avec Lennart Meri comme vainqueur.

Le 5 mars 1995, l'Estonie a tenu ses deuxièmes élections législatives depuis l'indépendance de l'URSS. L'alliance du centre-gauche de la Coalition Party/Rural Union a remporté une victoire impressionnante, prenant 41 sièges de 101 sièges au Parlement.

La coalition des libéraux et du Parti réformiste estonien axée sur la réforme du marché a gagné 19 sièges. Le centre-est du Centre Estonien a terminé troisième avec 16 sièges. Le groupe droit Pro Patria/Parti national de l'indépendance de l'Estonie (maintenant connu sous le nom de Syndicat de la patrie) a obtenu seulement huit sièges. Une coalition représentant la population de langue russe, Notre maison est l'Estonie, a remporté six sièges. Les *Moderates* ont gagné six sièges, et les *Rightists* ont remporté cinq.

Le 5 avril 1995, le Parlement a élu le chef du parti Coalition *Tiit Vahi* en tant que premier ministre de l'Estonie. Il a formé un gouvernement avec le Parti du Centre. Après un scandale d'écoutes téléphoniques, le Parti du Centre a été expulsé en octobre 1995 et a été remplacé par le Parti réformiste. En novembre 1996, cette coalition s'est effondrée à son tour et le Parti de la Coalition est retourné en coalition avec le Parti du Centre. Meri a été réélu président de l'Estonie en août 1996. Selon la Constitution de l'Estonie, une majorité des deux tiers du Parlement estonien élit le président. Si aucun candidat ne reçoit le nombre requis de votes après trois tours de scrutin, un collège électoral de députés et législatures locales choisit le président à la majorité simple. Les 26 et 27 août, Meri a largement dépassé son adversaire principal, *Arnold Rüütel*, dans les trois tours de vote parlementaire mais n'a pas gagné la majorité des deux tiers. Lors du vote du collège électoral le 20 septembre, Meri a remporté la majorité, en battant Rüütel par 196 voix contre 126 (avec 44 abstentions et 6 bulletins nuls) dans le collège électoral de 374 membres.

Meri a été constitutionnellement exclu d'un troisième mandat. Après une impasse au Parlement sur le choix d'un nouveau président, *Arnold Rüütel* a remporté un second tour le 21 septembre 2001 et a pris ses fonctions de président le 7 octobre.

2. Une synthèse de la Constitution estonienne³

La première Constitution a été adoptée par l'Assemblée constituante estonienne librement élue le 15 juin 1920 et est entrée en vigueur le 21 décembre 1920. La deuxième Constitution a été adoptée le 24 janvier 1934 à la suite d'un référendum en 1933 et était en vigueur jusqu'à la troisième Constitution promulguée le 1er janvier 1938. Elle est restée en vigueur jusqu'au 16 juin 1940, date à laquelle l'Union soviétique a occupé l'Estonie jusqu'au 28 juin 1992, date à laquelle la quatrième et actuelle Constitution de la République d'Estonie a été adoptée par référendum.

Le premier chapitre de la Constitution renvoie aux dispositions générales qui définissent le territoire, la langue officielle, les pouvoirs d'État, les activités du Parlement estonien (*Riigikogu*), les richesses et ressources naturelles du pays et les couleurs du drapeau.

Le deuxième chapitre se réfère aux droits fondamentaux, aux libertés et aux devoirs.

Le chapitre trois se réfère aux citoyens estoniens et aux conditions pour avoir le droit de vote ou non dans le pays.

Le chapitre quatre fait référence au pouvoir législatif et aux devoirs du *Riigikogu*, aux conditions et au comportement que vous devez avoir pour faire partie du *Riigikogu* et comment fonctionne le *Riigikogu*.

Le chapitre cinq se réfère au président de la République qui est le chef de l'État et le processus nécessaire pour voter. Les pouvoirs et les devoirs sont fixés par la Constitution et, en règle générale, un président est nommé par le Parlement à la majorité simple pour une période de cinq ans.

Le chapitre six parle du gouvernement. Les devoirs nécessaires qu'ils sont obligatoires au Premier ministre et les ministres. Comment le président du *Riigikogu* doit être élu. Les obligations du ministre au sein du gouvernement et la façon de gérer si le ministre est dans l'impossibilité temporaire de remplir ses fonctions. Le vote ne doit pas avoir lieu avant le deuxième jour après que le projet de loi est lié à la question de confiance.

Le chapitre sept concerne la législation. La procédure d'adoption des lois est prévue par la loi sur la procédure du *Riigikogu*. Le Président de la République proclamera les lois. L'autorité d'un membre du gouvernement prendra fin avec l'entrée en vigueur de la déclaration de culpabilité prononcée par un tribunal contre lui. Ceux qui ont le droit d'initier des lois sont les membres du *Riigikogu*, une faction du *Riigikogu*, un comité du *Riigikogu*, le gouvernement de la République et le président de la République.

Le chapitre huit se réfère aux finances et à l'état budgétaire. Premièrement, le gouvernement doit soumettre un projet de budget de l'Etat au *Riigikogu*. Sur proposition du gouvernement, le *Riigikogu* peut adopter un budget supplémentaire. Le Président de la République procède à des élections extraordinaires au *Riigikogu* s'il n'a pas adopté le budget de l'État dans les deux mois qui suivent le début de l'année budgétaire.

³ <http://www.partylaw.leidenuniv.nl/party-law/4c8b89f5-0ed4-43aa-a2e6-194a7287acdc.pdf>.



Le chapitre neuf se réfère aux relations étrangères et aux traités internationaux. Il est nécessaire que la procédure pour les relations de la République d'Estonie avec d'autres États et avec les organisations internationales soit réglementée par la loi. La frontière terrestre de l'Estonie est déterminée par le Traité de paix de Tartu du 2 février 1920 et par d'autres accords de frontières internationales. Les frontières maritimes et aériennes de l'Estonie seront déterminées sur la base des conventions internationales. La République d'Estonie ne doit pas conclure de traités internationaux qui sont en conflit avec la Constitution.

Le chapitre dix se réfère à la défense nationale. Il est obligatoire pour les Estoniens de participer à la défense nationale. Il renvoie également à la procédure que le pays doit suivre en cas de déclaration d'état d'urgence.

Le chapitre onze parle du bureau d'audit de l'État, qui doit être un organisme d'État indépendant chargé du contrôle économique et de ses fonctions.

Le chapitre douze se réfère au Chancelier de la justice. Ses principales fonctions sont d'analyser les propositions sur les modifications de la loi, l'adoption des nouvelles lois et les activités des organismes publics et, le cas échéant, présenter un rapport au Riigikogu. Le Chancelier de la justice ne peut être révoqué que par décision judiciaire.

Le chapitre treize parle des tribunaux. La Constitution a établi que le système du pays comprendra: les tribunaux de ville et pays, les tribunaux administratifs, les cours de circuit et les cours suprêmes.

Le chapitre quatorze se réfère au gouvernement local, qui doit avoir un budget indépendant. Son représentant est le conseil. La Constitution établit le droit de vote à toute personne vivant en permanence en Estonie et ayant atteint l'âge de dix-huit ans.

Le chapitre quinze explique en gros les modifications constitutionnelles.



3. Structure politique⁴

L'Estonie est une république parlementaire avec une certaine composante présidentielle en vertu des vastes pouvoirs conférés par la Constitution au chef de l'État. En 1991, la continuité juridique de la première République a été déclarée qu'elle serait restée en suspens pendant les années d'occupation soviétique. Le 28 juin 1992, la Constitution a été approuvée par référendum.

Le président de la République est le chef d'État et le commandant suprême des forces armées estoniennes. Il est choisi par le Riigikogu, ou dans son Assemblée Nationale Électorale, pour un mandat de cinq ans renouvelable.

Toomas Hendrik Ilves a été officiellement relevé le 10 octobre 2016 par *Kersti Kaljulaid*, quatrième titulaire du poste depuis la restauration de l'indépendance et première femme à la tête de l'État, après avoir épuisé la période maximale de son mandat (10 ans).

Selon la Constitution, le pouvoir suprême de l'État réside dans le peuple, qui l'exerce à travers les citoyens ayant le droit de vote, les Estoniens âgés (y compris les non-nationaux aux élections locales), élisant des députés et participant aux référendums. Le système électoral est du suffrage universel et de la représentation proportionnelle. Depuis 2005, les électeurs peuvent voter sur Internet en utilisant l'identifiant électronique.

Le Parlement (Riigikogu) est l'organe législatif suprême de l'État; il est monocaméral et compte 101 députés. Les membres du Riigikogu sont élus pour quatre ans. Les dernières élections législatives ont eu lieu le 1er mars 2015 et ont eu une forte participation (63,7%). Six parties ont obtenu une représentation parlementaire: Parti réformiste estonien (centre libéral): 30 sièges; Faction centrale du parti (centre gauche): 27 sièges; Parti social-démocrate (centre-gauche): 15 sièges; Pro Patria et Res Publica Union Faction (IRL, conservateur): 13 sièges; Parti populaire conservateur (EKRE, conservateur): 7 sièges et Parti libre (VE): 8 sièges.

Auparavant, le 20 octobre 2013, des élections municipales ont eu lieu. Le parti politique qui a obtenu de meilleurs résultats lors de ces élections était le parti du Centre, qui a gagné deux sièges de plus dans la capitale aux élections municipales précédentes. Au contraire, le Parti réformiste a affiché un certain déclin en perdant cinq sièges. Les résultats pour la capitale du pays ont été: Parti du Centre: 53% des voix, Pro-Patria-IRL: 19%, Réforme: 11% et Social-Démocrates: 10%. Les prochaines élections locales auront lieu le 15 octobre 2017.

Le gouvernement exerce le pouvoir exécutif en développant les politiques internes et externes de l'État. Il est présidé par Jüri Ratas et composé de quinze ministres. Le PM Jüri Ratas a été investi le 23 novembre 2016 avec l'appui de 56 députés et dirige un gouvernement de coalition tripartite entre son parti, le Parti social-démocrate (SDE) et la coalition Propatria et Respública IRL. Cette coalition a remplacé le gouvernement présidé par Taavi Rivas qui a dû démissionner pour mettre fin à dix-sept années d'hégémonie ininterrompues du Parti réformiste dans la vie politique estonienne.

La situation politique en Estonie est stable. L'UE et l'OTAN sont garants du bien-être et de la sécurité, de la vocation nordique-baltique, des relations avec la Russie, du cyber sécurité.

⁴

<http://country.eiu.com/article.aspx?articleid=282778212&Country=Estonia&topic=Summary&subtopic=Political+structure>



En tout état de cause, la politique intérieure a été fortement conditionnée par l'environnement, en particulier en raison de la situation en Ukraine. En ce sens, l'intégration de la minorité russophone (environ 27% de la population) reste l'une des questions qui divise les principaux partis, au-delà des différences idéologiques, le parti de Centre est considéré comme le défenseur des intérêts de cette minorité.

De plus, il est été noté qu'après les incidents de 2007, lors de la soi-disant crise du «soldat de bronze», la coexistence sociale est extrêmement pacifique, sans jamais avoir eu lieu de nouveau troubles.

L'Estonie a parmi ses forces son dynamisme économique, la large mise en œuvre des technologies de l'information et de la communication et la politique budgétaire manifestée dans la gestion de la crise récente.

Toutefois; les conséquences à moyen et à long terme des phénomènes démographiques tels que le vieillissement de la population et l'émigration, les déséquilibres de revenu et d'emploi entre les régions et les groupes sociaux, les cas occasionnels de corruption et le financement des partis politiques et leur exposition à la situation internationale.

La prochaine présidence estonienne de l'Union européenne au second semestre 2017 et la célébration du centenaire de sa première indépendance en 2018 contribueront à la projection internationale du pays.



V. ACTEURS POLITIQUES

- 1. LE PARLEMENT ESTONIEN**
- 2. FONCTIONNEMENT DU RIIGIKOGU**
- 3. LE GOUVERNEMENT**
- 4. LE CABINET D'ESTONIE**
- 5. LES PARTIES POLITIQUES**
- 6. RAPPORT FINAL DE L'OSCE / BIDDH SUR L'ÉVALUATION DES ÉLECTIONS**

V. Acteurs Politiques

1. Le parlement estonien

Le Parlement estonien est composé du Président de l'Estonie (Chef de l'Etat), élu pour un mandat de cinq ans par le Parlement (1er-3e tour) ou d'un collège électoral (4ème tour). Madame la Présidente et les députés du Parlement.

Présidente d'Estonie⁵

Détailles personnels:

Prénom: *Kersti*

Nom: *Kaljulaid*

Date de naissance: 30 décembre 1969

Lieu de naissance: Tartu, Estonie

Nationalité: Estonienne



Carrière

En 1996, Kersti Kaljulaid est recrutée pour le poste de directrice des ventes à Eesti Telefon puis elle devient chef de projet à la Hoiupank en 1997. Elle intègre en 1998 la Hansabank, où elle travaille au département d'investissement des marchés.

Elle quitte le secteur privé en 1999 et exerce les fonctions de conseillère économique du Premier ministre Mart Laar jusqu'en 2002. Elle est alors chargée du suivi de la Banque d'Estonie, du ministère des Affaires économiques, la coordination des relations avec le Fonds monétaire international et d'autres institutions financières multilatérales (dont la Banque européenne pour la reconstruction et le développement, la Banque nordique d'investissement et la Banque mondiale).

Elle passe avec succès une maîtrise en administration des affaires en 2001 à l'université de Tartu. Son mémoire, écrit en anglais, s'intitule « L'amélioration du système de gestion des fondations fondée par l'État » (en anglais : The improvement of the management system of state-founded foundations). Cette même année, elle rejoint l'Union de la patrie (IL), le parti de Laar.

Elle retourne travailler dans le privé en février 2002, au département de comptabilité de la centrale électrique d'Iru propriété de l'entreprise publique Eesti Energia AS. En septembre 2002 elle devient directrice de la centrale.

⁵ <https://president.ee/en/republic-of-estonia/heads-of-state/12575-kersti-kaljulaid/layout-headofstate.html>



Quand l'Estonie rejoint l'Union européenne, Kersti Kaljulaid est nommée en mai 2004 représentante de son pays au sein de la Cour des comptes européenne. Elle quitte ensuite l'Union de la patrie.

Depuis 2011, Kersti Kaljulaid est présidente du conseil d'administration de l'université de Tartu.

Le 27 septembre 2016, après cinq tours de scrutin infructueux lors de l'élection présidentielle estonienne, son nom est proposé par quatre grands partis qui s'engagent à soutenir sa candidature. Le 3 octobre, elle est élue par le Parlement à l'issue du sixième tour de scrutin, en obtenant 81 voix sur 101 députés. Kersti Kaljulaid, première femme élue à la magistrature suprême d'Estonie, devient également, à 46 ans, la plus jeune chef d'État du pays.

Président du Parlement d'Estonie⁶

Détails personnels:

Prénom: *Eiki*

Nom: *Nestor*

Date de naissance: 5 septembre 1953

Lieu de naissance: Tallinn, Estonie

Nationalité: Estonien



Carrière

Il a été Ministre des affaires régionales de 1994 à 1995; Ministre des affaires sociales de 1999 à 2002. En outre, il a été membre d'organes représentatifs: 7e Riigikogu (vice-président de faction 1993-1994), 8e Riigikogu, 9e Riigikogu (vice-président de faction 2002-2003), 10e Riigikogu (vice-président de faction, vice-président du Comité spécial sur l'application de la loi anti-corruption), 11th Riigikogu (président de faction), 12th Riigikogu (président 2014-2015, vice-président de faction 2011-2014), 13th Riigikogu (président); Conseil municipal de Tallinn 1996-1999, élu également en 2005 et 2009.

⁶ <https://www.riigikogu.ee/en/parliament-of-estonia/composition/members-riigikogu/saadik/81aecc23-8483-48d6-9217-289fce86b1b5/EikiNestor>



2. Fonctionnement du Riigikogu⁷

Le Riigikogu est l'assemblée représentative du peuple estonien qui en élit les membres pour quatre ans. Le Riigikogu est composé de 101 députés qui prennent les décisions les plus influentes sur la vie de l'État comme la constitution et la stabilité du Gouvernement de la République, l'élaboration des lois, leur amendement et leur actualisation, ainsi que l'approbation du budget de l'État.

Conformément à la Constitution (en anglais) en vigueur depuis 1992, l'Estonie est une république démocratique où le pouvoir suprême est exercé par le peuple.

Conformément à l'article 59 de la Constitution, le pouvoir législatif appartient au Riigikogu, c'est-à-dire que le Riigikogu adopte les lois. Le pouvoir exécutif appartient au gouvernement, c'est-à-dire que le gouvernement applique les lois. La justice est rendue par les tribunaux. Comme l'Estonie est une république parlementaire, le président remplit une fonction principalement représentative.

Le Riigikogu adopte un budget de l'État qui influence tous les domaines de la vie, fixant les recettes et les dépenses pour l'année à venir. Le Riigikogu approuve également le rapport d'exécution du budget.

En outre, le Riigikogu:

- décide de l'organisation des référendums;
- élit le Président de la République;
- ratifie et dénonce les traités internationaux;
- autorise le candidat au poste de Premier ministre à former le Gouvernement de la République;
- adopte le budget de l'État et approuve son rapport d'exécution;
- nomme, sur proposition du Président de la République, le président de la Cour d'État, le président du conseil de la Banque d'Estonie, le contrôleur des comptes, le chancelier du droit et le chef d'État-major des armées;
- nomme, sur proposition du président de la Cour d'État, les membres de la Cour d'État;
- nomme les membres du conseil de la Banque d'Estonie;
- décide, sur proposition du Gouvernement de la République, de contracter des obligations financières;
- adopte les communiqués, les déclarations et les appels au peuple estonien, aux États étrangers et aux organisations internationales;
- attribue les décorations nationales ainsi que les grades militaires et diplomatiques;
- décide d'exprimer la défiance à un ministre, au Premier ministre ou au Gouvernement de la République;
- proclame l'état d'urgence dans le pays;
- déclare, sur proposition du Président de la République, l'état de guerre, la mobilisation et la démobilisation;
- règle tout autre problème de la vie de l'État qui, selon la Constitution, ne relève pas de la compétence du Président de la République, du Gouvernement de la République, des autres organes de l'État ou des autorités locales.

⁷ <https://www.parleu2017.ee/fr/fonctionnement-du-riigikogu>



3. Le Gouvernement⁸

Le gouvernement dirigé par Jüri Ratas a pris ses fonctions le 23 novembre 2016. La coalition gouvernementale est formée par le Parti du centre estonien, le Parti social-démocrate estonien et l'Union Pro Patria et Res Publica (IRL). L'objectif principal du gouvernement est de sauvegarder et d'accroître notre sécurité, de sortir l'Estonie de la stagnation économique, d'accroître le bien-être et la cohésion de la population et de commencer à augmenter le nombre d'habitants en Estonie.

Premier ministre d'Estonie⁹

Détails personnels

Prénom: *Jüri*

Nom: *Ratas*

Date de naissance: 2 July 1978

Lieu de naissance: Tallinn, Estonie

Nationalité: Estonien



Carrier

Il a obtenu un baccalauréat en droit de la Faculté de droit de l'Université de Tartu.

Jüri Ratas possède une vaste expérience professionnelle dans différents domaines. Ses premiers postes étaient analyste de l'institut de recherche de bâtiment et chercheur de marché d'ANR Amer Nielsen Eesti OÜ, puis il a été nommé au président du conseil d'administration du service de voiture Värvilised OÜ (1999-2002) et a travaillé en tant que représentant des ventes de l'assurance société Sampo Eesti Kindlustus (1999-2000).

Jüri Ratas a également contribué au développement du basket-ball estonien en 2001-2002 en tant que responsable du basketball pour les jeunes de l'Association estonienne de basketball et de 2012 à 2016 en tant que président de l'Association estonienne de basketball.

Son service dans l'administration de Tallinn a commencé en 2002 lorsqu'il a été élu conseiller économique au bureau municipal de Tallinn (2002-2003). En 2003-2004 et en 2005, Jüri Ratas a été maire adjoint de Tallinn et, de 2005 à 2007, maire de Tallinn. Il a été élu au Conseil municipal de Tallinn en 2005, 2009 et 2013. En 2007-2016, Jüri Ratas a occupé le poste de vice-président du 11ème, 12ème et 13ème Parlement estonien.

⁸ <https://www.valitsus.ee/en/basic-principles-government-coalition-0>

⁹ <https://www.valitsus.ee/en>



4. Cabinet d'Estonie¹⁰

Le gouvernement estonien est composé de plusieurs ministères:

Premier ministre : M. Jüri Ratas (Parti du Centre)
Ministre des Affaires étrangères : M. Sven Mikser (Parti social-démocrate)
Ministre de la Justice : M. Urmas Reinsalu (IRL)
Ministre de l'Environnement : M. Siim Kiisler (IRL)
Ministre de la Culture : M. Indrek Saar (Parti social-démocrate)
Ministre des Finances : M. Tooma Tõniste (IRL)
Ministre de la Protection sociale : Mme Kaia Iva (IRL)
Ministre de la Défense : M. Jüri Luik (IRL)
Ministre de l'Intérieur : M. Andres Anvelt (Parti social-démocrate)
Ministre de l'Éducation et de la Recherche : Mme Mailis Reps (Parti du Centre)
Ministre de la Santé et du Travail : M. Jevgeni Ossinovski (Parti social-démocrate)
Ministre de l'Économie et des Infrastructures : Mme Kadri Simson (Parti du Centre)
Ministre de l'Agriculture : M. Tarmo Tamm (Parti du Centre)
Ministre de l'Entreprenariat et des Technologies de l'information : Mme Urve Palo (Parti social-démocrate)
Ministre de l'Administration publique : Jaak Aab (Parti du Centre)

¹⁰ <http://www.diplomatie.gouv.fr/fr/dossiers-pays/estonie/presentation-de-l-estonie/>



5. Parties politiques¹¹

L'Estonie élit une assemblée législative au niveau national. Les 101 membres du Riigikogu sont élus pour un mandat de quatre ans par représentation proportionnelle.

L'Estonie a un système multipartite avec de nombreuses parties. Souvent, aucun parti n'a la possibilité d'acquérir le pouvoir seul et les partis doivent travailler ensemble pour former des gouvernements de coalition.

Partis politiques représentés au Parlement



Centre Party Faction¹²: Le Parti du Centre (K) est membre de l'Alliance des libéraux et démocrates pour l'Europe (ALDE). Il soutient la réintroduction d'un impôt progressif sur le revenu, en lieu et place de la *flat tax* en vigueur depuis 1994. Majoritairement eurosceptique avant l'adhésion de l'Estonie à l'Union européenne en 2004.

Il compte 27 membres. Le parti est dirigé par *Kersti Sarapuu*.



Conservative People's Party of Estonia Faction¹³: Le Parti populaire conservateur d'Estonie est un parti politique nationaliste, à la fois opposé à la Russie et à l'appartenance de l'Estonie à l'Union européenne.

Il compte 7 membres et est dirigé par *Martin Helme* depuis 2009.



Estonian Reform Party Faction¹⁴: Le Parti de la Réforme (ER) suit une ligne politique libérale, est membre du Parti européen des libéraux, démocrates et réformateurs (ALDE). Il soutient notamment le maintien d'une flat tax sur les revenus, la suppression de l'impôt sur les entreprises, demande la suppression du service militaire obligatoire

Il compte 30 membres, ce qui en fait la plus grande faction du *Riigikogu*. Est détenu par *Hanno Pevkur*.

¹¹ <https://www.riigikogu.ee/en/parliament-of-estonia/parliamentary-groups/>

¹² <https://www.riigikogu.ee/en/parliament-of-estonia/factions/estonian-centre-party-faction/>

¹³ <https://www.riigikogu.ee/en/parliament-of-estonia/factions/conservative-peoples-party-estonia-faction/>

¹⁴ <https://www.riigikogu.ee/en/parliament-of-estonia/factions/estonian-reform-party-faction/>



Estonian Free Party Faction¹⁵: Le Parti libre d'Estonie est un parti politique estonien fondé en 2014. C'est un parti de type populiste de droite. Son leader est *Andres Herkel*. Il est représenté au Parlement par huit députés, depuis les élections législatives de 2015.



Pro Patria and Res Publica Union Faction¹⁶: L'Union Pro Patria et Res Publica (IRL) est un parti politique conservateur, membre du Parti populaire européen.

Il compte 15 membres et est dirigé par *Helir-Valdor Seeder*.



Social Democratic Party¹⁷: Le Parti social-démocrate (SDE) est un parti politique estonien fondé en 1990 par la fusion de différents mouvements sociaux-démocrates. Il est membre du Parti socialiste européen comme la plupart de ses homologues du continent et suit une ligne politique modérée.

Il compte 15 membres et est dirigé par *Kalvi Kõva*.

¹⁵ <https://www.riigikogu.ee/en/parliament-of-estonia/factions/estonian-free-party-faction/>

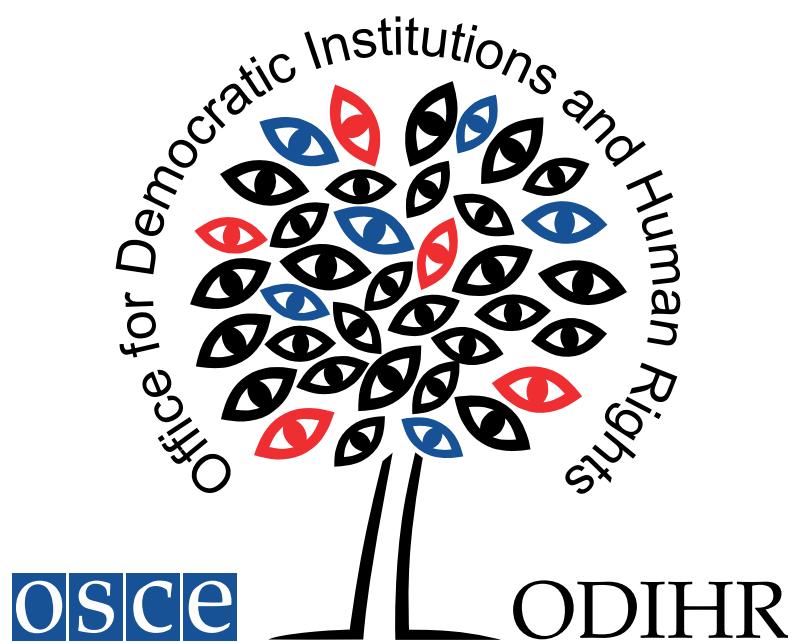
¹⁶ <https://www.riigikogu.ee/en/parliament-of-estonia/factions/pro-patria-res-publica-union-faction/>

¹⁷ <https://www.riigikogu.ee/en/parliament-of-estonia/factions/social-democratic-party-faction/>

ESTONIA

PARLIAMENTARY ELECTIONS
1 March 2015

OSCE/ODIHR ELECTION EXPERT TEAM
Final Report



Warsaw
26 May 2015

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ESTONIA
PARLIAMENTARY ELECTIONS
1 March 2015

OSCE/ODIHR Election Expert Team Final Report¹

I. EXECUTIVE SUMMARY

Following an invitation from the Permanent Mission of the Republic of Estonia to the OSCE and based on the recommendation of a Needs Assessment Mission, the OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR) on 15 February deployed an Election Expert Team (EET) to observe the 1 March 2015 parliamentary elections. The OSCE/ODIHR EET focused on particular aspects of the elections related to Internet voting, political party and campaign finance and the participation of national minorities.

Starting in 2005, Estonia was the first OSCE participating State to offer all eligible voters the possibility to vote via the Internet in all national and municipal elections. In these elections, a total of 176,329 voters cast their ballots via the Internet, which amounted to 30.5 per cent of all votes cast. Most OSCE/ODIHR EET interlocutors expressed a high degree of trust in reliability and security of Internet voting. Internet voting was administered efficiently and in line with the legal framework, although additional measures can be taken to enhance transparency and accountability of the process.

Since the 2011 parliamentary elections, several amendments were adopted with regard to Internet voting; including to address a number of previous OSCE/ODIHR recommendations, however, some still remain outstanding. A key development since the 2011 parliamentary elections was the establishment of the Electronic Voting Committee (EVC), under the auspices of the National Electoral Committee (NEC), to organize Internet voting and verify the electronic voting results. The work of the EVC enjoyed broad public confidence.

The NEC introduced a verification process for voters to confirm that their online vote was cast as intended and recorded on the ballot storage server as cast, which partially addressed a previous OSCE/ODIHR recommendation. However, the system does not allow for end-to-end verification. The Election Act does not require formal certification of the Internet voting system by an independent organization, which somewhat limits transparency and accountability of the system. The NEC contracted an auditor to assess compliance of Internet voting with procedural requirements and published summaries of audit reports.

The Political Parties Act has been amended several times since the last parliamentary elections, and provides a generally solid legal framework for regulating political party and campaign finance. There is no ceiling on contributions to political parties or candidates, or on party or candidate campaign expenditures. Parties are prohibited from using public funds to conduct or organize election campaigns. Political parties and other stakeholders noted to the OSCE/ODIHR EET that the misuse of public resources, specifically by local government authorities, for campaigning is a continuing problem. The continuing ban on outdoor political advertising during the campaign restricts freedom of expression.

¹ The English version of this report is the only official document. An unofficial translation is available in Estonian.

The Political Party Finance Supervision Committee (PPFSC) has been established to oversee adherence to campaign finance legislation. PPFSC authority is limited, as it may not adopt regulations, issue fines or investigate possible violations. However, it has the authority to impose monetary penalties if parties do not comply with its administrative instructions to rectify identified violations. In accordance with the law, the PPFSC must send cases requiring investigation to the police, which has resulted in delays and poses a significant problem for enforcement. Political parties are required to submit quarterly and annual reports to the PPFSC on income and expenditures. The law does not require reporting on third-party campaign expenditures.

OSCE/ODIHR EET noted a positive trend of parties across the political spectrum placing candidates belonging to national minorities on party lists, in some cases in prominent positions, and greater efforts by parties and candidates to reach out to Russian-speaking voters, including with campaign information in Russian. However, the NEC website featured detailed election information only in Estonian, with some general information also available in English. Voting instructions sent to voters, as well as information in polling stations and on ballots, were only in Estonian. Some information about Internet voting was available in Russian and English.

Persons of undetermined citizenship have the right to vote in local elections but not the right to vote nor stand as candidates in parliamentary elections. While persons of undetermined citizenship could participate in party activities and donate to parties or candidates, despite a previous OSCE/ODIHR recommendation, they do not have the right to join political parties. Despite positive amendments to the Citizenship Act, the pace of naturalization of persons with undetermined citizenship remains slow.

II. INTRODUCTION AND ACKNOWLEDGEMENTS

Following an invitation from the Permanent Mission of the Republic of Estonia to the OSCE and based on the recommendation of a Needs Assessment Mission (NAM) deployed from 18 to 21 January, the OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR) deployed an Election Expert Team (EET) from 15 February to 5 March to observe the 1 March 2015 parliamentary elections. The OSCE/ODIHR EET consisted of three experts from two OSCE participating States.

The OSCE/ODIHR EET assessed aspects of the elections related to Internet voting, political party and campaign finance, and the participation of national minorities. This report is therefore limited in scope and does not offer an overall assessment of the electoral process. The specific areas under review were assessed for their compliance with OSCE commitments and other international obligations and standards for democratic elections, as well as with national legislation. In line with OSCE/ODIHR methodology, the OSCE/ODIHR EET did not undertake a comprehensive and systematic observation of the electoral process or election day procedures. This final report should be read in conjunction with the 2015 OSCE/ODIHR NAM report, as well as the 2011 OSCE/ODIHR Election Assessment Mission final report, which provide additional detail on the electoral process in Estonia.²

The OSCE/ODIHR EET wishes to thank the Ministry of Foreign Affairs, the National Electoral Committee (NEC), the Electronic Voting Committee (EVC), the Political Party Finance Supervision Committee (PPFSC), political parties, and other interlocutors for their co-operation and assistance.

² See all previous OSCE/ODIHR reports on Estonia.

III. ELECTORAL SYSTEM, LEGAL FRAMEWORK, AND ELECTION ADMINISTRATION

Estonia is a parliamentary republic with a unicameral parliament (*Riigikogu*) of 101 members, elected for 4-year terms from 12 multi-member districts through open lists. District sizes ranges from 5 to 14 seats, based on the number of registered voters in each district.

Parliamentary elections are regulated primarily by the *Riigikogu* Election Act. Other legal instruments of relevance to the issues covered by the OSCE/ODIHR EET include the Constitution, the Political Parties Act, the Penal Code, and the Language Act. These laws are complemented by NEC regulations and decrees. There are no special legal provisions aiming to promote women's political participation. OSCE/ODIHR EET interlocutors generally expressed satisfaction with the legal framework as a solid basis to conduct democratic elections.

The elections were administered by a three-tiered election administration, comprising the NEC, 15 County and 2 City Electoral Committees (CCECs), and 547 Division Committees (one per polling station).³ Voting via the Internet was organized by the EVC, which operates under the auspices of the NEC. The NEC, EVC, and CCECs are permanent bodies appointed for four-year terms. Division committees are formed anew for each election. The election administration enjoyed widespread trust by election stakeholders.

The Election Act provides for a wide range of possibilities for citizens to exercise their right to vote. In addition to election day, voters could vote during the advance voting period from 19 to 25 February, either in a polling station or over the Internet. Mobile voting on election day was organized in hospitals, nursing homes and pre-trial detention centres, as well as for homebound voters. Voters abroad could cast their ballots in 39 diplomatic or consular missions or online.

IV. INTERNET VOTING

Starting in 2005, Estonia was the first OSCE participating State to offer all eligible voters the possibility to vote via the Internet in all national and municipal elections. These were the third parliamentary and eighth consecutive elections to include online voting.⁴ The Internet voting system relies on activated identity document (ID) cards that offer a possibility of digital identification and authentication, including via mobile phones with specially enabled SIM cards (*mobil-ID*).⁵ Secrecy of votes cast online is protected through the use of a process that can be compared to the "double envelope" system used in postal voting.⁶ The system relies on well-established cryptographic methods.

³ Due to an increasing number of Internet voters, the number of polling stations used for parliamentary elections has been steadily reduced. In 2007 there were 657 and 625 in 2011.

⁴ Internet is widely used in Estonia; some 83 per cent of households had Internet access as of 2014.

⁵ According to the Identity Documents Act, all citizens must have an ID card. The cards have a special chip that contains the private keys and a certificate necessary for secure identification. However, the ID does not have to be digitally activated if a citizen does not want to use the electronic services.

⁶ The completed electronic ballot has no information about the voter and is sealed in an electronic "envelope". This envelope is then sealed inside another one which contains information about the voter. After the eligibility of the voter is confirmed, the outer envelope is opened electronically and the ballot is deposited in the electronic ballot box.

As a measure to further protect secrecy, voters could cast their ballots via the Internet as many times as they wished – thus mitigating the potential for pressure or intimidation – with only the voter’s final electronic vote counted. An electronic vote was cancelled if the voter cast a paper ballot during early voting. The names of voters who cast ballots via the Internet were marked on voter lists and these voters were ineligible to cast paper ballots on election day, despite a previous OSCE/ODIHR recommendation. Although this was publicized on the NEC website and through the media, it was not mentioned on polling cards sent to voters and some voters were not aware of this restriction. Voters who voted online so close to the end of Internet voting as not to be able to change their votes could potentially demonstrate for whom they voted by showing their cast ballot as displayed on the computer screen or a mobile phone.⁷

For these elections, a total of 176,329 voters (19.6 per cent of all registered voters) cast ballots via the Internet, which amounted to 30.5 per cent of all votes cast.⁸ Most OSCE/ODIHR EET interlocutors expressed a high degree of trust in the reliability and security of Internet voting. While they acknowledged its potential vulnerabilities, they believed the benefits outweigh the risks. A few political parties and candidates, including one parliamentary party, generally oppose Internet voting. Overall, political parties and candidates showed limited interest in or understanding of specific features of the Internet voting system and observed the work of election administration only to a limited extent.

A. LEGAL FRAMEWORK AND ADMINISTRATION OF INTERNET VOTING

Internet voting is regulated by the Election Act, supplemented by the Identity Documents Act, the Digital Signatures Act and NEC regulations. The Election Act establishes an adequate legal basis for regulating Internet voting, but specific issues require further attention. A number of amendments to the Election Act since the 2011 parliamentary elections further consolidated Internet voting, addressing several previous OSCE/ODIHR recommendations. A chapter was added to describe the general principles, preparation, voting, and counting procedures for Internet voting. The Election Act was also amended to clarify validity criteria for votes cast via the Internet.

A key positive amendment since the 2011 parliamentary elections was the establishment of the EVC to organize the Internet voting and verify the electronic voting results. The establishment of the EVC formalized the Internet voting management structure and increased accountability and transparency, as previously recommended by the OSCE/ODIHR. The EVC was composed of seven members appointed by the NEC from among experts in relevant disciplines, such as Internet security, computer programming, and administration of servers. The Election Act does not, however, explicitly specify qualifications or other conditions for membership in the EVC. The work of the EVC appeared to be efficient and enjoyed broad public confidence.

To maintain and further strengthen confidence in the EVC, consideration could be given to formalizing the qualifications or other possible requirements for its members.

⁷ [Council of Europe \(CoE\) Recommendation \(2004\)11 on Legal, Operational and Technical Standards for E-Voting](#), recommendation 51 states that “A remote e-voting system shall not enable the voter to be in possession of a proof of the content of the vote cast.”

⁸ In the 2011 parliamentary elections, 24.3 per cent of all ballots were cast online. See [NEC comparative statistics on Internet voting](#).

The EVC does not have the authority to issue regulations. Its decisions may be reviewed by the NEC, although according to the EVC, it is not obliged to report to the NEC on a regular basis. During these elections, the EVC held three formal sessions to approve the election software, technical documentation and timeframe for testing of components and system set-up, and to organize a final test.⁹ The minutes of these meetings were available online. One of the three sessions was held online, and could not be directly observed. According to the EVC chairperson, all other decisions were made on an *ad hoc* basis as a part of a daily routine.

To increase accountability of its work, the EVC should hold regular meetings and formally adopt and publish all decisions related to Internet voting in sessions open to observers.

The Election Act stipulates that in case of discovered breaches in security and reliability of the system, the NEC may decide, upon a proposal of the EVC, not to start Internet voting or to suspend or terminate it. However, despite a previous OSCE/ODIHR recommendation, the law does not provide sufficiently detailed conditions for the invalidation of the Internet voting results.

B. ORGANIZATION OF INTERNET VOTING

The Internet voting process consists of five stages: testing, system set-up, voting, counting, and data destruction.¹⁰ The OSCE/ODIHR EET observed that the EVC organized the process in a professional and timely manner. The comprehensive testing of software and hardware before the arrival of the OSCE/ODIHR EET was not conducted in the presence of election observers or auditors. No detailed formal procedures were prescribed for software development and testing.

The vendor delivered the Internet voting software on 6 January; it was then tested from 19 to 23 January. The EVC made available the source code of the server-side software.¹¹ The last change to the software was made on 4 February and system was set up at the NEC premises between 10 and 13 February. The keys for encrypting and decrypting votes were distributed to NEC members on 13 February.

The NEC could consider adopting and publishing detailed and formal procedures and deadlines for software development, testing, and updates of the Internet voting system.

Voting online was available from 19 to 25 February through software that voters could download from the EVC website, which included enhanced support for the visually impaired. The NEC did not provide Internet voters with an option for casting a blank ballot.¹²

The NEC introduced a verification process for voters to confirm that their online vote was cast as intended and recorded on the ballot storage server as cast, which partially addressed an OSCE/ODIHR

⁹ This was a limited end-to-end test, in which 14 electronic ballots were cast and results checked.

¹⁰ The OSCE/ODIHR EET did not observe the stages of testing, set-up, and data destruction.

¹¹ Software source code can be found at: <https://github.com/vvk-ehk/evalimine>. The EVC also used calculation and comparison of hash values of the source code files to demonstrate that the software installed on the server was the same as published in the repository.

¹² CoE Recommendation (2004)11 recommendation 13 calls for electronic voting systems to “provide the voter with a means of participating in an election or referendum without the voter exercising a preference for any of the voting options, for example, by casting a blank vote” in order to ensure free suffrage.

recommendation.¹³ Verification is done using a separate smart device (mobile phone or tablet), which reads a code displayed on the voter's computer screen upon completion of voting. The mobile device then temporarily displays the voter's choice, enabling the voter to confirm that his/her vote was recorded as cast. The EVC did not receive any reports of incorrect verification.¹⁴ The EVC informed the OSCE/ODIHR EET that there were no attempts of denial-of-service (DoS) attacks on its servers during the voting period and the Estonian Computer Emergency Response Team noted that it constantly observed the Estonian Internet for potential threats of malware and DoS attacks.

The EVC performed daily updates of the voter register and backed up encrypted ballots on a CD. This was done through direct access to the servers, which the EVC insisted was preferable to establishing a remote connection, even though direct (administrative) access and maintenance during critical operations is not considered a good security practice. The EVC maintained that backing up encrypted votes on an external storage medium is preferable to organizing and securing another location with a direct connection to mirrored servers. However, in case of a catastrophic event at the server location, there could be a considerable interruption of voting and loss of votes cast after the last backup. There is no formal disaster recovery plan, despite a previous OSCE/ODIHR recommendation.

The EVC could consider reviewing its security practices related to server maintenance and backup.

Internet votes were counted in a public counting ceremony on the evening of election day. First, encrypted votes were transferred to an offline counting server. Votes were then sorted by constituency and voters' digital signatures were removed and stored separately to preserve vote secrecy. Subsequently, encrypted votes were decrypted using the decryption key and counted. In an efficient process, the EVC showed results of Internet voting by the time polls closed on election day. The next day, the EVC performed successful checks of the server log files in order to verify the consistency of the counting process.¹⁵

The system does not allow for verification that all electronic ballots were counted exactly as recorded in the ballot storage server without jeopardizing vote secrecy. The EVC is aware of possible technical solutions to this problem, including end-to-end verifiability, which would not jeopardize the secrecy of the vote, and stated publicly that it is considering such improvements of the system.

The authorities could continue efforts to include end-to-end verifiability in the Internet voting system to enhance system accountability through verification that votes are counted as recorded.

C. CERTIFICATION AND AUDIT

Formal certification by an independent organization is not required, despite a previous OSCE/ODIHR recommendation and CoE guidelines.¹⁶ The EVC stated that certification was not necessary due to the openness of the Internet voting software. However, in the absence of certification, independent scrutiny of all individual components, their interaction, and the system as a whole is not envisaged.

¹³ Verification was piloted during the 2013 local elections and was introduced in the law for these elections.

¹⁴ Although just 4.2 per cent of online voters used the verification tool, the EVC considered the process a success, explaining that a minimum of two per cent of vote verifications is sufficient to ensure statistically that there was no malicious software targeting the voting client over the Internet.

¹⁵ These log files contain information about which electronic ballots were excluded as required and which were counted. This process can be compared to reconciliation of ballots cast with those counted in different categories.

¹⁶ See for example, Council of Europe [Guidelines on “Certification of e-voting systems”](#).

Authorities could consider establishing a formal process for end-to-end certification of the Internet voting system by an independent body, in line with the CoE guidelines, with its report made public.

The NEC contracted an auditor to assess compliance of Internet voting with procedural requirements. The auditor produced two interim reports during the election period and was to issue a final report following the end of election process, after the OSCE/ODIHR EET's departure. Published summaries of the audit reports stated that the EVC accurately followed technical protocols and verified that all security seals on servers and other components were intact but did not include any recommendations.

To increase transparency and accountability, the NEC could consider publishing full audit reports of the Internet voting system.

The EVC was required to conduct all critical interventions on the servers with at least two EVC members present. Video recordings of all such actions by the EVC constituted the only record. No paper records were made, although such records could potentially be of crucial importance during the complaints and appeals process. The EVC decided informally not to make the video recordings publicly available during the election period, but to post them online only after the election results were final.

To increase accountability of the Internet voting process, the EVC could consider producing and retaining records at all stages of the process.

Technical documentation (operational manuals and step-by-step instructions) on the Internet voting system was produced and published by the EVC. However, the information was not always presented to interested stakeholders in a readily comprehensible way. Auditors noted that documentation is at times cross-referenced and difficult to follow and in a few cases not all command line instructions that the operator needed to execute during the system set-up were included in the step-by-step instructions. There is no consolidated operational manual that describes all Internet voting procedures, despite a previous OSCE/ODIHR recommendation.

V. POLITICAL PARTY AND CAMPAIGN FINANCE

The Political Parties Act has been amended several times since the 2011 elections and provides a generally solid legal framework for regulating political party and campaign finance. In line with international good practice, it includes detailed provisions requiring transparency on party income and expenditures. These legal provisions also extend to organizations affiliated to political parties. It also establishes the basis for public funding of parties and regulates borrowing. Since the 2011 parliamentary elections, the PPFSC was established to verify parties' adherence to the legislation. The Election Act also has provisions, in particular, concerning financial deposits by candidates and permitted types of campaigning. Several interlocutors welcomed that the candidate deposit had been reduced by half, highlighting that this was particularly beneficial to smaller parties.¹⁷ The CoE's Group of States against Corruption (GRECO) has noted "remarkable progress" in implementing GRECO's

¹⁷ The candidate deposit amount was equivalent to one minimum monthly salary (EUR 390). The deposit is returned if a candidate garners at least half a simple quota in the district in which he or she is standing, or if his or her political party wins enough votes to enter parliament.

recommendations and for a “substantial reform process” concerning the transparency of political funding.¹⁸

A. REGULATION OF INCOME AND EXPENDITURES

Most party funding comes from public resources. The parliament allocated EUR 5,412,678 for parties in both 2014 and 2015. Non-parliamentary parties that meet two thresholds (receiving at least one or four per cent of the votes at the last parliamentary elections) are entitled to funding (EUR 9,587 and EUR 15,978 yearly, respectively). The rest is divided among the parliamentary parties in proportion to the number of seats each holds.¹⁹ While some parties advocate reducing the amount of public support for parties, most OSCE/ODIHR EET political party interlocutors believed that the percentage allocated to non-parliamentary parties should be increased.

There is no ceiling on contributions to political parties or candidates, or on party or candidate campaign expenditures.²⁰ Several parties and civil society organizations advocated instituting such limits. The legislation allows for in-kind donations and prohibits anonymous contributions, donations by legal persons and donations in cash in excess of EUR 1,200 per year from a single donor. There are no limits on donations made by bank transfer. The press reported that since the 2011 elections, several individuals made large contributions to political parties, including a single donor reportedly giving over EUR 1 million. If verified, this would constitute a large proportion of total party funding since 2011.²¹

The authorities could consider limiting the amount a single donor may contribute to a candidate or political party in a year, in order to ensure that the democratic process is not distorted by political influence through financial advantages.

Despite a previous OSCE/ODIHR recommendation, outdoor political advertising during the campaign remains prohibited, which restricts freedom of expression.²² The Supreme Court acknowledged that the ban infringed on electoral rights, freedom of expression, and other constitutional rights, but nevertheless ruled that it is an appropriate measure “to reduce the role of money” in politics.²³ In practice, the ruling has not reduced campaign expenditures, as parties displayed posters before the official election period and shifted expenses to other forms of advertising, primarily television. There is no legal requirement for campaign materials to include the name of the person or organization that paid for them.

¹⁸ See [GRECO Third Evaluation Round, Second Compliance Report on Estonia](#), adopted 14-16 May 2012.

¹⁹ In 2014 and 2015, public funding ranged from about EUR 1 million to almost EUR 1.8 million per parliamentary party, which is equivalent to some 76 to 87 per cent of their total respective income.

²⁰ Article 3.b.ii of the [CoE Recommendation Rec\(2003\)4](#) on common rules against corruption in the funding of political parties and electoral campaigns notes that “states should ... consider the possibility of introducing rules limiting the value of donations to political parties”. The [2010 OSCE/ODIHR and Venice Commission Guidelines on Political Party Regulation](#) state that “The regulation of party and campaign finance is necessary to protect the democratic process, including spending limits, where appropriate.”

²¹ For example, in 2014, the PPFSC website indicates that the total funding from private donations of all four parliamentary parties was EUR 1.1 million.

²² Article 19 of the International Covenant on Civil and Political Rights (ICCPR) states that “Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice.” The right may be subject to restrictions only if these “are necessary: (a) For respect of the rights or reputations of others; (b) For the protection of national security or of public order (*ordre public*), or of public health or morals.”

²³ See [Judgement](#) of the Supreme Court, case No. 3-4-1-33-09, 1 July 2010.

Parties are prohibited from using public funds to conduct or organize election campaigns.²⁴ However, parties and other stakeholders noted to the OSCE/ODIHR EET that the misuse of administrative resources for campaigning is a continuing general problem. They specifically asserted that Tallinn city government was the most visible example of such malpractice. This assertion was supported by the PPFSC in a meeting with the EET, as well as by a detailed report of the National Audit Office, which found that the Tallinn city government acted against the public interest during the 2013 local elections.²⁵ The Tallinn city government maintained that its advertisements were notices related to its responsibilities or city events and were in the public interest. The OSCE/ODIHR EET was made aware of several complaints with regard to these allegations that were formally filed with the authorities.

To address concerns with regard to the alleged misuse of administrative resources, the authorities could consider clarifying relevant provisions regulating the use of public funds during the campaign period.

B. REPORTING AND DISCLOSURE

Political parties submit quarterly and annual reports to the PPFSC on income and expenditures. Separate reports on campaign expenses are required from both parties and independent candidates within 30 days of the elections. Campaign finance reports are publicly available on the PPFSC website.

A number provisions aim at ensuring transparency of political finance. Parties may use only bank accounts that have been communicated to the PPFSC. Names of individual donors and the amounts of their contributions, including in-kind donations, must be published, as must names of political party members and their membership dues.

Party expenses must be reported in specified categories, such as advertising, public relations, and publications. For elections, a party must provide detailed reports on the expenses of each candidate, as well as its own expenses. Some civil society organizations pointed out to the OSCE/ODIHR EET that the categories are not sufficiently specific to enable them to assess whether the reports are accurate or realistic, explaining that parties report a lump sum for each category and not costs of each poster or each television advertisement. The law does not require reporting on third-party campaign expenditures. Several election stakeholders mentioned to the OSCE/ODIHR EET that these elections were the first to see third-party advertising in noticeable quantities.

To enhance transparency of campaign finance, the authorities could consider amending the law to require reporting on election-related expenditures by third-parties.

C. MONITORING AND OVERSIGHT

The PPFSC is the principal body charged with verifying party and candidate adherence to the law. It is made up of representatives appointed by three institutions and by each parliamentary party.²⁶ None of

²⁴ This does not include the funding granted to political parties from the national budget.

²⁵ See [summary of the National Audit Office report](#) issued 13 January 2015. Although the report does not relate to these elections, it was released in January 2015 during the election campaign, leading to some accusations that the timing was political.

²⁶ The Chancellor of Justice, Auditor General, and NEC each appoint a member. At the time of these elections, the PPFSC also comprised four representatives appointed by four parliamentary parties.

its members works full time. An appointing body or party may remove its representative at any time, which could negatively impact the PPFSC's independence.

The parliament could consider amending the law to secure the tenure of PPFSC members, in order to enhance the independence of the Committee and its members.

The PPFSC meets monthly to review regular finance reporting required of parties; it does not meet more frequently during election periods. The PPFSC provided parties with guidance on how to prepare financial reports.

PPFSC authority is limited, as it may not adopt regulations, issue fines or investigate possible violations. It may, however, issue precepts, for example asking a party to return funds or pay for services provided to it, and may impose monetary penalties that are not considered fines if the party does not comply.²⁷ The PPFSC may look into complaints or initiate actions on its own. Through its February meeting, it considered around 20 complaints relating to these elections and issued several precepts, some of which were still pending action on election day, as they were challenged by political parties in courts. Since the PPFSC may not conduct its own investigations, it must forward cases requiring investigation to the police. According to the PPFSC, lengthy or delayed investigations pose a problem for enforcement. The PPFSC is bound by confidentiality, which reduces the transparency of its work. Both the PPFSC and the National Audit Office recommended giving the PPFSC power to conduct investigations.

Authorities could consider amending the law to provide the PPFSC with more resources and authority to conduct investigations in order to improve effectiveness of political and campaign finance oversight.

The police may also receive complaints from individuals on issues related to election finance, and may open criminal investigations. Several such investigations were initiated with regard to these elections. Police enforce the ban on outdoor political advertising and can issue fines up to EUR 400 for violations or up to EUR 9,600 if a police order is not complied with. They also issued guidelines on outdoor political advertising. Police reported to the OSCE/ODIHR EET, however, that enforcement requires substantial resources and they are forced to adjudicate difficult and sometimes politically sensitive issues. Police received some 75 complaints during the campaign period, in addition to acting on their own. They issued many warnings and instructions to remove material and instituted misdemeanour procedures in five cases. All OSCE/ODIHR EET stakeholders expressed full confidence in the integrity and impartiality of the police.

The authorities could consider giving the NEC the responsibility to provide guidance and make judgements on what constitutes outdoor political advertising.

In 2014, the Penal Code was amended to re-criminalize the making or receiving of “prohibited large-scale donations”, as previously recommended by the OSCE/ODIHR. However, the amendment did not define the amount of a “large-scale” donation from a prohibited source, and did not specify the amount of a possible fine. Although several cases related to party financing received public attention in recent years, according to OSCE/ODIHR EET interlocutors, few if any violators have been prosecuted.

²⁷ Under [Substitutive Enforcement and Penalty Payment Act](#), penalties for non-compliance with precepts are not considered to be fines or punishments.

Consideration could be given to clearly defining in law the amount of a “prohibited large-scale donation” and the penalty for making or receiving one, while ensuring that the penalty is sufficient to dissuade would-be violators.

VI. PARTICIPATION OF NATIONAL MINORITIES

Ethnic Estonians make up 69 per cent of the population. The largest national minorities are Russians (25 per cent), Ukrainians (1.7 per cent) and Belarusians (1 per cent). Other groups, including Finns, Tatars, Latvians and Poles each make up less than one per cent of the population. The government established a national programme to promote the integration of national minorities, and maintains that encouraging national minorities to participate more actively in social and political life is the cornerstone of its integration policy.²⁸ International bodies have recommended increased efforts to ensure greater participation of persons belonging to national minorities in public life, including in parliament.²⁹

OSCE/ODIHR EET interlocutors noted positive trends in terms of parties across the political spectrum placing candidates belonging to national minorities on party lists, in some cases in prominent positions, and greater efforts by parties and candidates to reach out to Russian-speaking voters, including with campaign information in Russian. It appeared that candidates of minority background made up less than ten per cent of candidates on all but two party lists.³⁰ Unlike during previous elections, none of the contesting parties explicitly identified itself along ethnic lines.

Issues related to national minorities did not feature prominently in the campaign, with the exception of Russian-language education. According to most OSCE/ODIHR EET interlocutors, divisive rhetoric concerning minority issues featured less than in previous elections. A torchlight procession to commemorate Estonia’s Independence Day on 24 February, organized by the youth wing of a party contesting the elections was viewed by some OSCE/ODIHR EET interlocutors and media commentators as having nationalistic and anti-Semitic overtones.

The Constitution stipulates that Estonian is the only official language. Approximately 30 per cent of the population speak Russian as their mother tongue, according to 2011 census data. The NEC website featured detailed election information only in Estonian, with some general election-related information also available in English. Voting instructions sent to all voters and information in polling stations and on ballots was only in Estonian. The NEC maintained that as only Estonian citizens have the right to vote in parliamentary elections, they should possess sufficient Estonian language proficiency to understand information about voting. Information about Internet voting was available in Estonian, and to a limited extent in Russian and English. Despite a previous OSCE/ODIHR recommendation, the electronic voting interface was only in Estonian. Internet voting levels were lowest in Ida Viru County, which has Estonia’s highest proportion of Russian speakers.

²⁸ See the [fourth report](#) submitted by Estonia on the CoE Framework Convention for the Protection of National Minorities, May 2014.

²⁹ See: [Concluding observations on the combined tenth and eleventh periodic reports of Estonia](#) by the UN Committee on the Elimination of Racial Discrimination, 22 September 2014.

³⁰ Candidates were not required to declare their ethnicity when registering as candidates; therefore no official statistics on candidates’ ethnic backgrounds were available.

According to most OSCE/ODIHR EET interlocutors, including minority representatives, the lack of Estonian language proficiency was generally not an obstacle for minority voters in terms of understanding the voting process and casting their votes. In addition, Russian-language print and broadcast media provided information about voting procedures. However, it was noted that greater availability of official voter information in Russian would make such information more accessible to minority voters and would send a positive message about their inclusion in Estonian political life, as well as bringing practice into line with international standards.³¹

The Language Act requires that if a foreign language is used in outdoor campaign advertisements, the same text should be included in Estonian and should be no less visible than the other language. The Language Inspectorate oversees compliance with language legislation and receives and follows up complaints about possible violations. Before the start of the campaign period, when outdoor political advertising was still allowed, one verbal warning was issued to a party for an outdoor campaign advertisement where the Russian-language text was more prominent than the text in Estonian. Estonia's public broadcaster aired election debates in Russian on TV and radio. Some private media outlets also organized Russian-language debates.

As of 1 February 2014, persons of undetermined citizenship made up 6.5 per cent of Estonia's population.³² According to the Ministry of Interior, as of 1 February 2015, they numbered more than 85,000 people, almost all of whom are of voting age. The vast majority of persons of undetermined citizenship belong to national minorities.³³ These persons have the right to vote in local elections but not the right to vote nor stand as candidates in parliamentary elections. While they could participate in party activities and donate funds to parties or candidates, despite a previous OSCE/ODIHR recommendation, they do not have the right to join political parties. The restriction on party membership is not consistent with international standards and recommendations concerning freedom of association.³⁴

³¹ Paragraph 12 of United Nations Human Rights Committee General Comment 25 on the ICCPR states that "information and materials about voting should be available in minority languages". Paragraph 32.5 of the 1990 OSCE Copenhagen Document states that "persons belonging to national minorities have the right [...] to disseminate, have access to and exchange information in their mother tongue". The Advisory Committee to the Framework Convention for the Protection of National Minorities, *Commentary on the Language Rights of Persons Belonging to National Minorities under the Framework Convention*, adopted on 24 May 2012, states that "The authorities should also consider providing opportunities for the use of minority languages in public service television and radio programmes devoted to election campaigns and on ballot slips and other electoral material in areas inhabited by persons belonging to national minorities traditionally or in substantial numbers."

³² After the restoration of Estonian independence in 1991, citizenship was granted automatically to holders of Estonian citizenship prior to 16 June 1940 and their descendants. Long-term residents of Estonia and their descendants who did not receive Estonian citizenship automatically, obtain another citizenship, or naturalize as Estonian citizens, are referred to as persons of undetermined citizenship.

³³ According to 2011 census data, only about 2,000 of the more than 85,000 persons of undetermined citizenship are ethnic Estonians.

³⁴ Article 22.1 of the ICCPR states that "Everyone shall have the right to freedom of association", while Article 2.1 notes that this right is not limited to citizens but applies to "all individuals" within a State's "territory and subject to its jurisdiction" and Article 22.2 specifies that this right cannot be restricted unless "necessary in a democratic society" for a specific and limited set of circumstances. Paragraph 9.3 of the 1990 OSCE Copenhagen Document reaffirms freedom of association. According to the *Commentary on the Effective Participation of Persons Belonging to National Minorities in Cultural, Social and Economic Life and Public Affairs* by the Advisory Committee on the Framework Convention for the Protection of National Minorities, adopted on 27 February 2008, "Citizenship should not be a condition for persons belonging to national minorities to join trade unions and other civil society associations."

Persons of undetermined citizenship may acquire Estonian citizenship through naturalization, requirements for which are residency for at least eight years (including continuous residence for at least five years), and knowledge of the Estonian language and Constitution. Since 2009, the naturalization rate has dropped to less than 2,000 people per year.

On 21 January, the parliament adopted a number of positive amendments to the Citizenship Act. As of 1 January 2016, children born in Estonia to parents of undetermined citizenship, and children who are under 15 years of age, will receive Estonian citizenship through naturalization without an application by the parents. Another amendment provides that persons over 65 years of age are exempt from the written language examination. Previously, this applied only to persons born before 1 January 1930.

Authorities should maintain and enhance their efforts to stimulate the naturalization rate among the still-large group of persons of undetermined citizenship with a view to granting them suffrage rights.

VII. RECOMMENDATIONS

The recommendations contained throughout the text are offered with a view to enhancing the conduct of elections in Estonia and bringing them fully in line with OSCE commitments, other international obligations, standards and good practice for democratic elections. These recommendations should be read in conjunction with past OSCE/ODIHR recommendations that remain to be addressed. The OSCE/ODIHR stands ready to assist the authorities of Estonia to further improve the electoral process and in following up on the recommendations contained in this and previous reports.³⁵

A. PRIORITY RECOMMENDATIONS

1. The authorities could continue efforts to include end-to-end verifiability in the Internet voting system to enhance system accountability through verification that votes are counted as recorded.
2. Authorities could consider establishing a formal process for end-to-end certification of the Internet voting system by an independent body, in line with the CoE guidelines, with its report made public.
3. The authorities could consider limiting the amount a single donor may contribute to a candidate or political party in a year, in order to ensure that the democratic process is not distorted by political influence through financial advantages.
4. Authorities could consider amending the law to provide the PPFSC with more resources and authority to conduct investigations in order to improve effectiveness of political and campaign finance oversight.
5. Authorities should maintain and enhance their efforts to stimulate the naturalization rate among the still-large group of persons of undetermined citizenship with a view to granting them suffrage rights.

³⁵ In paragraph 24 of the 1999 OSCE Istanbul Document, OSCE participating States committed themselves “to follow up promptly the ODIHR’s election assessment and recommendations.”

B. OTHER RECOMMENDATIONS

6. To maintain and further strengthen confidence in the EVC, consideration could be given to formalizing the qualifications or other possible requirements for its members.
7. To increase accountability of its work, the EVC should hold regular meetings and formally adopt and publish all decisions related to Internet voting in sessions open to observers.
8. The NEC could consider adopting and publishing detailed and formal procedures and deadlines for software development, testing, and updates of the Internet voting system.
9. The EVC could consider reviewing its security practices related to server maintenance and backup.
10. To increase transparency and accountability, the NEC could consider publishing full audit reports of the Internet voting system.
11. To increase accountability of the Internet voting process, the EVC could consider producing and retaining records at all stages of the process.
12. To address concerns with regard to the alleged misuse of administrative resources, the authorities could consider clarifying relevant provisions regulating the use of public funds during the campaign period.
13. To enhance transparency of campaign finance, the authorities could consider amending the law to require reporting on election-related expenditures by third-parties.
14. The parliament could consider amending the law to secure the tenure of PPFSC members, in order to enhance the independence of the Committee and its members.
15. The authorities could consider giving the NEC the authority to provide guidance and make judgements on what constitutes outdoor political advertising.
16. Consideration could be given to clearly defining in law the amount of a “prohibited large-scale donation” and the penalty for making or receiving one, while ensuring that the penalty is sufficient to dissuade would-be violators.

ANNEX: ELECTION RESULTS

Political party	Number of votes	% of votes	Number of mandates
Estonian Reform Party	158,965	27.7	30
Estonian Central Party	142,438	24.8	27
Social Democratic Party	87,186	15.2	15
Pro-Patria Union-Res Publica	78,707	13.7	14
Estonian Free Party	49,885	8.7	8
Estonian Conservative Party	46,772	8.1	7
Greens of Estonia	5,193	0.9	0
Party of People's Unity	2,289	0.4	0
Estonian Independence Party	1,046	0.2	0
Independent Candidates	887	0.2	0
Estonian United Left Party	764	0.1	0
Number of eligible voters	899,793		
Total votes cast	577,929		
Valid votes cast	574,132		
Turnout (%)	64.23		
Internet voting			
Internet votes cast including repeated votes	181,084		
Repeated Internet votes	4,593		
Number of Internet votes	176,491		
Number of Internet votes cancelled due to advanced voting	162		
Internet votes counted	176,329		
Share of the Internet votes among all votes (%)	30.5		

A total of 24 women were elected to the parliament, representing 23.8 per cent of the total number of members.

ABOUT THE OSCE/ODIHR

The Office for Democratic Institutions and Human Rights (OSCE/ODIHR) is the OSCE's principal institution to assist participating States "to ensure full respect for human rights and fundamental freedoms, to abide by the rule of law, to promote principles of democracy and (...) to build, strengthen and protect democratic institutions, as well as promote tolerance throughout society" (1992 Helsinki Summit Document). This is referred to as the OSCE human dimension.

The OSCE/ODIHR, based in Warsaw (Poland) was created as the Office for Free Elections at the 1990 Paris Summit and started operating in May 1991. One year later, the name of the Office was changed to reflect an expanded mandate to include human rights and democratization. Today it employs over 130 staff.

The OSCE/ODIHR is the lead agency in Europe in the field of **election observation**. Every year, it co-ordinates and organizes the deployment of thousands of observers to assess whether elections in the OSCE region are conducted in line with OSCE Commitments, other international obligations and standards for democratic elections and with national legislation. Its unique methodology provides an in-depth insight into the electoral process in its entirety. Through assistance projects, the OSCE/ODIHR helps participating States to improve their electoral framework.

The Office's **democratization** activities include: rule of law, legislative support, democratic governance, migration and freedom of movement, and gender equality. The OSCE/ODIHR implements a number of targeted assistance programs annually, seeking to develop democratic structures.

The OSCE/ODIHR also assists participating States' in fulfilling their obligations to promote and protect **human rights** and fundamental freedoms consistent with OSCE human dimension commitments. This is achieved by working with a variety of partners to foster collaboration, build capacity and provide expertise in thematic areas including human rights in the fight against terrorism, enhancing the human rights protection of trafficked persons, human rights education and training, human rights monitoring and reporting, and women's human rights and security.

Within the field of **tolerance and non-discrimination**, the OSCE/ODIHR provides support to the participating States in strengthening their response to hate crimes and incidents of racism, xenophobia, anti-Semitism and other forms of intolerance. The OSCE/ODIHR's activities related to tolerance and non-discrimination are focused on the following areas: legislation; law enforcement training; monitoring, reporting on, and following up on responses to hate-motivated crimes and incidents; as well as educational activities to promote tolerance, respect, and mutual understanding.

The OSCE/ODIHR provides advice to participating States on their policies on **Roma and Sinti**. It promotes capacity-building and networking among Roma and Sinti communities, and encourages the participation of Roma and Sinti representatives in policy-making bodies.

All ODIHR activities are carried out in close co-ordination and co-operation with OSCE participating States, OSCE institutions and field operations, as well as with other international organizations.

More information is available on the ODIHR website (www.osce.org/odihr).



VI. ÉCONOMIE EN ESTONIE

- 1. RAPPORT DE LA COMMISSION SUR ESTONIE
2017**
- 2. EUROBAROMÈTRE STANDARD 84 - ESTONIE**



EUROPEAN
COMMISSION

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Country Report Estonia 2017

Accompanying the document

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK AND THE EUROGROUP

**2017 European Semester: Assessment of progress on structural reforms,
prevention and correction of macroeconomic imbalances, and results of in-depth reviews
under Regulation (EU) No 1176/2011**

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EXECUTIVE SUMMARY

This report assesses Estonia's economy in the light of the European Commission's Annual Growth Survey published on 16 November 2016. In the survey, the Commission calls on EU Member States to redouble their efforts on the three elements of the virtuous triangle of economic policy — boosting investment, pursuing structural reforms and ensuring responsible fiscal policies. In so doing, Member States should focus on enhancing social fairness in order to deliver more inclusive growth.

Real GDP growth in Estonia slipped to 1.1 % in 2016, but is expected to recover to above 2 % from 2017. In 2016, Estonia's economy suffered from weak external demand and investment, both public and private, while persistently strong wage growth kept private consumption and house building at a relatively high level. In 2016, growth was at a rate of 1.1 % but it is projected to accelerate to more than 2 % in the coming years as external demand and business investment are expected to recover gradually. At the same time, household consumption is projected to slow down to more sustainable levels due to less dynamic wage growth linked to a policy of limiting wage increases in the public sector and to various reforms to expand labour supply. The fiscal position remains strong, with a budget in surplus and negligible government debt. However, some weakening of Estonia's fiscal position is expected in 2018, as the new government in office intends to implement a more expansionary budgetary policy.

Estonia has one of the best performing labour markets in the EU, but its declining working-age population is a challenge. The Estonian labour market is characterised by its flexibility, high participation and employment rates, and low unemployment. At the same time, ageing combined with prolonged low fertility rates are set to shrink the working-age population over the next decade. This will contribute to the ongoing tightening of the labour market, creating a continued upward pressure on wage growth. This poses a risk for businesses' profitability, competitiveness and overall long-term economic growth.

However, ongoing labour market reforms are expected to boost labour supply and prevent excessive wage growth. The entry into force of the Work Ability reform is bringing

work-incapacity pensioners back to the labour market. This increased labour supply is expected to slow the wage growth. Labour supply will benefit from further ongoing reforms creating further incentives to work, reducing the gender pay gap and providing more accessible childcare. Also, the ongoing local government reform is projected to make labour market activation policies more effective, as local social services are made more efficient. Finally, labour and skills shortages are expected to decrease, as measures are being taken to address them. Notably, constraints on economic immigration have recently been relaxed.

Estonia is generally performing well on education and training. Estonia has high rates of tertiary education attainment and performs well in international skills surveys. Also, participation in lifelong learning is above the EU average. However, early school leaving remains above the Europe 2020 target.

The Estonian economy is well integrated with its Nordic neighbours and the euro area, but its foreign direct investment remains below the long-term average. The close relationship between Estonia and its neighbours is characterised by a large share of intra-industry trade flows. However, in recent years, foreign direct investment growth in the manufacturing sector and in professional, scientific and technical activities has remained below Estonia's long-term average.

After falling in 2015, Estonia's exports recovered in 2016 and further improvements are expected. In 2015, the market share losses mainly resulted from a sharp currency depreciation in neighbouring Russia and falling international oil prices, which made Estonia's oil shale sector less competitive. None of these factors are expected to recur. In 2016, as exports of goods recovered strongly, the country's trade surplus increased.

Nevertheless, Estonia's industry remains dominated by traditional sectors with low R&D intensity. In manufacturing, Estonia's exports structure seems to continue shifting towards lower-value goods. Also, the capital stock per worker remains relatively low. In particular, in 2015, investment flows in intellectual property products remained largely below the EU average and, in the manufacturing sector, appeared to be

already affected by a gradual decline in business profits. However, business R&D expenditure has recently resumed its upward trend, suggesting new potential for better innovation performance. Overall, the importance for Estonia of strategic investment in research and development remains high.

Risks stemming from the housing market can be considered as contained. In 2016, lending growth for house purchases was robust, but housing prices stabilised as supply caught up with demand. Also, financial regulations to mitigate the risk of the financial system as a whole have been tightened and the possibility of deducting mortgage interest payments from tax bills reduced. Spill-over risks from the real estate sector to economic and financial sector stability appear low. Financial soundness indicators suggest that the banking sector is stable.

Overall, Estonia made some progress in addressing the 2016 country-specific recommendations. On labour market and social policy issues, some progress was made on providing high-quality local social services, including by adopting and implementing local government reform. Limited progress was made on adopting and implementing measures to reduce the gender pay gap. Some progress was made on promoting private investment in research, development and innovation, including by strengthening cooperation between academia and businesses.

Estonia has already achieved a number of its objectives as regards its national targets under the Europe 2020 strategy, but some areas remain a source of concern. The country surpassed its employment target, although its shrinking working-age population aided progress. On R&D, Estonia is moving away from its national target. On energy, the country is expected to meet its greenhouse gas emission and renewable energy targets by a large margin. Estonia has met its energy efficiency targets, but keeping the levels until 2020 will be a challenge. On education, Estonia has already reached its tertiary education target, although with a significant gender gap in favour of women. The early school leaving target remains a source of concern, while the country is moving further away from its national ‘at risk of poverty’ reduction target of 15 %.

The main findings of this country report, and the related policy challenges, are as follows:

- **The shrinking working age population may result in a tight labour market over several years.** The persistent demographic challenge highlights the importance of the on-going policies to integrate low-income earners, people with disabilities and mothers with young children into the labour market. Greater incentives to work have been introduced so as to increase activity rates. The 'Work Ability' reform is aimed at increasing the labour supply by bringing a significant number of currently inactive people back to the labour market. The implementation of the reform started in 2016 and early indications seem positive, with a reported increase in the overall labour supply. However, the workforce is expected to grow faster than employment over the coming years. Also, several restrictions on economic immigration have recently been eased. In parallel, accessibility of childcare services is being improved. However, the gender pay gap remains a matter for concern. Though some measures to address this challenge have already been taken, legislative changes to the Gender Equality Act and to the system of parental leaves are still pending. The drop-out in vocational education has improved.
- **Inequality, relative poverty and social exclusion continued increasing gradually, and health outcomes remain significant challenges.** Inequality has increased in recent years and is now well above EU averages. Benefits (mostly pensions, social assistance and unemployment benefits) have not kept pace with growth in market incomes. Moreover, Estonia's flat tax regime has a limited ability to redistribute wealth, but recent measures will make the tax system more progressive by increasing the tax free allowance, which will vary with the income level. In parallel, life expectancy, healthy life expectancy and preventable mortality remain worse than the EU

averages, while Estonia faces challenges over care integration and accessibility to nursing and to specialised medical care.

- **Labour costs per worker continued to increase in 2016, posing a risk to competitiveness.** Increases in labour costs per worker were mainly driven by strong wage growth, but negative productivity growth also contributed. As Estonia's small and open economy is mostly a "price-taker", subject to foreign prices, strong wage increases are at first reflected in falling profitability. In the short run, this can lead to downward pressures on investment, especially in Estonia's manufacturing sector. Continued strong wage increases outpacing productivity developments could undermine competitiveness in the medium term.
- **Still-low business investment in technological development and weak commercialisation of research achievements remain challenges for productivity growth, for increasing the value-added of exports of goods and for strengthening potential output.** The volume of contract research between academia and businesses increased in 2015, but the cooperation between the two sectors remains limited. This also resulted in a still-low level of patent applications. An entrepreneurial discovery process has not yet been re-launched. The low attractiveness of research careers and the relatively low level of scientific excellence are interlinked challenges.
- **Estonia has further improved its business environment, but in a few areas challenges remain.** Estonia is running several projects to reduce the regulatory burden, bureaucracy and overlapping functions of different public bodies. However, a continuing lack of national rules for transferring companies' registered offices into and out of Estonia weakens the business environment. Furthermore, lengthy insolvency procedures and inadequately protected minority shareholders' rights in corporate governance remain institutional barriers to investment.
- **Overall, the tax system is growth-friendly, but categories of taxation that are considered least detrimental to growth are still only used to a limited extent.** Tax collection remains overall efficient and recent measures to increase tax compliance have been successful. However, Estonia still under uses some growth-friendly tax categories such as property taxes and transport taxes.
- **Carbon emissions and resource intensity remain high.** This is mainly because Estonia is a producer of electricity and heating from oil shale. Also, greenhouse gas emissions and energy consumption from transport have increased since 2005, while transport taxes are almost nonexistent, which does not support energy efficiency in road transport. There are ongoing discussions on the possibility of introducing an emission-based car registration tax.
- **Estonia is currently undertaking local government reform to improve local public services and governance, and achieve efficiency gains.** Legislation on the division of tasks between municipalities and central government, as well as on the financing principles of local governments, is in preparation. So far, incentives for local government to encourage local development and entrepreneurship have not been adopted.

1. ECONOMIC SITUATION AND OUTLOOK

GDP growth

Estonia's economic growth slowed to about 1.1 % in 2016, after 1.4 % in 2015 (Graph 1.1). Private consumption remained the main growth driver, supported by fast and sustained wage growth. However, it only had a limited positive impact on GDP growth, given that imports make up a high proportion of its content, in particular car imports. While exports recovered thanks to higher demand from Estonia's main trading partners, investment growth disappointed for a third year in a row. This mainly reflected a very gradual implementation of EU-funds and still lower business investment in equipment and construction. Public consumption barely grew, allowing public finances to remain strong.

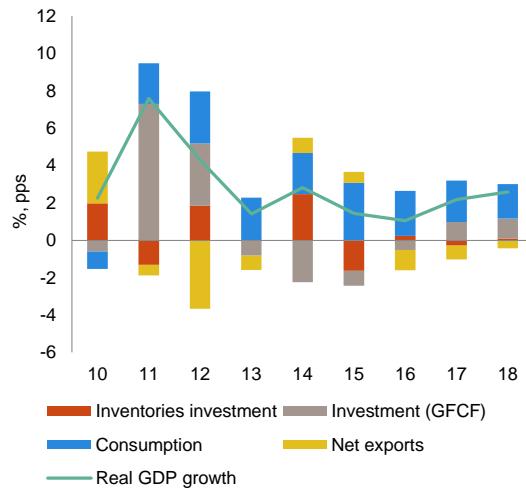
Estonia's real GDP is forecast to grow by 2.2 % in 2017 and 2.6 % in 2018 as regional demand growth is expected to pick up. External demand, especially from Finland and the other two Baltic States, is projected to gather pace. In parallel, Estonia's oil shale sector and related exports are set to benefit from the rise in oil prices. In services, buoyant high-tech exports are expected to largely compensate for the losses in transport services resulting from the decline in transit trade with neighbouring Russia. Overall, the external balance of goods and services is set to remain positive over the forecast period. However, as import-intensive investments are projected to resume, the contribution of net exports to growth is set to remain negative this year and next.

Overall investment is expected to recover in 2017 and 2018 as the new EU programming period hits cruising speed and industry confidence rises. The improving regional demand is expected to support industry confidence. As a result, Estonian businesses are projected to increase investment this year and next. In parallel, public investment is projected to surge, as the bulk of projects under the new programming period of EU Funds have started being implemented.

Private consumption growth is projected to slow down slightly in 2017 and 2018 as rising consumer prices dampen the increase in real incomes. Nevertheless, domestic demand is envisaged to remain the main driver of growth

over the period covered by the forecast, bolstered by continued strong wage increases.

Graph 1.1: Real GDP growth and contributions



(1) Forecasts for 2016-2018 based on the assumption of no change in policy.

Source: European Commission

Potential growth

Overall though, Estonia's potential growth rate seems to be on a declining trend. While the catching-up process of the country with the EU's more advanced economies is expected to continue, the persistent decline in working-age population is expected to weigh on growth potential.

Inflation

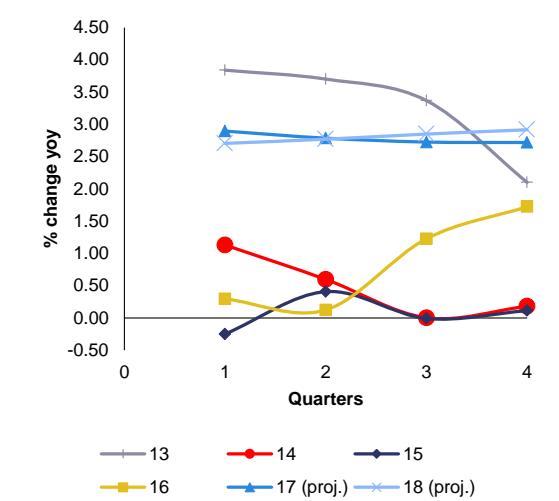
Inflation is set to increase in the coming years, after a protracted period of low inflation (see Graph 1.2). As a result of a projected rise in global energy prices, strong wage growth and a significant rise in excise tax rates, inflation is projected to accelerate to almost 3 % in 2017 and 2018.

Labour market

The labour market has remained strong, but improvements in employment and unemployment indicators have stalled in recent months, reflecting the lacklustre GDP growth. The labour market participation rate has reached historically high levels of 70 %, which has so far compensated for the decline in the working-age

population. Owing to the work ability reform (see Section 3.3 for details), employment is expected to continue growing slightly in 2017-2018. At the same time, unemployment is projected to rise significantly from about 6½ % in 2016 to over 8 % in 2018. This is because many people receiving work-incapacity pensions need training before rejoining the labour market after a long absence.

Graph 1.2: Quarterly harmonised index of consumer prices (HICP) inflation (yoY % change)



Source: European Commission

Social issues

Income inequality has increased and is one of the highest in the EU, while recent poverty indicators show mixed trends. The ratio of incomes of the richest 20 % of households to that of the poorest 20 % rose from 5.4 in 2012 to 6.2 in 2015, and is now the seventh highest in the EU. The key driver appears to be high wage dispersion as a result of strong income growth among the higher skilled. In absolute terms, the incomes of the poorest 10 % of households have lagged behind the growth in median incomes ⁽¹⁾. A contributing factor is that benefits (particularly pensions and unemployment benefits) are not keeping pace with the growth in market incomes. This has also resulted in a gradual increase of the at-risk-of-poverty rate from 15.8 % in 2010 to

⁽¹⁾ While real growth in disposable income for the bottom decile was 7 % (2015 SILC data), this is below the median income growth of 9 %.

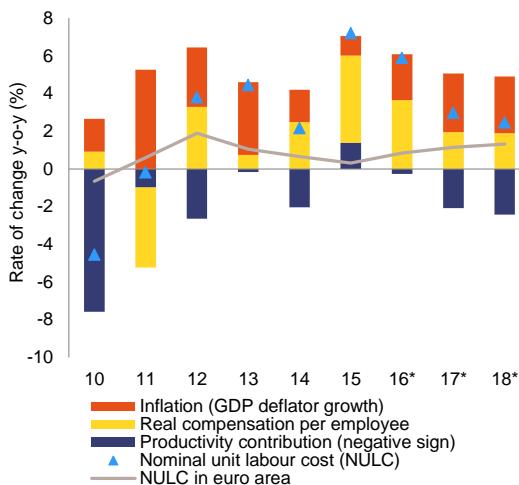
21.6 % in 2015, 4.3 pps above the EU average ⁽²⁾ (see Section 3.3). Inequality is further exacerbated by the flat tax regime, which has a limited distributional function. While wage growth among high-skilled workers has led to growing market income inequalities, the tax-benefit system has proven relatively ineffective in mitigating this.⁽³⁾ That said, when it comes to net wealth (difference between total assets and total liabilities), in 2014, Estonian households generally owned more than they owed. Overall, Estonia has one of the highest net wealth ⁽⁴⁾ inequality in the EU (ECB, 2016).

⁽²⁾ The share of the population living in severe material deprivation and in households with very low work intensity is, however, well below European averages and declining.

⁽³⁾ The Gini coefficient before taxes and benefits (including pensions) for 2014 data was 51.6, while after taxes and benefits it fell to 35.6. The gap (of 16.0 for Estonia) measures the effectiveness of the tax-benefit system in reducing inequality. This is well below the EU average gap of 19.3. The Gini coefficient is a commonly used measure for monitoring trends in income inequality. A coefficient of 100 expresses total inequality (meaning all the income is earned by one person) and a coefficient of 0 expresses perfect equality (meaning everyone earns the same income).

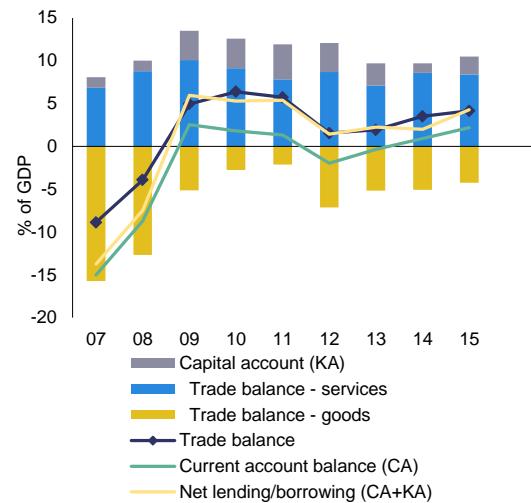
⁽⁴⁾ Difference between total assets and total liabilities.

Graph 1.3: Breakdown of rate of change of unit labour costs (ULC) in Estonia (and euro area)



Source: AMECO

Graph 1.4: Breakdown of external position (current and capital accounts)



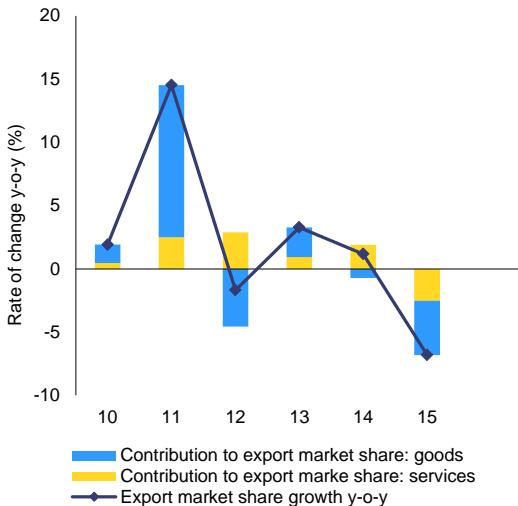
Source: European Commission – Eurostat

Competitiveness

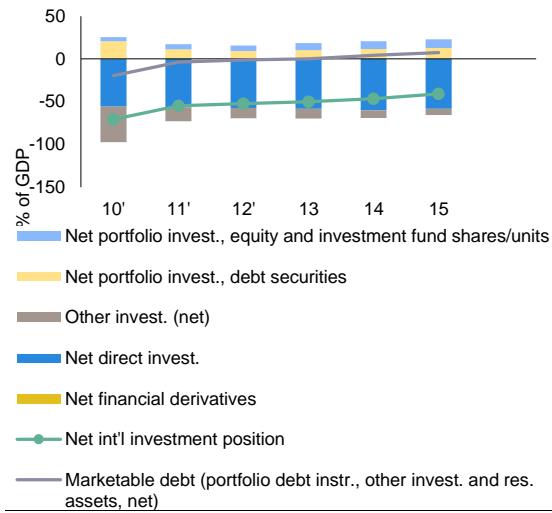
Unit labour costs continued to rise strongly over the past year, driven by strong wage growth and decreasing productivity (Graph 1.3). Wage growth was triggered by a limited labour supply linked to the decline in working-age population. In 2017 and 2018, nominal unit labour cost growth is expected to slow down as a result of productivity increases as external trade recovers. Moreover, policy efforts to boost labour supply are expected to start bearing fruit, while net migration has turned positive. However, the rapidly rising wages and slow productivity growth are issues that will still warrant close monitoring for some time in terms of their effect on competitiveness (see Section 3.4. for an in-depth look).

Current account

Estonia is expected to post a continued, but declining, current account surplus. The surplus of 2.1 % of GDP in 2015 (Graph 1.4) decreased to 0.6 % of GDP in 2016 and is expected to decrease further to 0.3 % in 2017 and 0.0 % in 2018. The surplus mainly comes from the trade balance, especially from exports of services. With the expected recovery of imports linked to the resuming investment growth, the trade balance is projected to decline somewhat over the coming years.

Graph 1.5: Exports market share breakdown – Estonia

Source: European Commission

Graph 1.6: Net international investment position (NIIP) (% of GDP)

Source: European Commission

Estonia has been losing export market share (see Graph 1.5). Estonia achieved large market share gains immediately after the end of the financial crisis, which had led to productivity gains and a downward correction to wages, but, in 2015, it lost market share both in value (-7.9 %) and volumes (-3.3 %). In particular, Estonia's exports to neighbouring Russia were strongly affected by the rouble depreciation, while the country's oil shale sector suffered from low oil prices. Also, exports of services decreased as transit trade with Russia further contracted. In 2016, export growth resumed as the impact of the negative external shocks faded away. In the longer term, export prospects could, however, suffer due to the continued divergence between wage and productivity developments affecting Estonia's competitiveness. The competitiveness is looked at more in-depth in Section 3.4.

Overall external position

The negative net international investment position (NIIP) of Estonia continues to improve (Graph 1.6). In 2015, at -40.9 % of GDP, the NIIP position remained above the MIP Scoreboard threshold of -35 % of GDP, but was on a downward path (see Graph 1.7). It is expected to continue to improve in the coming years, especially with a projected current account surplus and a related positive net lending to the rest of the world. Furthermore, much of the NIIP reflects foreign direct investment (FDI), which is a stable component, and Estonia has limited net assets in terms of marketable debt. This contributes significantly to reducing market and volatility risks associated with the negative NIIP. In recent years, FDI inflows have been on a downward path: in 2015, FDI inflows into Estonia amounted to only one quarter of the 2014 inflow, but, in 2016, partly recovered. This issue is more closely looked at in Section 3.4.

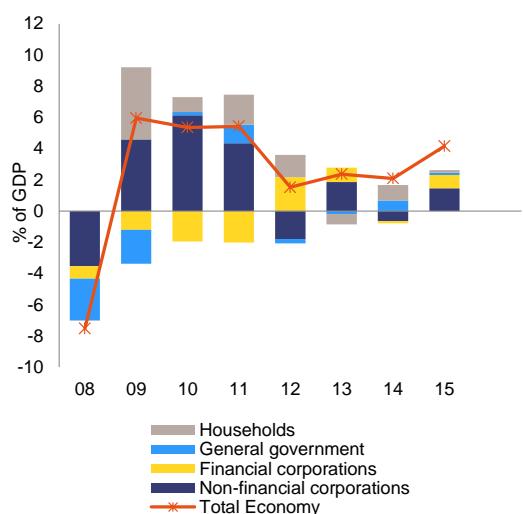
Financial sector

The banking sector is robust, supported by a strengthened prudential framework. Profitability remains sound and non-performing loans are limited. Lending to the corporate sector increased significantly in 2016 on the back of recovering investment growth.

Housing market

House price increases slowed down in 2016, as supply caught up with demand. House prices in Estonia halved following the economic and financial crisis, but since then the housing market has experienced a robust recovery. House prices increased again by about 10 % per year on average between 2010 and 2014. However, following a sharp increase in supply, house price increases slowed down in 2015 and 2016.

Graph 1.7: Net lending/net borrowing by sector (% of GDP)



(1) NPISH: non-profit institutions serving households.

Source: European Commission

According to the Commission winter forecast, in 2018, the fiscal position is projected to improve slightly to a deficit of 0.2% of GDP, as a temporary increase in state transfers to the pension funds comes to an end and reduces expenditure commitments. However, this forecast did not yet include the new government's announced investment plan, since sufficient details were not yet known about the specific investment projects and their timing. The investment plan likely costs about 0.5% of GDP in 2018, and it would add to the fiscal deficit figures. In this context, the government has also announced that it would commensurately lower its medium term fiscal targets.

Public finance

The budget is expected to have remained in surplus in 2016, as tax revenues held up despite slower economic growth. The composition of GDP growth has been very favourable to government revenue, with rapid wage growth boosting labour and consumption taxes. Also, public investment expenditure was lower than planned in 2016 due to delays in implementing EU funded projects. In 2017, in spite of strong expected revenues, expenditure pressures are projected to leave public finances with a deficit of about 0.5% of GDP. Expenditure pressures stem from several factors: local government elections in 2017 (which typically lead to additional domestically-funded investments), some social expenditure measures, and costs related to Estonia's holding the presidency of the Council of the European Union in the second half of 2017.

Table 1.1: Key economic, financial and social indicators - Estonia

	2004-2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	forecast
Real GDP (y-o-y)	5.7	-14.7	2.3	7.6	4.3	1.4	2.8	1.4	1.1	2.2	2.6	
Private consumption (y-o-y)	8.4	-15.3	-1.6	3.7	4.3	3.8	3.3	4.7	4.0	3.4	2.8	
Public consumption (y-o-y)	4.5	-3.2	-0.4	1.3	3.2	1.9	2.7	3.4	1.5	1.9	1.6	
Gross fixed capital formation (y-o-y)	8.2	-36.7	-2.7	34.4	12.7	-2.8	-8.1	-3.3	-2.2	4.4	4.7	
Exports of goods and services (y-o-y)	12.1	-20.3	24.0	24.2	4.8	2.3	3.1	-0.6	3.7	3.1	3.4	
Imports of goods and services (y-o-y)	12.1	-30.6	21.2	27.2	9.7	3.2	2.2	-1.4	5.4	4.3	4.1	
Output gap	8.1	-9.0	-6.6	-0.7	1.9	1.4	2.1	1.2	0.1	-0.1	0.1	
Potential growth (y-o-y)	4.9	-0.9	-0.4	1.3	1.6	1.9	2.1	2.4	2.2	2.4	2.4	
Contribution to GDP growth:												
Domestic demand (y-o-y)	7.1	-20.3	-1.5	9.5	6.1	1.5	0.0	2.3	1.9	3.2	2.9	
Inventories (y-o-y)	-0.4	-1.4	2.0	-1.3	1.8	0.0	2.5	-1.6	0.2	-0.3	0.1	
Net exports (y-o-y)	-1.0	8.1	2.8	-0.6	-3.7	-0.8	0.8	0.6	-1.1	-0.7	-0.4	
Contribution to potential GDP growth:												
Total Labour (hours) (y-o-y)	-0.1	-2.0	-1.2	-0.3	-0.4	0.0	0.5	0.9	0.8	0.8	0.6	
Capital accumulation (y-o-y)	3.3	0.7	0.6	1.5	1.7	1.5	1.1	0.9	0.8	0.8	0.9	
Total factor productivity (y-o-y)	1.8	0.4	0.2	0.1	0.3	0.4	0.5	0.6	0.6	0.8	0.9	
Current account balance (% of GDP), balance of payments	-11.9	2.5	1.8	1.3	-1.9	-0.4	0.9	2.2	.	.	.	
Trade balance (% of GDP), balance of payments	-7.2	5.0	6.4	5.7	1.5	1.9	3.5	4.1	.	.	.	
Terms of trade of goods and services (y-o-y)	1.4	0.4	-1.9	0.4	-0.5	1.4	1.1	0.3	1.3	0.2	0.1	
Capital account balance (% of GDP)	1.2	3.4	3.5	4.1	3.4	2.6	1.1	2.1	.	.	.	
Net international investment position (% of GDP)	-78.2	-80.1	-71.2	-54.8	-51.1	-50.1	-46.7	-40.9	.	.	.	
Net marketable external debt (% of GDP) (1)	-21.9*	-33.0*	-19.6*	-3.9*	-1.3*	0.2	4.2	7.3	.	.	.	
Gross marketable external debt (% of GDP) (1)	81.4	104.5	90.4	81.4	82.0	75.5	77.8	77.3	.	.	.	
Export performance vs. advanced countries (% change over 5 years)	56.5	26.1	18.3	35.7	19.6	20.3	30.3	10.83	.	.	.	
Export market share, goods and services (y-o-y)	6.6	-7.9	2.8	15.2	-2.3	3.7	1.0	-7.9	.	.	.	
Net FDI flows (% of GDP)	-5.7	-2.4	-6.9	-10.6	-2.2	-1.0	-2.9	0.9	.	.	.	
Savings rate of households (net saving as percentage of net disposable income)	-6.8	7.2	4.2	4.8	4.1	1.2	4.8	4.3	.	.	.	
Private credit flow, consolidated (% of GDP)	19.3	-6.0	-7.6	-1.0	6.8	4.1	4.6	3.3	.	.	.	
Private sector debt, consolidated (% of GDP)	111.1	153.2	140.4	120.4	117.8	115.9	116.7	116.6	.	.	.	
of which household debt, consolidated (% of GDP)	39.0	57.0	53.4	45.6	41.9	40.2	39.7	40.7	.	.	.	
of which non-financial corporate debt, consolidated (% of GDP)	72.2	96.2	87.0	74.8	75.9	75.7	77.0	75.9	.	.	.	
Corporations, net lending (+) or net borrowing (-) (% of GDP)	-6.8	3.3	3.2	2.1	0.2	2.6	-0.8	3.4	1.0	1.5	1.3	
Corporations, gross operating surplus (% of GDP)	31.9	25.1	29.8	32.9	32.6	32.5	31.5	28.2	26.3	26.1	26.3	
Households, net lending (+) or net borrowing (-) (% of GDP)	-5.3	4.7	2.0	2.1	1.6	-0.5	1.0	-1.0	0.3	0.6	0.6	
Deflated house price index (y-o-y)	12.2	-37.1	2.1	2.6	3.2	7.7	13.1	6.8	.	.	.	
Residential investment (% of GDP)	5.2	3.1	2.7	2.7	2.9	3.4	3.9	4.4	.	.	.	
GDP deflator (y-o-y)	7.8	0.4	1.7	5.3	3.2	3.9	1.7	1.0	2.4	3.1	3.0	
Harmonised index of consumer prices (HICP, y-o-y)	5.8	0.2	2.7	5.1	4.2	3.2	0.5	0.1	0.8	2.8	2.8	
Nominal compensation per employee (y-o-y)	14.7	-2.9	2.7	0.8	6.6	4.6	4.2	5.7	6.2	5.1	5.0	
Labour productivity (real, person employed, y-o-y)	4.2	-5.0	7.6	1.0	2.6	0.2	2.0	-1.4	.	.	.	
Unit labour costs (ULC, whole economy, y-o-y)	10.2	2.2	-4.6	-0.2	3.8	4.5	2.2	7.2	5.9	3.0	2.5	
Real unit labour costs (y-o-y)	2.3	1.8	-6.2	-5.2	0.6	0.6	0.4	6.1	3.4	-0.1	-0.5	
Real effective exchange rate (ULC, y-o-y)	7.8	1.1	-6.0	-2.0	-1.0	4.3	2.1	5.0	5.2	2.0	0.6	
Real effective exchange rate (HICP, y-o-y)	2.9	2.0	-3.7	1.0	-0.8	2.9	2.6	0.8	1.6	-2.0	.	
Tax rate for a single person earning the average wage (%)	19.4	18.6	19.4	19.6	19.9	19.5	19.6	18.4	.	.	.	
Tax rate for a single person earning 50% of the average wage (%)	15.0*	14.8	15.5	15.9	16.6	16.4	16.7	15.6	.	.	.	
Total Financial sector liabilities, non-consolidated (y-o-y)	25.4	-6.8	-2.6	-1.5	6.2	10.2	9.0	5.7	.	.	.	
Tier 1 ratio (%) (2)	20.9	20.0	16.8	18.7	17.9	19.3	20.4	
Return on equity (%) (3)	.	-0.5	7.5	-4.0	6.5	15.3	13.1	13.1	.	.	.	
Gross non-performing debt (% of total debt instruments and total loans and advances) (4)	.	8.9	9.3	4.5	3.0	1.9	2.6	1.9	.	.	.	
Unemployment rate	6.8	13.5	16.7	12.3	10.0	8.6	7.4	6.2	6.9	7.9	8.7	
Long-term unemployment rate (% of active population)	3.3	3.7	7.6	7.1	5.5	3.8	3.3	2.4	.	.	.	
Youth unemployment rate (% of active population in the same age group)	14.6	27.4	32.9	22.4	20.9	18.7	15.0	13.1	.	.	.	
Activity rate (15-64 year-olds)	72.3	74.0	73.9	74.7	74.8	75.1	75.2	76.7	.	.	.	
People at risk of poverty or social exclusion (% total population)	23.6	23.4	21.7	23.1	23.4	23.5	26.0	24.2	.	.	.	
Persons living in households with very low work intensity (% of total population aged below 60)	7.6	5.6	9.0	10.0	9.1	8.4	7.6	6.6	.	.	.	
General government balance (% of GDP)	1.3	-2.2	0.2	1.2	-0.3	-0.2	0.7	0.1	0.1	-0.5	-0.2	
Tax-to-GDP ratio (%)	31.0	35.1	33.5	31.7	31.9	31.9	32.8	34.1	34.8	34.9	34.9	
Structural budget balance (% of GDP)	.	.	0.1	0.0	-0.1	-0.6	-0.1	-0.1	0.2	-0.4	-0.2	
General government gross debt (% of GDP)	4.4	7.0	6.6	5.9	9.7	10.2	10.7	10.1	9.9	10.1	10.0	

(1) Sum of portfolio debt instruments, other investment and reserve assets.

(2,3) domestic banking groups and stand-alone banks.

(4) domestic banking groups and stand-alone banks, EU and non-EU foreign-controlled subsidiaries and EU and non-EU foreign-controlled branches.

(*) Indicates BPM5 and/or ESA95.

Source: European Commission, European Central Bank

2. PROGRESS WITH COUNTRY-SPECIFIC RECOMMENDATIONS

Progress with implementing the recommendations addressed to Estonia in 2016 has to be seen as part of a process which started with the introduction of the European Semester in 2011.

Estonia has achieved some progress on stabilising its labour supply. Since 2012, the country has been able to increase incentives to work, leading to a marked increase in labour market participation. In the context of local government reform, for which a country-specific recommendation was already in place in 2012, minimum requirements have been set for social services. These should result in higher quality services at local level and higher efficiency in implementing active labour market policies. In parallel, the merging of municipalities is continuing, which is expected to lead to economies of scale and efficiency gains. Progress has been slower on the gender pay gap, for which a country-specific recommendation exists since 2015. However, some progress has been made on the accessibility of childcare places and facilities. On the relevance of education and training systems (a challenge already identified in 2011), some progress has been made on vocational education and training. However, the fall in working-age population has only just started and may result in a tight labour market over several years.

Estonia has made some progress on R&D investment. Estonia has adopted and started implementing its R&D and innovation strategy and its entrepreneurship growth strategy, which together comprise its framework for cooperation between businesses and academia and for smart specialisation. Nevertheless, the Estonian research and innovation ecosystem remains fragile and faces persistent key challenges: low private investment in R&D, insufficient cooperation between businesses and academia, lack of an ongoing entrepreneurial discovery process, low efficiency of public R&D spending and shortage of skills.

Estonia has made some progress on energy efficiency. Between 2012 and 2014, substantial progress was made on major legislative initiatives aiming to reduce energy intensity, mainly in private and public buildings. However, progress remains limited on energy intensity in transport,

especially as new vehicles purchased in Estonia remain the most environmentally unfriendly in the EU. Finally, despite progress, Estonia will likely remain the most carbon-intensive economy in the EU, and keep one of the highest carbon intensity in energy use.

Overall, Estonia has made some progress in addressing the 2016 country-specific recommendations. Under **CSR 1**, some progress has been registered on adopting and implementing the local government reform and on ensuring the provision and accessibility of high-quality social services at local level. Specific examples of progress include: (i) adoption of the Administrative Reform Act in July 2016; (ii) successful completion of the voluntary phase of the merger of local municipalities in December 2016; (iii) ongoing implementation of the Social Welfare Act. Limited progress has been made on reducing the gender pay gap.

Under **CSR 2**, some progress has been made on promoting private investment in R&D and strengthening cooperation between business and academia. Notably, public research bodies have been given incentives to establish research contracts with businesses.

Table 2.1: Summary table on 2016 CSRs assessment

Estonia	Overall assessment of progress with 2016 CSRs: Some
CSR 1: <i>Ensure the provision and accessibility of high-quality public services, especially social services, at local level, inter alia by adopting and implementing the proposed local government reform. Adopt and implement measures to narrow the gender pay gap, including those foreseen in the Welfare Plan</i>	<p>Some progress</p> <ul style="list-style-type: none"> • Some progress in ensuring the provision and accessibility of high-quality social services at local level • Some progress in adopting and implementing the local government reform • Limited progress in reducing the gender pay gap
CSR 2: <i>Promote private investment in research, development and innovation, including by strengthening cooperation between academia and businesses</i>	<p>Some progress</p> <ul style="list-style-type: none"> • Some progress in promoting private investment in research, development and innovation • Some progress in strengthening cooperation between academia and businesses

Source: European Commission

Box 2.1: Contribution of the EU Budget to structural change in Estonia

Estonia is a major beneficiary of the European Structural and Investment Funds (ESI Funds) with an allocation up to EUR 4.5 billion till 2020. This is equivalent to 2.8% of GDP (over 2014-2017) and 47% of the expected national public investment¹. By 31 December 2016, an estimated EUR 1.8 billion, which represents about 40 % of the total allocation for ESI Funds, have already been allocated to concrete projects. Compared with 2007-2013 the use of financial instrument is planned to increase by 43%.

Financing under the European Fund for Strategic Investments, Horizon 2020, the Connecting Europe Facility and other directly managed EU funds is additional to the ESI Funds. By end 2016, Estonia has signed agreements for EUR 204 million for projects under the Connecting Europe Facility. The EIB Group approved financing under EFSI amounts to EUR 95 million, which is expected to trigger nearly EUR 628 million in total investments (as of end 2016)

ESI Funds helped progress on a number of structural reforms in 2015 and 2016 via **ex-ante conditionalities² and targeted investment**. Examples include the mapping of the healthcare infrastructure investment needs which has helped to re-launch investment and enhances the cost-effectiveness of and access to health care systems; the development of transport investment plans which have facilitated the development of mature road and railway projects; and revision and implementation of the OECD Public Governance review action plan, contributing to the on-going state reform (see section 3.6). These reforms have prepared the ground for better implementation of public investment projects in general, including those financed from national sources and from the other EU instruments mentioned above. Estonia has reported the completion of all ex ante conditionalities, except for the national climate change adaptation strategy (adoption planned in spring 2017). Administrative reform support is available through targeted financing under the European Social Fund, advice from the Structural Reform Support Service and, indirectly, through technical assistance.

The relevant CSRs focusing on structural issues were taken into account when designing the 2014-2020 programmes, such as prioritisation and specialisation in research and innovation systems and enhancing cooperation between businesses and academia (a programming target being to increase private sector R&D expenditure up to 2% of the GDP by 2023). Public services quality at local level, including via local government reform, is also being improved. The Work Ability Reform is expected to bring an estimated 15000 currently unemployed or inactive persons, with reduced work ability, to employment by 2020 (see sections 3.2.1 and box 3.5.1).

In addition to the challenges identified in past CSRs, **ESI Funds address wider structural obstacles to growth and competitiveness**. These include ensuring access to high-speed internet for the whole population, investment in sustainable transport with the aim of doubling the number of train passengers per year (from 4.2m in 2013 to 8.4m in 2023) and increasing the share of public transport users to 50% by 2023 (42.8% in 2015), as well as helping to improve the labour market

¹ National public investment is defined as gross capital formation + investment grants + national expenditure on agriculture and fisheries

² At the adoption of programmes, Member States are required to comply with a number of ex-ante conditionalities. For Members States that do not fulfil all the EACs by the end 2016, the Commission has the possibility to propose the temporary suspension of all or part of interim payments. The analysis of the fulfilment of the EACs will be finalised in the course of 2017.

(Continued on the next page)

Box (continued)

relevance of education and training systems and reforming the general education school network.

<https://cohesiondata.ec.europa.eu/countries/EE>

3. REFORM PRIORITIES

3.1. PUBLIC FINANCES AND TAXATION

3.1.1. FISCAL FRAMEWORK

Estonia's public finances are sound with a very low public debt and a general government fiscal position in surplus. The fiscal framework has been strengthened by the State Budget Act that entered into force on 23 March 2014, establishing the Fiscal Council and making the long-standing commitment to prudent budgeting part of the law.

Estonia's fiscal framework relies on the structural balanced budget rule, but it does not make use of binding multi-annual expenditure targets or expenditure rules, which may limit the counter-cyclicality of the fiscal framework. The cornerstone of Estonia's medium-term fiscal planning is the balanced budget rule in structural terms. By contrast, expenditure rules and binding expenditure targets are underused. The difficulties in establishing precisely the real-time cyclical position in a very open small economy like Estonia may, however, create uncertainty and limit the counter-cyclical properties of the fiscal framework.

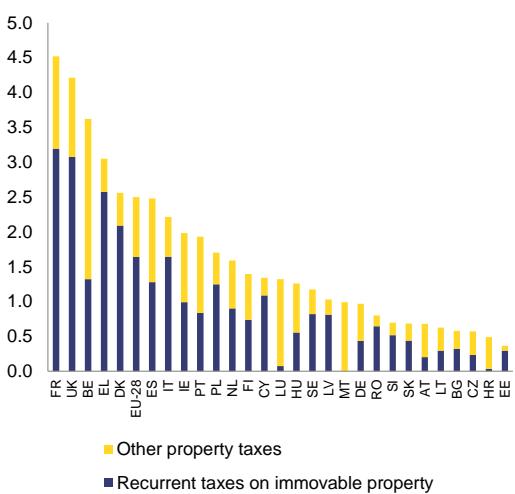
An independent Fiscal Council is fully operational, but practical experience has revealed some procedural shortcomings in the current operational setup. The mandate of the Fiscal Council is to assess the economic forecasts that serve as a base for Estonian fiscal policy and to observe whether the national fiscal rules are followed. In its September 2016 opinion, the Fiscal Council pointed to a procedural issue in the assessment of the forecasts: the current operational setup does not ensure that the Fiscal Council's opinion reaches the government before it approves the draft budget for the next year. This was notably the case with the 2017 draft budget, due to some delays in the usual state budget preparation schedule.

3.1.2. TAXATION FRAMEWORK

In 2016, Estonia's tax revenue is projected to be 34.0 % of GDP (33.7 % in 2015), well below the 40 % average for the EU-28. The tax system is relatively growth-friendly, with indirect taxes

above the EU-28 average and labour taxes below the average. The corporate income tax system is investment-friendly as companies benefit from a complete deferral of tax obligations until the profits are distributed. The new government plans to introduce a reduced rate — 14 % vs the standard 20 % — for companies that distribute profits regularly.

Graph 3.1.1: Tax revenues from property taxes as percentage of GDP (2014)



(1) Data does not include personal income tax on imputed rents.

(2) There is no recurrent real estate tax in Malta.

Source: European Commission (2016a)

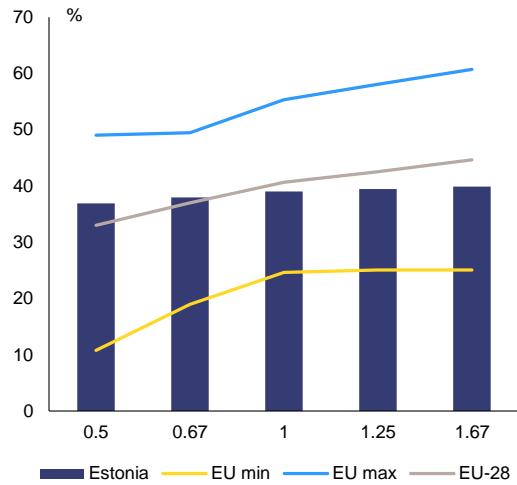
The Estonian tax system regularly ranks high on the competitiveness index (Tax Foundation, 2016) and performs well on measures of tax administration efficiency. In 2014, it took 81 hours a year for a medium-sized company to comply with tax obligations, which is the second lowest indicator in the EU-28 (World Bank, 2016). In 2013, the administrative costs of tax authorities amounted to 0.4 % of tax collected, again the second lowest in the EU-28. Over recent years, Estonia has introduced a number of measures to increase compliance, such as an employment register and additional reporting obligations for VAT. These were described in more detail in the 2016 Country Report. In 2014, the VAT gap stood at 10 % of the VAT total tax liability, down by over a third from the year before and below the

EU-27 average of 14 % (European Commission, 2016b).

Estonia continues to pursue a policy of shifting its tax burden away from labour and the government is taking measures to reduce the tax wedge on low-income earners to improve work incentives. In 2015, the income tax rate was lowered by 1 pp. to 20 %, unemployment insurance tax was reduced from 3 % to 2.4 % and the tax free allowance was increased. However, the previous government's reduction of social security tax by 1 pp. by 2018 was repealed and the social security tax will remain at 33 %. Due to the flat personal income tax system and relatively low tax free allowance, the tax wedge on low-income earners in Estonia is above the EU average, while it is below the EU average for high income earners (see Graph 3.3.3).

To further reduce the tax wedge on low-income earners, the government plans to raise the tax free allowance to EUR 500 per month by 2018 from EUR 170 per month in 2016. The tax free allowance for people earning more than the average salary will decrease gradually and reach zero once a person's salary exceeds EUR 2 100 per month, adding an element of progressivity to Estonia's income tax system. As a result, the tax wedge for a single earner with no children earning 50 % of the average wage is expected to decrease to around 30 % from 37 % in 2015. The government plans to abolish the refund scheme that was introduced in 2016 targeting low-income earners as the increase in the tax free allowance makes this mechanism redundant.

Graph 3.1.2: Tax wedge on single earners, various income levels (2015)



Source: European Commission on OECD Tax-benefit models

Estonia underuses tax categories like recurrent property taxes and transport taxes, which are among the least detrimental to economic growth. Total revenue from property taxes stood at 0.4 % of GDP in 2014. This was the second lowest in the EU and considerably lower than the EU-28 average of 2.5 %. In 2014, environmental taxes were above the EU-28 average. Most environmental taxes came from taxes on energy. By contrast, transport taxes were the lowest in the EU-28, accounting for 0.17 % of total tax revenue. Estonia does not have any vehicle taxation apart from a circulation tax for heavy goods vehicles. However, there are concrete plans to introduce a time-based road charging scheme for heavy goods vehicles and discussions are ongoing on the possibility of introducing a CO₂ emission-based car registration tax (see Section 3

3.2. FINANCIAL SECTOR

3.2.1. BANKING SECTOR

Credit growth is strong in Estonia, opening up the prospect of a future funding gap. Average private-sector loan growth reached 10.1 % in November 2016. Apart from a considerable rise of lending to households and non-financial corporations (NFCs), the increase was driven by the surge in loans to financial intermediaries, in particular car leasing companies. The growth in car leases was stimulated by rising household incomes, demand for new cars in light of the relatively old vehicle stock as well as by low interest rates (Bank of Estonia, 2016). At the same time, private sector deposits increased 9.3 % y-o-y. The financial sector has not felt funding constraints, but, if the trends continue, local deposits may prove insufficient to cover the future credit expansion. Loans from foreign parent banks are so far filling in the gap.

Financial soundness indicators suggest that the banking sector is stable. Banks were well capitalised, with an average Tier 1 ratio of 34.3 % in mid-2016, the highest level in the EU (Table 3.2.1). The quality of bank assets remains good. The average ratio of non-performing loans (NPLs) decreased from 2.6 % in 2014 to 1.8 % in 2016. Loan-loss provisions covered 58 % of outstanding NPLs, a level above the euro area average (49 %). The share of non-resident deposits, which accounts for about 11 % of total deposits in the banking system, has slightly diminished, thus reducing the banking sector's exposure to volatility risks. Since 2011, the banking sector has been highly profitable. In 2015, both the return on equity (6.8 %) and on assets (1.1 %) were far above their euro area averages (4.4 % and 0.3 % respectively).

Specific external risks stem from the dominant position of Nordic financial groups in Estonia. Potential financial stress in the Swedish banking system, e.g. caused by a correction in housing prices, could have an indirect adverse impact on Estonia (Bank of Estonia, 2016)⁽⁵⁾.

⁽⁵⁾ For an analysis of potential financial spill-overs in the Baltic-Nordic region, see the 2016 Country Report for Sweden (European Commission, 2016c).

Table 3.2.1: Financial soundness indicators – All banks in Estonia

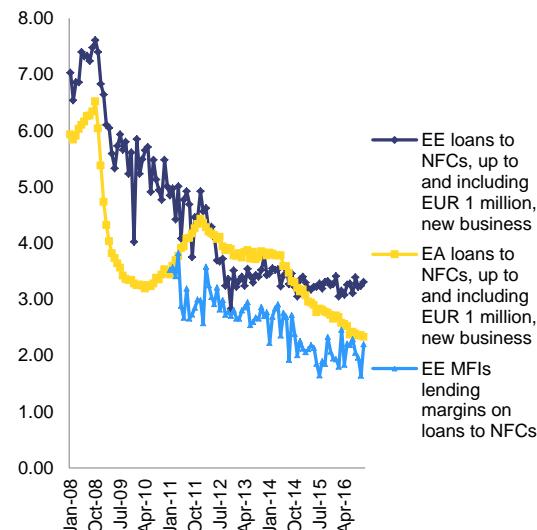
(%)	2010	2011	2012	2013	2014	2015	2016Q2
Non-performing loans	9.3	4.5	3.0	1.9	2.6	1.9	1.8
Coverage ratio	85.0	53.4	75.0	75.3	43.9	52.2	57.7
Loan to deposit ratio*	162.8	144.5	134.4	128.9	124.0	122.1	123.5
Tier 1 ratio	12.7	18.5	22.8	22.7	41.3	34.9	34.3
Return on equity	3.6	22.9	11.7	10.7	9.7	6.8	-
Return on assets	0.4	3.1	2.0	1.8	1.6	1.1	-

(1) ECB aggregated balance sheet; loans excl. to gov. and MFI / deposits excl. from gov. and MFIs.

Source: ECB CBD

The cost of credit for Estonian companies remained relatively high, despite falling interest rates in the euro area (Graph 3.2.1). While the average interest on corporate loans in the euro area was falling until end-2016, in Estonia both the interest charged and the margins were unchanged.

Graph 3.2.1: Credit cost for firms



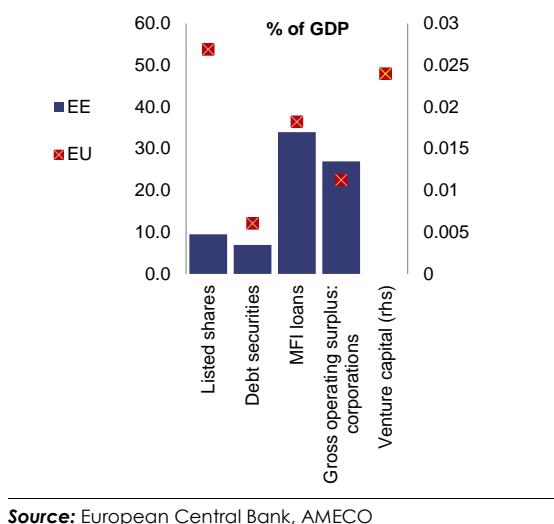
Source: European Central Bank

The relatively high cost of credit might be linked to the high degree of concentration of the Estonian banking sector. With four dominant banks sharing a relatively small market, the level of competition is rather low.

The Estonian capital market has substantial development potential. Equity, debt securities and venture capital may complement bank loans as a source of funding for companies. Currently, however, banks still play a dominant role. The total loans stock is equivalent to 34 % of GDP (Graph 3.2.2). Funds raised by companies on the stock market amount to 9.5 % of GDP. The equity

market is shallow when measured in terms of local capitalisation, but the stock exchange is fully integrated into the Nordic OMX-Nasdaq group, giving it a higher development potential. The role of corporate bond issuing is relatively high compared to the other Baltic markets. The outstanding stock of corporate bonds amounted to 6.9 % of GDP, a little below the EU average. The annual gross operating surplus of Estonian companies is higher than on average in the EU, suggesting that companies have the potential to finance investment from their retained profits. However, profits are declining, limiting investment in riskier or intangible assets (see Section 3.4).

Graph 3.2.2: Funding of non-financial corporations (2015)



3.2.2. ACCESS TO FINANCE

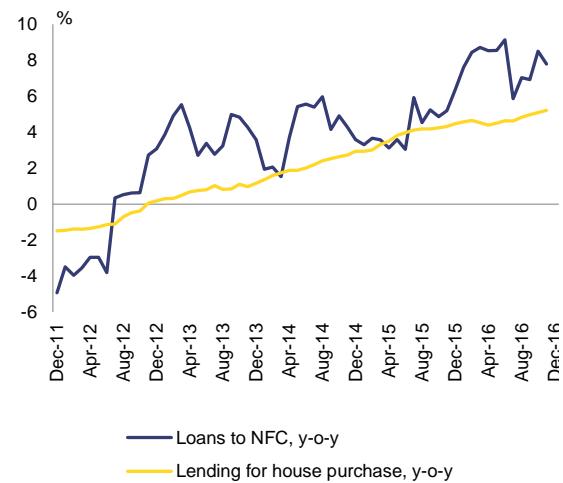
Access to finance in Estonia remains good, but the proportion of the SMEs seeking external financing is below the EU average⁽⁶⁾. According to the European Commission's Small Business Act factsheet for Estonia, the country is among the best performers in the EU on access to finance, with a steady improvement trend since 2008. Collateral requirements and guarantees are still considered a problem by smaller and newly created companies.

⁽⁶⁾ According to the SAFE survey 2016, 74 % of Estonian SMEs find debt financing an accessible option while for the EU average the share is 85 %. Debt financing includes credit line, bank overdraft or credit cards overdraft + leasing or hire-purchase + factoring + trade credit + bank loan + other loan + grants or subsidised bank loan + debt securities issued.

However, the Estonian Government is addressing this issue by providing additional loan guarantees through KredEx. At the end of 2015, KredEx raised the maximum amount that can be guaranteed to EUR 5 million.

Estonia is a leading EU Member State in venture capital investments (0.136 % of GDP)⁽⁷⁾, despite a deteriorating performance. In 2016, to support start-ups in the country, a new Fund of Funds, EstFund, was launched by the Ministry of Economic Affairs and Communications, KredEx and the European Investment Fund. It will invest EUR 60 million from the European Regional Development Fund and the European Fund for Strategic Investments, and plans to attract an additional EUR 40 million from private investors. It will complement the Baltic Innovation Fund by providing smaller equity investments, mainly to earlier stage innovative companies with high-growth potential.

Graph 3.2.3: Lending trends - To non-financial corporations (NFC) and for house purchases



3.2.3. HOUSING MARKET

Risks stemming from the housing market persist, but can be considered as contained. Lending growth for house purchases increased (see

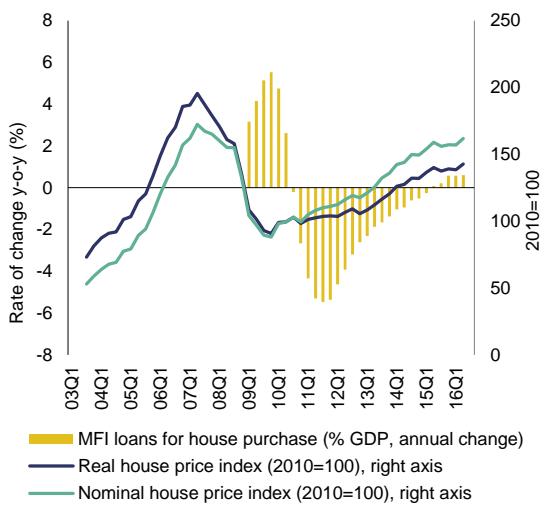
⁽⁷⁾ The definition of Venture capital investments is based on market statistics. Three-year averages have been used to reduce volatility. Venture capital statistics are obtained directly from Invest Europe (European Commission, 2016d).

Graph 3.2.3) but remained moderate as a share of GDP (see Graph 3.2.4), while house price increases have slowed in 2016, as supply caught up with demand.

Mortgage borrowing is controlled by the macro-prudential measures adopted by Estonia's central bank. The measures were tightened in 2015⁽⁸⁾, but since then the central bank has kept them stable.

The new government's programme includes reducing mortgage debt incentives for households, notably through a substantial reduction in the possibility to deduct mortgage interest from tax bills. The income tax deductibility ceiling is set to decrease from EUR 1 200 per year to EUR 300.

Graph 3.2.4: Changes in the house price index and commercial loans for house purchase - Estonia



(1) MFIs: monetary financial institutions.

Source: Eurostat, ECB, European Commission.

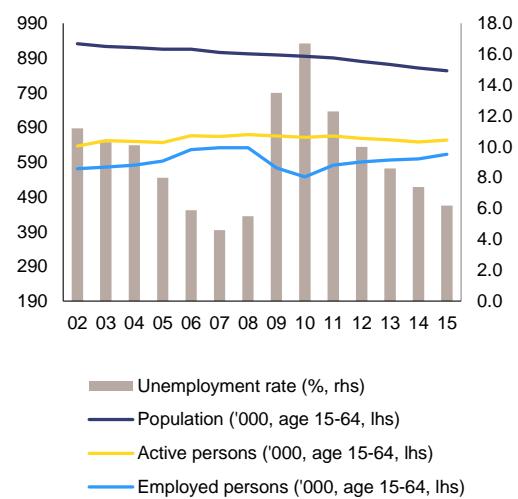
⁽⁸⁾ For analysis of the macro-prudential measures, see European Commission (2016e).

3.3. LABOUR MARKET, EDUCATION AND SOCIAL POLICIES

3.3.1. LABOUR MARKET CHALLENGES

Estonia has one of the best performing labour markets in the EU. Activity and employment rates are above the EU average and rising. At the same time, the unemployment rate (including the long-term and youth unemployment rate) and the number of people not in education, employment or training (NEET) rate are below the EU average and continue to decrease. For high-skilled workers, unemployment was as low as 5.3 % in Q3-2016. Recently, the rising activity rate among the elderly has helped to boost labour supply. However, as the 'Work Ability' reform aims to entice retirees back to the labour market (see below), the workforce is expected to grow faster than employment over the coming years. As a result, unemployment is projected to increase from about 6.8% in 2016 to above 8.0% in 2018.

Graph 3.3.1: Tightening of the workforce



Source: Eurostat

The main challenges stem from the declining working-age population, mostly due to negative natural change (see Graph 3.3.1). Negative net migration was a contributing factor over the past decade, but has now reversed, likely due to rising wages, less employment opportunities in Finland and more at home. In 2016, 13.6 % of employers in industry reported that a shortage of labour is constraining their business⁽⁹⁾. Reflecting the tightening labour supply, strong wage pressures

⁽⁹⁾ Based on European Business Survey data, available through Eurostat, variable ei_bsin_q_r2. The corresponding EU average stood at 10.6 %.

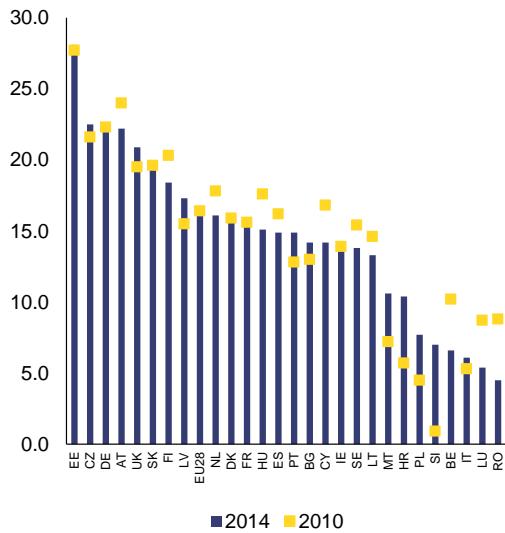
have built up (see Section 3.4 for additional analysis).

The 'Work Ability' reform

The 'Work Ability' reform, which took effect in January 2016, is expected to bring a significant number of people on work-incapacity pensions back to the labour market. The reform offers targeted activation support services for individuals with reduced work ability (European Commission, 2016e). The methodology for assessing the ability to work has been changed, the benefits scheme has been revised, and entitlements to allowances have been made more conditional on people who still have some ability to work actually searching for a job. Individuals with reduced ability to work are making extensive use of active labour market policies. Between January and December 2016, the share of individuals with reduced ability to work among the unemployed rose from 12.8 % to 18.7 %. As of 1 January 2017, all beneficiaries under the old incapacity pension scheme will have their ability to work reassessed under the new Work Ability Allowance Act.

Gender pay gap and employment of young mothers

While Estonia has one of the highest employment rates of women across the EU, it also has the highest gender pay gap in the EU. Data from the Structure of Earnings survey show that between 2010 and 2014, the unadjusted gender pay gap slightly increased from 27.7 % to 28.1 % (see Graph 3.3.2). The high gap in wages between men and women is driven to a large extent by sectoral and occupational segregation, but a large proportion of the difference in wages remains unexplained by observable factors (European Commission, 2016e, p. 42-43). The government is taking several actions to address this challenge, and additional measures are currently under discussion.

Graph 3.3.2: Gender pay gap in unadjusted form

Note: The gender pay gap is calculated as the difference between the average gross hourly wages of male and female paid employees, as a % of wages of male employees. Data are based on data from the Structure of Earnings data and cover the Industry, construction and services sector (exc. public administration, defence and social security) and excludes workers from companies with less than 10 employees.

Source: Eurostat

The 2016-2023 welfare development plan, which also covers gender equality, was adopted in June 2016 and is now being implemented. One out of the plan's four main areas is gender equality and the aim to ensure equal rights, responsibilities and opportunities for men and women in all areas of society. Measures are planned to: (i) improve the gender balance among teachers; (ii) tackle gender stereotypes at school in career counselling and entrepreneurship studies; and (iii) raise awareness among entrepreneurs and through media channels. A guidance note to help using transparent and objective criteria for assessing and comparing work is being finalised and a study on gender equality monitoring is also under way. In addition, changes to the Gender Equality Act are being discussed. These would give the Labour Inspectorate the task of monitoring gender equality in the private sector more closely, including by collecting gender-disaggregated wage data. The Labour Inspectorate would also offer training on how to address the gender pay gap and disseminate wage gap information publicly. The amendment is planned to be submitted to the government in spring 2017 and will come into force by 2018 at the earliest.

Changes to the parental leave system are currently under discussion. Since 2016, the parental leave system comes under the Family Benefits Act, which consolidates all previous legislation on family benefits. The parental leave system in Estonia is generous compared to other countries, entitling parents to 18 months of leave at full wage replacement rates and giving them the right to return to their old job until their child's third birthday. These long parental leaves, which are almost always fully taken up by women, contribute to gender pay gaps⁽¹⁰⁾. The Ministry of Social Affairs has ordered an analysis of the system, involving social partners and relevant stakeholders. In February, the government discussed the analysis and proposals on making one part of the parental leave entitlement flexible and divide the other part between parents, on a non-transferable basis, and will continue discussions in March. These proposals would support the participation of women in the labour market and the sharing of child-raising duties between parents.

Measures being considered by the Estonian authorities in order to improve access to childcare and long-term care may boost the labour supply of women and mitigate the gender pay gap. Labour force survey data indicate that around 3.8 % of the population aged 20-64 is inactive because they are taking care of children or incapacitated adults. This is the sixth highest level in the EU, after the UK, Slovakia, the Czech Republic, Ireland and Hungary. As these responsibilities usually fall on women, they may contribute to gender inequalities in the labour market. Access to long-term care is still weak in Estonia, more particularly due to a shortage of staff, especially nurses, in rural areas. At the same time, institutional long-term care is too expensive and does not include provision for services on demand. The 2016-2023 welfare development plan includes a number of measures to relieve this care burden. The task force on analysing long-term care burden is expected to prepare policy guidelines and solutions by the end of 2017. Provision shortages have still been signalled in childcare for 0-3 year-olds. However, provision of childcare is

⁽¹⁰⁾ Estonia has a very significant impact of parenthood on employment among women (-22.1 percentage points for mothers of one child under 6 compared to women without children, whereas the EU average is -8.6 percentage points).

improving, there are 400 vacancies in Tallinn, including for 1.5-3 year olds.⁽¹¹⁾ The European Regional Development Fund is used to create up to 2 300 new childcare places in bigger cities and suburbs and the European Social Fund to finance support person services, various care services and transportation services of disabled children and adult people in 2015-2020.

Pension reform and labour supply

In recent years, the employment rate of older people has increased substantially, reflecting also the gradual rise in the statutory pension age. The previous government agreed to link the official retirement age to life expectancy as of 2027⁽¹²⁾ and to abolish special pensions for members of the defence forces, prosecutors, police and border guard officials and retirement regimes for workers in arduous or hazardous jobs. The employment rate of workers in the age group 55-64 increased from 53.8 % in 2010 to 64.5 % in 2015 and is now among the highest in the EU. Employment rates for older female workers are particularly high compared with the EU average. High employment rates of individuals past retirement age may also be motivated by financial reasons. There are some plans to raise pension adequacy (see Section 3.3.3).

3.3.2. EDUCATION AND SKILLS

Performance in basic skills remains one of the highest in the EU and worldwide. The 2015 OECD Programme for International Student Assessment (PISA) shows that among EU countries Estonia has the lowest proportion of low achievers in mathematics (11 %) and science (9 %) and the second lowest in reading (11 %). However, the proportion has slightly increased in all three tested subjects since 2012. Gender gaps and the impact of socioeconomic status on performance are one of the lowest in the EU, indicating that the education system is equitable at this level. The average scores obtained by Estonian students are some of the highest in the world, and the share of high performing students increased in reading (11 %) and science (13.5 %). These show the high

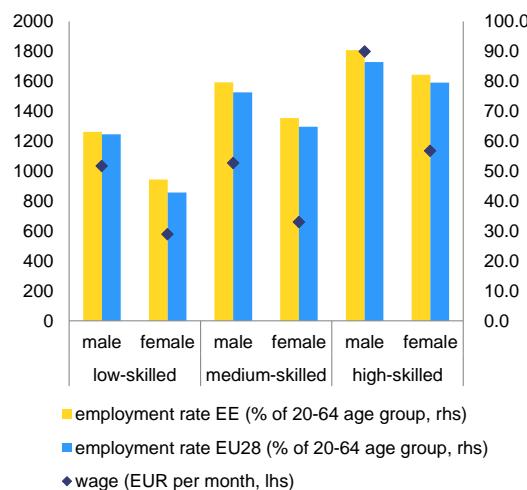
⁽¹¹⁾ <https://info.haridus.ee/Asutused/Nimekiri/LF>

⁽¹²⁾ The retirement age is already due to rise gradually to 65 in 2026 from 63 currently.

quality of the Estonian basic education system. However, the gap between Estonian and Russian-medium schools remains important.

Reducing early school leaving remains a challenge in the context of the increasing demand for high-skilled workers. The share of early school leavers was 11.2 % in 2015 and is around the EU average, but above Estonia's 2020 target (9.5 %). The figure masks significant differences between rural and urban areas and remains significantly higher for men than for women (13.2 % vs 9 % in 2015). Drop-outs are particularly a problem in the first year of upper secondary vocational educational training (VET) (22.4 % in 2016), but it is on a decreasing trend. Contributing factors are insufficient counselling and alternative labour market opportunities. Authorities are financing 16 projects totalling EUR 2.6 million (0.01 % of GDP) to increase the number of early school leavers returning to education.

Graph 3.3.3: Labour market outcomes by skills level and by gender



(1) Wages are measured as gross monthly fulltime equivalent wages, based on self-reported data. They mostly refer to 2013 incomes (latest available data). Employment rates refer to 2015 (latest available annual data).

Source: Eurostat – Labour Force Survey data - 2015

Despite recent improvements, vocational education and training remains relatively unattractive. Estonian authorities aim for a 35 %-65 % share of basic school graduates pursuing VET as opposed to general secondary education. In practice, the ratio remains around 27 %-73 %. There was some progress on implementing

measures to raise the proportion of VET students in apprenticeships⁽¹³⁾). The drop-outs of students enrolled in apprenticeship programmes show improvement, having dropped from 31.4 % in 2010/11 to 21.4 % in 2015/16 (the lowest point in six years).

Part of this lack of attractiveness may stem from the fact that VET skills at the upper secondary level are not strongly rewarded in the labour market. While employment rates in Estonia are strongly correlated with qualification levels, this correlation is not observed in wages: low- and medium-skilled workers obtain similar wages, whereas high-skilled workers earn around 70 % more (see Graph 3.3.3)(¹⁴).

To mitigate skills shortages, the government is taking measures to strengthen the higher education funding model. The level of tertiary attainment (ages 30-34) exceeds the EU average (45.3 % in 2015 compared to 38.7 %), but the gender gap remains significant, with 56.7 % of women obtaining tertiary education compared to 34.5 % for men. However, the high drop-out rate from Bachelor's programmes is a challenge. The government revised the tertiary education funding model to improve stability of funding and improve performance-based indicators.

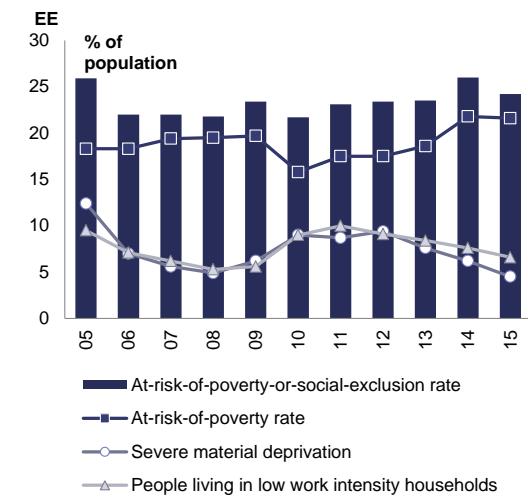
A public system for monitoring and forecasting labour market needs and skills (OSKA) is being developed to improve the labour market relevance of education. Overall, employability of recent tertiary education graduates (86.1 % in 2015) and upper secondary VET graduates (83.5 %) is above the 2015 EU averages of 81.9 % and 73 % respectively. Nonetheless, OSKA identified shortages in certain fields and pointed to the need to update skills to meet the changing labour market demands. This is the first time different Estonian economic sectors are being systematically analysed using the same methodology. The aim is to stimulate discussion on how the sectors and skills needed in these sectors are expected to change in the next 10 years.

⁽¹³⁾ The number of participants almost doubled to over 1 200 in 2016 and the number of educational establishments that offer the training is higher than ever before.

⁽¹⁴⁾ Other sources, based on recent graduate figures, point to a ratio of only 50 % (Estonian Ministry of Education and Research).

To address skills shortages, Parliament eased existing restrictions on economic immigration in December 2016. The wage requirement has been lowered to the level of the average wage for certain categories of workers. An important step from the perspective of Estonia's IT sector was taken already in May 2016, when ICT sector specialists were excluded from the immigration quota.

Graph 3.3.4: At-risk-of-poverty or social exclusion rate and its components (AROP, SMD, LWI)



AROPE: At-risk-of-poverty or social exclusion rate (% of total population). People who are at-risk-of-poverty (AROP) and/or suffering from severe material deprivation (SMD) and/or living in household with zero or very low work intensity (LWI). AROP: At-risk-of-poverty rate (% of total population). People who experience at least 4 out of 9 deprivations: people cannot afford to i) pay their rent or utility bills, ii) keep their home adequately warm, iii) face unexpected expenses, iv) eat meat, fish, or a protein equivalent every second day, v) enjoy a week or holiday away from home once a year, vi) have a car, vii) have a washing machine, viii) have a colour tv set, or ix) have a telephone. LWI: People in low work intensity households (% of population 0-59). People living in households where the adults (excluding dependent children) work less than 20% of their total work-time potential during the previous 12 months. AROPE, AROP: previous year income, SMD: current year, JLH: previous year. Source: Eurostat, EU-SILC

3.3.3. SOCIAL POLICY (POVERTY, SOCIAL ASPECTS OF SOCIAL SECURITY SYSTEMS)

In 2015, the at-risk-of-poverty-or-social-exclusion (AROPE) rate in Estonia stood at 24.2 %, down from 26 % in 2014 but still slightly above the EU average (see Graph 3.3.4). The severe material deprivation rate declined from 6.2 to 4.5 %, significantly below the EU average.

The AROP rate is particularly high for people living on benefits (54.8 % for the unemployed, one of the highest figures in the EU in 2015, and 39.8 % for retired people above 65, also among the highest in the EU in 2015). However, the rate of in-work poverty (10.3 % for age group 18-64) is also above the EU average. The poverty reducing effect of social transfers fell sharply between 2010 and 2015, going from over 36 % in 2010 to just 22 % in 2015, one of the lowest figures in the EU.

The level of the unemployment benefits is comparatively low in Estonia (Langenbacher, 2015). These have two components: an earnings-related unemployment insurance benefit and a means-tested unemployment allowance funded from the state budget. The levels of both benefits are comparatively low. The minimum levels of the unemployment insurance benefits and the unemployment allowance are set 50% and 35% respectively of the minimum wage. From 2017 the daily rate of unemployment allowance is EUR 4.86, up from EUR 4.41 in 2016, and the rate for 31 days EUR 150.66, which is lower than the absolute poverty line.

Benefits under the minimum income scheme are low, but have increased recently. The subsistence benefit scheme provides a top-up to household income (after paying for housing costs) to reach a certain threshold meant to guarantee families or single people a certain minimum subsistence level. This threshold level was raised in 2016 from EUR 90 to EUR 130 for the first person in a household and for every child and has remained unchanged in 2017.

Child-related benefits have also recently increased. Estonia is unusual in that it shows higher poverty and material deprivation rates for households without children than for those with children. A possible explanation for this is that while spending on general social safety nets is very low in Estonia, spending on family benefits is more in line with that of other EU countries.

The at-risk-of-poverty (AROP) rate for the retired elderly (65+) has increased since 2010 and stood at 39.8 % in 2015, one of the highest rates in the EU. Severe material deprivation for this group stood at 5.7 % in 2015, down from 6.7 % in 2014 and slightly above the EU average of 5.1 %. At 70 %, the median replacement rate of

old-age pensions is among the lowest in the EU. With rapid wage growth witnessed over the past decades, previous wage levels are no longer in line with current living standards, even if pensions are regularly indexed. On 19th of January, the Government gave guidance for drafting a legislative package on increasing the adequacy of the pension system. It agreed to raising solidarity of the first pillar by making the benefit levels contingent on only contribution periods from 2037 (and not on previous wage levels) and by changing the pension index (e.g. by basing it 100% on social security budget growth and the number of pensioners from 2023). Furthermore, from 2017 an additional annual allowance of EUR 115 will be paid to pensioners who live alone.

Implementation has started of the Social Welfare Act, which governs the new minimum standards for social services provision. The possibility of centralised monitoring of local-level services (for example by the Social Insurance Board) is currently being discussed, with possible implementation as of 2018. The 2016-2020 action plan for the 2016-2023 welfare development plan contains measures to make social services more effective. Accessibility to social services has already been increased by ESF-funded projects that set joint provision of services between municipalities as a precondition for participation.

3.3.4. HEALTHCARE SYSTEM

Life expectancy, healthy life expectancy, preventable mortality and mortality from cardiovascular disease and cancer in Estonia are worse than the EU average⁽¹⁵⁾. The associated health problems impact adversely on the work ability and productivity of the population and on economic growth. Lifestyle factors are a major cause of these health problems. In response, Estonia's 2009-2020 national health plan puts major emphasis on health promotion and disease prevention.

⁽¹⁵⁾ In Estonia, life expectancy at birth in 2014 was 77.4 years compared to an EU average of 80.9. Preventable mortality in 2013 in Estonia was at 302 deaths per 100 000 inhabitants, with the EU average being 204. In 2014, mortality in Estonia due to diseases of the circulatory system was at 718 deaths per 100 000 inhabitants, as opposed to an EU average of 383.

Estonia faces challenges in achieving care integration, coupled with a shortage of nurses (World Bank, 2015 – OECD/EU, 2016). There are weaknesses in the coordination of care, sometimes leading to unnecessary hospitalisation and ambulatory specialist care, and reduced quality of patient care after a hospital stay. These are important aspects in the context of an ageing population with an increasing prevalence of non-communicable diseases. The authorities have started taking action, with their priority being to strengthen the capacity and coordination role of primary care. The 2016 national reform programme included the development of patient-centred integrated healthcare and social services. A pilot project has begun to develop an integrated model of social, primary care and county hospital services. The Estonian Health Insurance Fund has published indicators to measure the integration of treatment as part of the hospital network development plan. The new eHealth strategy also addresses the integration of health and social care services. However, Estonia faces a shortage of nurses, which can pose risks to the success of plans for care integration and management of chronic diseases⁽¹⁶⁾.

Unmet needs for medical examination due to waiting time continue to be the highest among all Member States. The percentage of people in Estonia who reported these unmet needs is 10.1 % of the population, versus an EU average of 1.1 %. Access difficulties exist in relation to specialised medical care, for instance in areas such as narrow surgical specialties, ophthalmology, rehabilitation and specialist paediatrics. Major reasons for the long waiting times are scarce financing affecting the capacity of the system, over-demand by patients and lack of mandatory referral from primary care for some specialties. Action by the authorities to improve the situation includes: enhancing collaboration between primary care, regional hospitals and county hospitals in ensuring availability of specialised medical care (with investments from the European Regional Development Fund); training and financial support to strengthen the healthcare workforce; taking advantage of eHealth services (more e-

consultations and e-referrals, and a central e-registration system for all public hospitals to be in place by 2017).

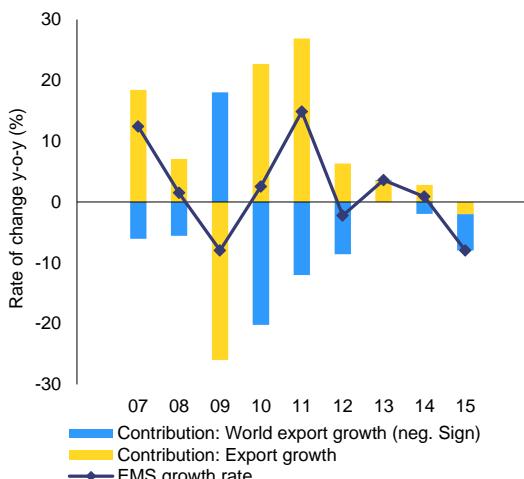
The health system is fiscally sustainable in the long run, but the adequacy of its financing is an issue of concern. In the medium to long term, healthcare spending is expected to increase by 0.6 pp. to 1.3 pp. of GDP by 2060, according to the 2015 Ageing Report's baseline and higher risk scenario respectively. These increases are lower than in other EU countries and show that the system in its current form is sustainable in purely fiscal terms. However, the need for care is set to increase in the context of an ageing population and a growing number of chronically ill people. For instance, the age-standardised prevalence of diabetes in Estonia's male population rose from around 6 % to approximately 8 % between 1980 and 2014 (WHO Diabetes country profiles 2016). The Estonian Health Insurance Fund has already been experiencing some budgetary deficits in recent years, which are for the time being covered by its reserves. Since the Fund is currently financed from social contributions, a projected increase in the share of financially non-contributing individuals due to population ageing could exhaust the Fund's reserves. These factors suggest that the financial resources of the health system may be too limited to provide sufficient care to the population. The government has started discussing options to expand the revenue base for healthcare financing.

⁽¹⁶⁾ With 566 practising nurses per 100 000 population, the figure for Estonia is below the EU average of 839. The ratio of nurses to doctors is 1.7, compared to an EU average of 2.5 (OECD/EU, 2016).

3.4. INVESTMENT

3.4.1. COMPETITIVENESS AND INVESTMENT

Graph 3.4.1: Export market share growth by value of goods and services

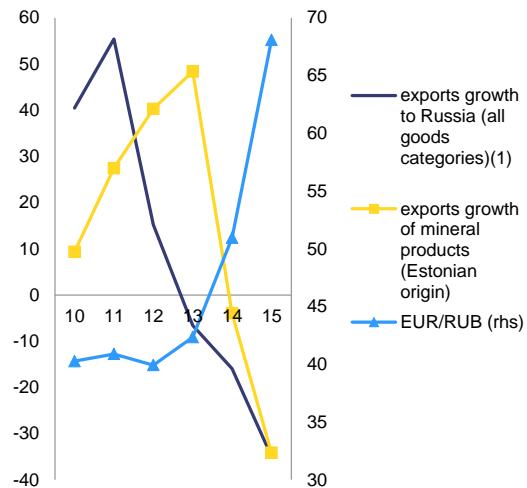


Source: European Commission

Market share developments

After falling in 2015, Estonia's exports recovered in 2016 and further improvements are expected going forward. The fall in exports in 2015 (Graph 3.4.1) took place against the background of two adverse factors: (i) Estonia's energy production based on oil shale suffered as global energy prices fell by around 40%; (ii) in parallel, a sharp depreciation of the Russian rouble in late 2014-early 2015 exacerbated the decline in exports to neighbouring Russia, which had been initiated by trade sanctions and countersanctions (Graph 3.4.2). In 2015, exports of goods to Russia dropped by 35%, even more than in the two previous years. Moreover, exports of services decreased by almost 22%, as transit trade with Russia further contracted. However, while both factors have been fading in importance, expansion to other markets already outweighs the weak trade with Russia. Consequently, the country's total exports are estimated to have grown by around 3.3% in 2016 and are expected to accelerate further in the medium term.

Graph 3.4.2: Estonia's exports of goods to Russia and exports of mineral fuels (y-o-y change in %) – euro/rouble exchange rate



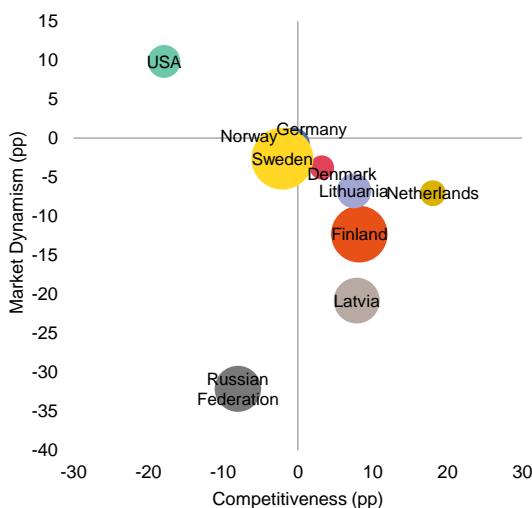
(1) * About 9% of Estonia's exports are directed to Russia.

Source: Statistics Estonia

Estonia maintained its overall competitiveness vis-à-vis western European trading partners, (Graph 3.4.3). In 2015, Estonia gained competitiveness towards Finland, Latvia, Lithuania, the Netherlands and Denmark. Conversely, it lost competitiveness towards Sweden and Norway, which underwent currency depreciation, although less severely than Russia.

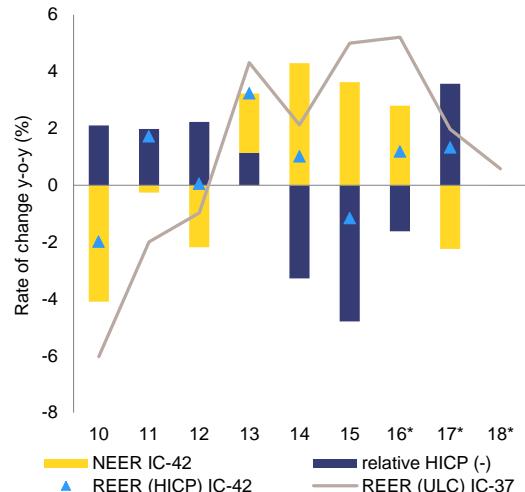
Despite some setbacks in Estonia's competitiveness, the impact of high wage growth on Estonia's exported value has been limited so far. Labour cost developments had a moderate impact on export growth from 2006 to 2014. Being a small and open country, Estonia's economy is rather an international price-taker and does not easily transfer its labour cost increases to foreign customers. In 2015, this was reflected in Estonia's stable terms of trade and in the large discrepancy between its real effective exchange rates (unit labour costs-based and harmonised index of consumer prices-based) in Graph 3.4.4. Estonian companies mostly internalise rapid wage increases, either by reducing profits, especially in the manufacturing sector, or by substituting capital for expensive labour. In this respect, the flexibility and mobility of Estonia's labour market constitute an advantage. Nevertheless, the evolution of Estonian companies' investments and profits needs to be monitored.

Graph 3.4.3: Dynamism and competitiveness of exports (goods) on top-10 country destinations (2014-2015) - Estonia



Source: COMTRADE data (HS 1992 commodity classification), European Commission calculations.

Graph 3.4.4: Breakdown of real effective exchange rate (REER), nominal effective exchange rate (NEER), relative harmonised index of consumer prices (HICP) - Estonia



(1) IC-42: towards 42 industrial countries, IC-37: towards 37 industrial countries.

Source: AMECO

Labour costs developments

In recent years, wages have increased at a rapid pace in Estonia. In 2015, the average salary increased by 6 % y-o-y. Wage growth was mostly driven by an increase in real compensation per employee, and is yet not backed up by commensurate productivity growth. As a consequence, real unit labour costs grew 6 % in 2015, the highest rate observed across EU Member States.

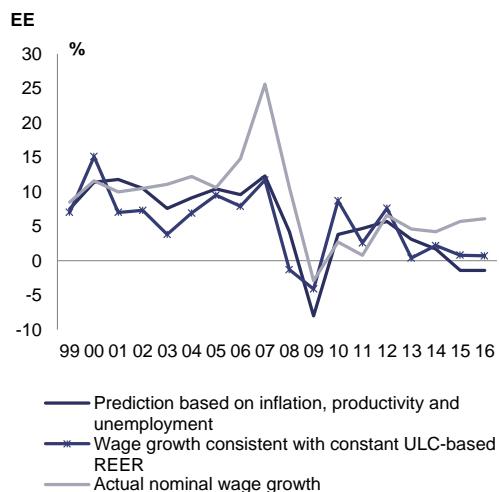
In fact, nominal wage growth in Estonia is currently faster than justified by economic fundamentals. Nominal wage growth in Estonia has consistently been above two benchmarks⁽¹⁷⁾ since 2013 (Graph 3.4.5): it is higher than productivity growth and higher than what would have been required to keep the real effective exchange rate at the same level.

Wage growth appears to be driven by labour market tightening, especially as Estonia's working-age population swiftly shrinks. However, Estonia is currently implementing a number of far-reaching reforms to stabilise its total labour supply (see Section 3.3). This is expected to contribute to keeping excessive wage growth under control in the years to come. Income convergence towards the higher wage levels in Finland and Sweden also plays a role.

Minimum wages are increasing fast as well, outpacing overall wage growth over recent years. Due to large income disparities across the country, minimum wage increases can have a significant impact on the wage bill in the poorest regions. Overall, though, the minimum wage and its coverage are still relatively low in Estonia. In 2016, the minimum wage stood at around 38 % of the average wage, among the lowest levels in the EU. The minimum wage is set in annual bipartite agreements between the social partners and is brought into effect by a government decree.

(17) The first benchmark reflects the wage growth that would be predicted on the basis of changes in labour productivity, prices and the unemployment rate. The second benchmark reflects the wage growth that would be consistent with a constant real effective exchange rate based on unit labour costs.

Graph 3.4.5: Nominal wage growth in Estonia in comparison with wage benchmarks



Source: Update of Arpaia and Kiss (2015)

Unit labour costs are also rising, due to an exceptional recent fall in productivity. The combined effect of the fall in oil prices and the depreciation of the rouble, which curtailed the country's exports, led to a 1.5 % decrease in output per hour worked. However, the most affected sectors were not labour-intensive. In addition, a stricter obligation for employers to register their workforce pushed overall employment up (+1.8 % in 2015), lowering measured productivity. In 2016, unit labour costs are estimated to have grown by around 5.9 %, marking only a marginal deceleration from the previous year. A more substantial slowdown to around 3.0 % is forecast in 2017-2018 as the impact of the mandatory job registrations should fade away. Meanwhile, productivity is expected to improve on the basis of better prospects for exports of goods and services, especially to Estonia's Baltic peers and Finland.

Investment situation

Estonia displays a relatively high investment rate, but this has recently declined. As a catching-up economy, Estonia has a high productive investment rate (excluding dwellings): around 25 % in the period preceding the economic and financial crisis and 22 % since the recovery, compared to 15 % for the euro area. In recent times, however, the rate seems to have stalled at 20

%, while FDI has come down to nearly zero in net terms (see also Box 3.4.1).

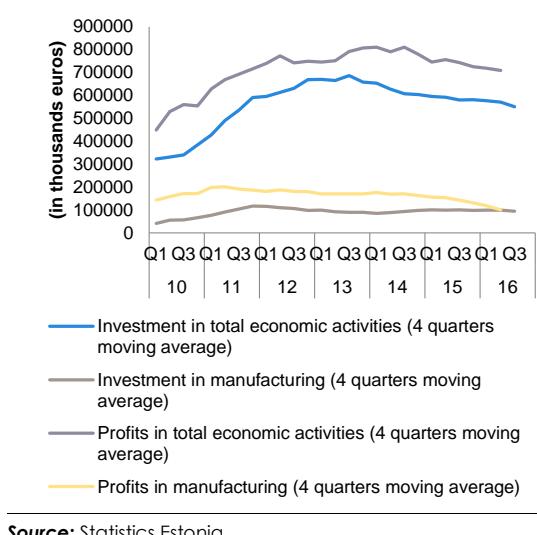
The recent weak productivity growth is partly linked to a decline in investment by non-financial corporations in Estonia, especially in the utilities sector (water, electricity, etc.). In 2015, the lower investment activity partly reflected the completion of major investment projects in the shale oil and electricity sectors in 2013 and 2014. Also, investment has been affected by lower payments of EU funds since the end of the previous financing framework (2007-2013). In 2017, by contrast, public investment is expected to rebound as the bulk of EU funded projects from the new programming period (2014-2020) take off.

At almost 75 %, capacity utilisation in Estonia appears still low to prompt further investment, but the share is unevenly spread across sectors and is hiding investment needs in higher productivity areas of the economy. In an EU comparison, there seems to be room for a more optimal use of existing investment. Nevertheless, the level of capital per worker in Estonia remains largely below EU average. This is true for machinery equipment, ICT equipment in the manufacturing sector, but most strikingly for intellectual property investment, whose level is about half the EU average. Inefficient allocation of funds likely has an impact on total factor productivity.

Looking ahead, one of the risks for investment in Estonia's manufacturing sector could be the decline in companies' profits. While profits are overall still above the EU average, they have been on a declining trend since 2013. In manufacturing, the decline averaged almost 5.5 % y-o-y in 2012-2013 and accelerated further to 16 % in 2015. However, the recent weakness of capital-intensive sectors⁽¹⁸⁾ was not shared by labour-intensive industries.

⁽¹⁸⁾ Oil shale-related activities account for 3 % of Estonia's GDP.

**Graph 3.4.6: Profits and investment by companies in Estonia
- Total economic activities and manufacturing sector**



Source: Statistics Estonia

In 2015-2016, profitability constrained tangible investment in capital-intensive industries (utilities, mining and agriculture), but half of the manufacturing subsectors also started feeling the strain (see Graph 3.4.6). In 2016, overall profits in the manufacturing sector continued to decrease and fell below the level of tangible investment in the sector. Conversely, most non-tradable sectors, except transport and the information and communication sectors (but including construction), registered considerable and growing profits. This enabled them to build stable tangible investment and still expand already sizeable precautionary financial buffers, a new phenomenon since the 2008-2010 financial crisis. These buffers are likely motivated by the uncertain external environment.

Foreign direct investment growth in Estonia has fallen by half in recent years, which could lead to more limited internal sources for financing growth ambitions and also to less technology transfers. FDI growth fell from about 6 % of GDP in 2012 to 0.6 % in 2015, but partly recovered to 2.6 % of GDP in 2016. This mostly reflected specific lending practices and repatriation of profits towards foreign parent companies in the well-capitalised banking sector. However, FDI growth in the manufacturing sector remained below Estonia's long-term average. Uncertain business conditions, including a weak economic situation in neighbouring Finland and Russia, are

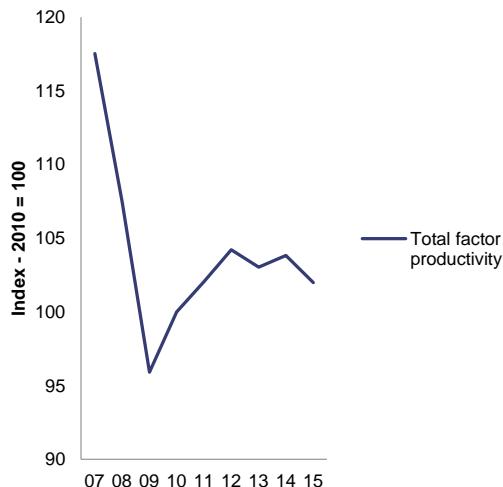
behind these developments. However, the small size of Estonia's market and the prospect of higher profits abroad also played a role. Indeed, the increase in nominal unit labour costs has been so far comparatively faster in Estonia than in its Baltic peers, while the country's FDI claims abroad have increased almost as fast as liabilities since the end of the 2008-2010 crisis.

Declining growth in the gross operating surplus of companies can be a risk for investment in intangible assets. Banks are often reluctant to finance R&D and innovation activities as they are generally considered risky operations. As a consequence, these activities are mostly funded from retained earnings, so a fall in gross operating surpluses constitutes a risk. In Estonia, after several years of progressive decline, the growth in the gross operating surplus turned negative in 2015, in the manufacturing sector as a whole, but also in most of its subsectors. A comparable situation prevailed in Estonia's Baltic peers, while the euro area as a whole witnessed a relatively rapid recovery. Nevertheless, investment in intangible assets has so far continued to grow in Estonia's manufacturing sector and in about half of its subsectors, albeit at an overall declining pace (still 10 % in 2015).

Technological progress

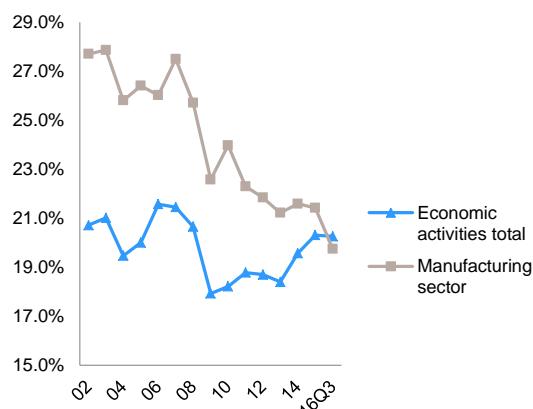
Since the crisis in 2007, Estonia registered a substantial loss in total factor productivity (-13 %). This is one of the highest in the EU, second only to Greece (-18 %). After the crisis, the recovery in total factor productivity appeared rather short-lived (see Graph 3.4.7). In addition, there are indications that Estonia's export structure in manufactured goods is shifting towards the lower quality ranks (European Commission, 2016e). Also, the total productivity of the manufacturing sector (on the basis of value added) has constantly declined over the years. In 2016, it passed for the first time below the average productivity of Estonia's total activities (see Graph 3.4.8).

Graph 3.4.7: Total factor productivity in Estonia over 2007-2015 - Index (2010 = 100)



Source: AMECO

Graph 3.4.8: Total productivity on the basis of value-added - Estonia's total economy and manufacturing sector



(1) Total productivity on the basis of value added = $((\text{turnover} - \text{total costs}) + \text{labour costs}) / \text{total costs} = \text{value added} / \text{total costs}$

Source: Statistics Estonia

3.4.2. BUSINESS ENVIRONMENT

Estonia has taken steps to further improve its business environment by running several projects under an extensive state administration reform. ‘Zero bureaucracy’ aims to reduce regulatory burden, bureaucracy and overlapping functions between different public bodies. In the World Bank ‘Doing business’ report 2017, Estonia ranks 12 out of 190 economies. Its weakest indicators remain protecting minority investors (rank 53) and resolving insolvency (rank 42). A project to improve the insolvency framework was launched in 2016. Its main objectives are to make the process faster and more efficient, and to improve the rate of successful demands. The business environment is also weakened by the continuing lack of national rules for transferring companies’ registered offices into and out of Estonia.

3.4.3. INFRASTRUCTURE INVESTMENT

There is insufficient funding for Estonia’s transport infrastructure to make it sustainable. Investments into transport infrastructure depend mainly on EU funds and are chiefly focused on small number of large projects such as Rail Baltica. No budget revenue has been earmarked for transport infrastructure improvements, and thus investment into secondary infrastructure and maintenance of existing infrastructure is not actually ensured.

Coordinated implementation of the Rail Baltica railway project is progressing, with the target completion date set at 2026. This project is of strategic importance to all three Baltic States and is a high priority project under the Connecting Europe Facility instrument. The governments concerned have already agreed measures on the contracting scheme of the joint venture to run Rail Baltica, on appointments to its management board and on staffing. The announced ratification of the intergovernmental agreement between the Baltic states will contribute to meeting a long-term commitment at Member State-level as well as to smoother implementation of the project.

Box 3.4.1: Investment challenges and reforms in Estonia

Macroeconomic perspective

Estonia has one of the highest ratios of investment to GDP in the EU, for both the public and the private sector (see Section 3.4). Based on the 2017 winter forecast, the investment ratio is expected to increase slightly from 2017. In terms of the assets invested in dwellings construction, investment has soared in recent years, closing in on the EU average (in % of GDP). In parallel, Estonia invests substantially more than the EU average in ‘equipment’ and ‘other construction’ (the latter reflecting construction activity by enterprises and infrastructure construction). However, Estonia invests 40 % less than the EU average in the ‘other’ category, which includes investment in intangible assets.

Structural barriers to investment

Estonia has relatively few barriers to investment compared to most other EU countries, as outlined in the table below:

Table 1:

Public administration/ Business environment	Regulatory/ administrative burden		Financial Sector / Taxation R&D&I Sector specific regulation	Taxation		
	Public administration			Access to finance		
	Public procurement /PPPs			Cooperation btw academia, research and business	CSR	
	Judicial system			Financing of R&D&I	CSR	
	Insolvency framework	Green		Business services / Regulated professions		
	Competition and regulatory framework			Retail		
Labour market/ Education	EPL & framework for labour contracts			Construction		
	Wages & wage setting			Digital Economy / Telecom		
	Education	Green		Energy		
Legend:		No barrier to investment identified Investment barriers that are also subject to a CSR Some progress Substantial progress Fully addressed				
CSR No progress Limited progress						

Source:

1) *Labour and skill shortages* are considered a barrier to higher investment in fast growing sectors. Shortages of some types of skilled labour are more acute in a few sectors, for example IT workers. Estonia has been successful in attracting IT companies and demand for the relevant professionals has therefore increased. Although the number of IT employees has increased substantially in recent years, ⁽¹⁾ it is hard to satisfy the rising demand for workers from the domestic labour market only.

2) *The efficiency of the allocation of investment* (investment in activities with higher value added) remains an issue, as investment in Estonia has been geared towards capital-intensive production with relatively low value added (see Section 3.4). The Commission analysis on investment barriers highlighted *limited cooperation between businesses and academia* and *low RDI private investment* see Section 3.5). Also, financing options for riskier early-stage projects remain limited (see Section 3.2), but Estonia has continued to make efforts to improve these aspects.

⁽¹⁾ With 5 % of the workforce in IT activities (of which 3pps in the IT sector itself), the country currently ranks 4th among Member States.

(Continued on the next page)

Box (continued)

- 3) The Commission analysis also highlighted the *burdensome insolvency framework* as an institutional barrier that might discourage investment. No changes have been made to the insolvency framework recently, as the analysis is still ongoing at Estonian level (see Section 3.4).

3.5. SECTORAL POLICIES

3.5.1. R&D AND INNOVATION

Despite progress in implementing R&D and enterprise growth strategies, Estonia's research and innovation ecosystem remains fragile. Estonia has in place strategies to strengthen its productivity, supported by the 'implementation plan' for 2016-2019. Nevertheless, key challenges remain: low private investment in R&D, insufficient cooperation between businesses and academia, low efficiency of public R&D spending, shortage of skills, insufficient prioritisation of research and innovation investment and lack of entrepreneurial discovery process. Besides this, rapidly rising wages require further improvement in non-cost competitiveness. To face these challenges, during the years 2015-2020 more than 600 million euros will be invested in R&D, innovation and business development.

Investment in R&D

Business investment in R&D remains low, mainly due to a low share of high technology and knowledge-intensive companies⁽¹⁹⁾. In 2015, R&D intensity increased marginally to 1.50 % of GDP (from 1.45 % in 2014) and business enterprise expenditure in R&D reached 0.69 % (from 0.63 in 2014). The Estonian economy remains dominated by SMEs in traditional sectors with limited needs for R&D. Investment is concentrated in a few large companies. Many firms are involved in contract manufacturing as a prevalent business model and foreign investment in business R&D in Estonia remains low (0.06 % of GDP in 2015).

Investment in intangible assets in Estonia is low. It accounts for 9.5 % of total investment compared to an EU average of 19.6 %. According to the 2016 Innobarometer⁽²⁰⁾, Estonian companies are less likely to invest in research and development. However, the share of companies investing in software development is increasing. Only half of companies reported that they had

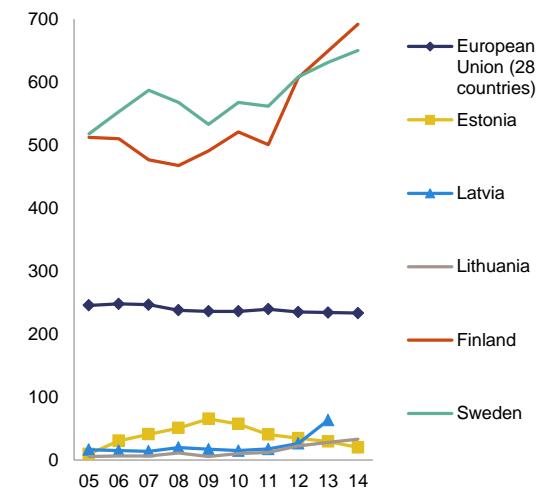
⁽¹⁹⁾ The value added in medium high-tech manufacturing stands at 2.8 % of total value added in 2014, well below the EU average of 5.5 %.

⁽²⁰⁾ Flash Eurobarometer 433 — Innobarometer 2016 — EU business innovation trends: the Innobarometer is a survey on activities and attitudes related to innovation. Each year, it gathers opinions and feedback from the general public and European businesses and provides a unique source of direct information on innovation for policymakers.

introduced some innovation since 2013, up by 6 pp. on the previous survey.

To support R&D, the government launched several measures in 2016: (i) the high-growth business development programme for firms with strong potential; (ii) support for public procurement of innovation; (iii) measures to boost the use of financial instruments. In addition, an 'Industrial Policy Green Book' is being developed by the Ministry of Economic Affairs. The Book includes proposals for R&D, with the aim of raising Estonia's R&D investment and position in the value chain.

Graph 3.5.1: Patent application to the European Patent Office (by priority year and per million people of active population)



Source: Eurostat

Cooperation between business and academia

The cooperation between public R&D institutions and private companies increased in 2015, but its volume remains limited. Research contract between public R&D institutions and the private sector increased by 24 %. However the share of R&D funded by business and performed by public research organisations (as a percentage of total R&D expenditure) was 2.4 % in 2015, well below the EU-28 average. Patent application from Estonia was low and continued its downward trend (Graph 3.5.1). Also, the royalties and licence fees paid abroad by Estonian companies were far below those of Nordic countries and declining (see Graph 3.5.2). Finally, the number of public-private

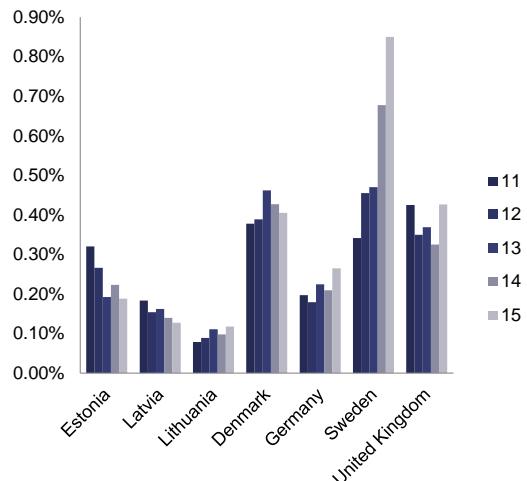
scientific co-publications per million population is one of the lowest in the EU⁽²¹⁾.

The Estonian Government has launched measures to improve science-business cooperation. These include support to public research organisations for applied research and development of products in cooperation with business in areas addressed by the smart specialisation strategy ('NUTIKAS'). Additionally, from 2017 the government is changing the baseline funding formula of research institutions to provide incentives for public- and private-sector contract research. A specialised ad hoc expert group formed by the Estonian Research Council has recommended increasing the baseline funding to 50 % (from the current 20 % in 2015). In 2016, the share of baseline funding constituted 27 % and it is gradually increasing. In addition, the 'ADAPTER' platform was launched in April 2016 as a one-stop shop for companies willing to engage in research with Estonian universities. Finally, doctoral studies in cooperation with enterprises and support for business to participate in technology development centers and clusters are being implemented.

Higher education and research

The ageing population and the low attractiveness of research careers in Estonia remain key bottlenecks. Estonia has a comparatively low number of PhD graduates⁽²²⁾. The number of new graduates in science and engineering (per 1000 population aged 25-34) is also low. Estonia has launched initiatives in recent years to address the scarcity of highly qualified employees and improve researchers' mobility between the public and private sectors. The ruling coalition agreement includes provision for more scholarships for doctoral students and the aim is also to double the monthly sum of scholarship. However, the national target of 300 PhD graduates per year by 2020 remains ambitious.

Graph 3.5.2: Charge for the use of intellectual property from abroad as % of GDP



Source: Eurostat

Internationalisation and excellence

The relatively low efficiency of public R&D spending is linked to a lack of economies of scale and of critical mass in research areas. Estonia has to some extent improved the quality of its scientific production since 2000. However the low level of scientific excellence remains a challenge as highly cited publications⁽²³⁾ remain below EU average (compared to the level of public R&D intensity that is above EU average). Estonia also showed progress in the internationalisation of its research system. Despite the close economic integration of Estonia's manufacturing industry with the Nordic economies there is insufficient cooperation in R&D and innovation.

The smart specialisation framework

Estonia is working to improve implementation of smart specialisation. The task of running the entrepreneurial discovery process was transferred from the Estonian Development Fund to the Ministry of Economic Affairs in June 2016. Subsequently, Estonia developed an action plan for securing a continuous entrepreneurial discovery process. The plan for 2017 is to enhance monitoring of growth areas, update the growth area reports from 2014 and strengthen links with other

⁽²¹⁾ Estonia ranks 22nd and was on a downward trend of 17.9 % during 2007-2015.

⁽²²⁾ Estonia ranked 20th in the EU-28 for new doctoral graduates in 2014.

⁽²³⁾ The share of Estonian scientific publications among the top 10 % most cited worldwide was only 7.3 % in 2013 vs an EU average of 10.5 %.

regions. Estonia is also planning to launch value chain research. Successfully implementing these plans is likely to help prioritise investments in R&D and innovation in domains with potential for growth. Under the 2016 ‘RITA’ programme, specialised R&D civil servant profiles have been created in line ministries to help deliver R&D priorities closer to business needs in smart specialisation areas. It should also contribute to less fragmented R&D governance, although success will depend on the availability of R&D funds in line ministries.

R&D funding streams after 2020

From 2007 to 2013, Structural Funds accounted for 50 to 60 % of all public R&D spending and continue being a major share of it during the 2014-2020 programming period. This raises questions as to the medium-term to longer-term sustainability of public R&D investments. The government launched in June 2016 a task force on research funding and management, which is expected to make proposals in 2017 on the long-term financing and management of Estonia’s research and higher education system.

3.5.2. DIGITAL ECONOMY AND SOCIETY

The fast uptake of digital technology by the public sector continues. In the Digital Economy and Society Index 2016 Estonia ranks seventh in the EU. It is the best performing country in digital public services, climbing from fourth place in 2015 to first in 2016. The country also ranks high in digital skills and internet use, including for online cross-border shopping (22 %). In contrast, the uptake of digital technology by businesses is well below the EU average (22nd). Only 12 % of SMEs sell online and 6 % use the internet for cross-border sales. According to Eurostat data⁽²⁴⁾, the main reasons preventing Estonian companies from online sales are: (i) the nature of their goods or services (i.e. not suitable for web sales); and (ii) logistics.

⁽²⁴⁾ Eurostat, Obstacles for web sales, all enterprises without financial sector with 10 or more employees.

3.5.3. COMPETITION IN PRODUCT AND SERVICES MARKETS

Estonia performs well on the OECD product market regulation index. It ranks seventh in the EU and its score has improved from 1.37 in 2008 to 1.29 in 2013. Competition in Estonia’s energy market has substantially improved in recent years with the liberalisation of the country’s electricity and gas markets and the construction of new energy infrastructure (Estlink 2). Improved electricity interconnection with Latvia will further strengthen security of supply and boost the effectiveness and competitiveness of energy markets in the entire Baltic region. Constructing the Baltic connector natural gas pipeline between Finland and Estonia is vital for increasing diversification and security of supply and ending Estonia’s isolation in the gas sector. The Connecting Europe Facility’s financing agreement on the Baltic connector pipeline project has ensured that there is agreement to build this gas pipeline linking Finland and Estonia.

The level of restrictiveness⁽²⁵⁾ of regulated professions in Estonia is generally low. It is lower than the EU average among the seven professions analysed,⁽²⁶⁾ except for the profession of patent agent, where it is higher⁽²⁷⁾. The national action plan submitted by Estonia under a mutual evaluation exercise of regulated professions states that there is no need for major reforms, while at the same time it acknowledges a possibility for even further reduction in regulation.

Estonia has become the first EU Member State to cooperate with collaborative economy platforms for tax purposes. The Estonian Tax and Customs Board has established a cooperation strategy with transport sector collaborative

⁽²⁵⁾ Regulatory barriers include, for example, reserves of activities, shareholding and voting requirements, multidisciplinary restrictions, compulsory chamber membership, authorisation schemes and professional indemnity insurance.

⁽²⁶⁾ Tourist guide, real estate agent, patent agent, lawyer, civil engineer, architect, accountant.

⁽²⁷⁾ The European Commission has developed a new composite indicator on restrictiveness of most existing barriers to the access to and exercise of regulated professions. It is based on data collected from Member States, complemented by desk research. This new indicator has many similarities with the Commission’s indicator assessing the barriers in business services published in 2015, but also differs from it in certain aspects. See European Commission (2016f).

economy platforms such as Uber and Taxify to simplify tax declaration processes for drivers and prevent tax evasion. The agreement allows car-sharing drivers to opt into a system where drivers' income data can be sent to the tax office and automatically added to the tax return.

3.5.4. ENERGY, RESOURCE AND CLIMATE CHANGE

Estonia is on track to reach its 2020 targets on greenhouse gas emissions and renewable energy. For the greenhouse gas reduction target, national projections indicate Estonia will exceed its 2020 target by about 13 percentage points with existing measures⁽²⁸⁾. For renewable energy, Estonia is already above its 25 % target for 2020.

Estonia has achieved levels of primary and final energy consumption that are below its national targets, but keeping these levels until 2020 will remain a challenge. As a producer of electricity and heating from oil shale, Estonia will likely remain the most carbon-intensive economy in the EU, and keep one of the highest carbon intensity in energy use. Indeed, international oil prices are on the rise, making the country's oil shale sector competitive again. Therefore, Estonia's primary energy consumption is expected to increase again. In parallel, there is a big energy saving potential in residential buildings, energy distribution, service sector and transport. Estonia has made some progress on a number of legislative initiatives fostering energy efficiency⁽²⁹⁾. Furthermore, the government has prepared three climate- and energy-related long-term strategy documents, which are currently under discussion in the Parliament⁽³⁰⁾.

Furthermore, greenhouse gas emissions and energy consumption from transport have increased since 2005. The proportion of transport emissions has increased to 11.8 %⁽³¹⁾. In

particular, new vehicles purchased in Estonia remain the most environmentally unfriendly in the EU with an average CO₂ emission of 137 grams per kilometre compared to the EU-28 average of 119 grams in 2015. An energy labelling scheme for new passenger cars has been introduced, requiring all new cars to be labelled based on their consumption of fuel and CO₂ emission. However, transport-related taxation (excluding fuel taxes) that could improve energy efficiency or reduce emissions remains among the lowest in the EU. There is, however, government discussion about introducing a car registration tax and a road charging scheme for goods vehicles above 12 t in 2017. There are no plans to introduce a road charging scheme for vehicles under 12 t.

Estonia has made progress on promoting public transport. The introduction of new inter-city and suburban trains and upgrades to support infrastructure (such as waiting room) has brought about a sizeable (57 %) increase in the use of passenger trains. Similarly, the introduction of free public transport in Tallinn has increased the use of public transport by 13 %. Estonia is also promoting country-wide multimodal ticketing and fast payment solutions and is in the process of changing its Public Transport Law to legalise the use of the collaborative economy in passenger transport.

Waste management

Recycling has increased. The amount of municipal waste generated in Estonia in 2015 was below the EU average. Estonia has significantly increased recycling rate of municipal waste from 18 % in 2013 to 31 % in 2014, however this tendency was not maintained in 2015 (it decreased to 28 %). A recent study assessing separate collection in EU capitals has rated Tallinn as the second best performing capital in the EU. In parallel, the construction of an incineration plant and several mechanical biological treatment facilities has led to a significant reduction of landfilled municipal waste: from 14 % of the total waste in 2013 to 8 % in 2015. As a result, the incineration of municipal waste has increased dramatically from 18 % in 2012 to 59 % in 2015, becoming the main municipal waste treatment option. However, this hinders recycling and poses a risk to Estonia's attainment of its 2020 recycling target of 50 %.

⁽²⁸⁾ European Environment Agency (2016a).

⁽²⁹⁾ The Energy Sector Regulation draft act, draft amendments to the Electricity Market Act, the District heating draft act, amendment proposal to the Liquid Fuel Act, Estonia is also proceeding with a wide-scale roll-out of smart metering systems for electricity.

⁽³⁰⁾ Estonian Climate Policy 2050. Estonian Climate Chance Adaptation Development Plan 2030, Energy Development Plan 2030.

⁽³¹⁾ European Environment Agency (2016b).

3.6. PUBLIC ADMINISTRATION

3.6.1. LOCAL GOVERNMENT REFORM

Estonia is currently undertaking local government reform to improve local public services and governance and achieve efficiency gains. The previous structure of local governance led to uneven quality and access to public services. This was explained by the small size of many municipalities and their resulting limited financial means and ability to attract a competent workforce at municipal level.

As part of Estonia's local government reform, the Administrative Reform Act was adopted in July 2016. The aim of the Act is to make it easier to create viable local municipalities that can finance their own activities, plan development and growth, and offer quality services. The Act governs the process of merging municipalities, which had a voluntary phase until the end of 2016 and a compulsory phase starting from 1 January 2017)⁽³²⁾. During the compulsory phase of the reform, the government will submit merger proposals to municipalities that do not meet the minimum size criterion laid down in the Act. The usual merger grants already in place before the reform were doubled during the voluntary phase of the reform. However, during the compulsory phase no merger grants will be paid.

The Administrative Reform Act includes several support measures intended to make implementation more straightforward. The Act has provisions on compensating municipal heads made redundant, and support is also available for consultancy and analysis on merger options. Municipalities retain the right to file legal challenges against government decisions to issue merger proposals. The mergers are expected to be in force as of the local elections on 15 October 2017. A proposal to abolish county governments was adopted in January. Under the proposal, new collective tasks on public transportation, regional development and business promotion are assigned to the new local governments, e.g. through joint municipal bodies.

⁽³²⁾ During the voluntary merger process 160 local municipalities out of total 213 decided to merge, reducing the number of municipalities to 100. Four islands have applied for exemption and 23 local municipalities exceed the minimum criterion without having to merge. Only 26 local municipalities will receive merger proposals from the government.

The ongoing local government reform initiated by the previous government is continuing under the new administration. The legislative acts on the responsibilities and division of tasks between municipalities and central government are in preparation. Also, there is no proposal yet on revising the financing scheme for municipalities. The new administration announced in its coalition agreement that it intends to increase the revenue base and financial autonomy of local governments, but no details are known yet.

Currently, local government has very limited powers and incentives to increase revenues⁽³³⁾. The personal income tax rate and the share of income tax transferred to local government authorities are set by central government. Local government can set the land tax rate applied to their territory with a ceiling at 2.5 % of the taxable land value. However, the taxable land value has not been re-evaluated since 2001. Apart from tax revenue, the Equalisation Fund scheme ensures quasi-automatic redistribution of revenue to the poorest municipalities. The current financing mix of local government does not create strong incentives for attracting businesses and developing entrepreneurship. Also, the low autonomy in setting the tax base might limit local governments' ability to provide services. Nevertheless, local government's aggregate fiscal performance is sound, due to legal restrictions imposed on individual municipalities limiting the size of their deficits and how much debt they can incur.

3.6.2. PUBLIC EMPLOYMENT

In addition to the local government reform, another notable ongoing initiative is to reduce public employment in step with the decline in the working-age population. The previous government set a target to limit employment in the general government sector to 12 % of the labour force (which is approximately the current level). As the population and labour force are shrinking, this implies that a further reduction in the government sector will be needed. The policy is aimed at mitigating the mounting labour shortages

⁽³³⁾ Currently, local government revenues mainly rely on personal income tax and central government transfers. Tax revenue comes predominantly from personal income tax (92.3 %) and a smaller share from land tax (6.3 %).

in the private (business) sectors and keeping longer term public expenditure pressures in check. The new government has not announced any major changes to the previous policy. Beyond the local government reform, several measures are planned as part of the effort to reduce public-sector employment: these include consolidating school and hospital networks, centralising state support services and several other public functions and making provision for a wider range of ‘smart’ public services (e-services). In addition, the government has launched a ‘zero bureaucracy task force’ to reduce red tape in public administration and beyond.

3.6.3. PROCUREMENT

Price is still the preferred criterion by the Estonian contracting authorities. Estonia scores well above the EU average for its publication rate of public tenders. As a result of the ongoing reform, in 2016, the country improved significantly with regards to the use of the most economically advantageous tender criteria for evaluating public tenders. Yet, in about 65% of the public procurement procedures, the price was the only award criteria thus discouraging competition on the basis of quality and innovation.⁽³⁴⁾ In addition, Estonia is one of the few countries which has not adopted a national action plan on green public procurement. The target for uptake of green public procurement is set at 15 % by 2018.

More innovative solutions in the public sector are on the way. In 2016, the government implemented a pilot project for procurement of innovation solutions. The project aimed to encourage public bodies to introduce more innovation by providing them with financial incentives to procure innovative solutions and guidance on how to go about doing this. An awareness campaign ran in parallel. After its successful conclusion, a new round is under preparation. In addition, a new e-procurement module providing information about innovation in tenders is being developed.

Estonia is in line with the EU average with regards to cooperative procurement. In about

9% of procedures an Estonian public entity buys on behalf of another. Aggregated purchasing at demand level does not only lead to better prices (savings ranging from 15% to 50%), but, more importantly, to better quality thanks to economics of scale also in terms of expertise, human resources and know-how. Moreover, under the state administration reform some steps have been taken to expand the narrow scope of the Centralised Purchasing Body. This would improve the professionalisation of public procurement around the country. In particular, public procurement in the health sector still needs improvement in terms of professionalisation and the correct application of rules.

⁽³⁴⁾ (European Commission, forthcoming)

Box 3.6.1:

Selected highlights: 'Work Ability' reform and high performance in international skills survey

'Work Ability' reform:

Estonia's working-age population and labour force continue to shrink, particularly as a result of low birth rates, ageing and health-related exits from the labour force. Due to a rapid increase in the take-up of incapacity for work pensions and the need to bring back people to the labour market and keep them there, a reform was necessary and was recommended by the Commission in 2013 and 2014 country-specific recommendations. Estonia has committed itself to carrying out a 'Work Ability' reform, which concerns around 10 % of the Estonian working-age population, with better activation support services based on an individual approach. Implementation started in 2016. From January of that year, labour market rehabilitation services have been offered and, from July, assessments of work ability have started. The reform is fully operational since January 2017 and includes re-assessments of earlier claimants' health conditions. Transition from the old scheme to the new one should last until 2021, but the reform has already positively changed attitudes towards people with reduced working ability, making it easier for them to find and keep a job. Outcomes of the reform will be more visible in the next couple of years. The Estonian target is for approximately 15 000 people with reduced work ability to have found a job presumably by 2020.

High performance in international skills survey:

Estonia's success in PISA (see Section 3.3.1) can be explained by a mix of policy measures and the overall societal context, which places great value on education. Public spending on education is traditionally high and several efforts to improve efficiency have been made.

Curricula were revised to emphasise problem-solving and critical thinking. Overall, Estonian schools have considerable autonomy, including decisions about school finances, education priorities, implementation of the curricula and defining learning outcomes. Several measures were taken to ensure equity and inclusiveness of the system. Investments targeted at Russian-language schools seek to close the performance gap between Estonian and Russian speaking students. Providing counselling and personalised support for weaker students were embedded into school policy. To increase the quality of instruction and support teachers' professional development, counselling centres were developed. At the same time, salaries have been increasing steadily in an attempt to increase the attractiveness of the teaching profession.

ANNEX A

Overview Table

2016 Country-specific recommendations (CSRs)	
Commitments	Summary assessment ³⁵⁾
<p>CSR 1:</p> <p>Ensure the provision and accessibility of high-quality public services, especially social services, at local level, inter alia by adopting and implementing the proposed local government reform.</p> <p>Adopt and implement measures to narrow the gender pay gap, including those foreseen in the Welfare Plan.</p>	<p>Estonia has made some progress in addressing CSR 1:</p> <p>Some progress in ensuring the provision and accessibility of high-quality social services at local level. Implementation is ongoing for the Social Welfare Act and the measures under the 2016-2020 action plan for the 2016-2023 welfare development plan.</p> <p>Some progress in adopting and implementing the local government reform. The Administrative Reform Act was adopted in July 2016. The voluntary merger of municipalities, lasting until the end of 2016 was successful, leading to an initial decrease in the number of municipalities from 213 to 100.</p> <p>Limited progress in reducing the gender pay gap. The 2016-2023 welfare development plan and its 2016-2020 action plan were adopted in June 2016. One out of the plan's four main areas aims at ensuring equal rights, responsibilities and opportunities for men and women in all areas of society. Due to the late approvals, the progress on implementing specific measures to reduce the gender pay gap is delayed.</p> <p>The amendments to the Gender Equality Act are</p>

³⁵⁾ The following categories are used to assess progress in implementing the 2016 country-specific recommendations:

No progress: The Member State has not credibly announced nor adopted any measures to address the CSR. Below a number of non-exhaustive typical situations that could be covered under this, to be interpreted on a case by case basis taking into account country-specific conditions:

- no legal, administrative, or budgetary measures have been announced in the National Reform Programme or in other official communication to the national Parliament / relevant parliamentary committees, the European Commission, or announced in public (e.g. in a press statement, information on government's website);
- no non-legislative acts have been presented by the governing or legislator body;
- the Member State has taken initial steps in addressing the CSR, such as commissioning a study or setting up a study group to analyse possible measures that would need to be taken (unless the CSR explicitly asks for orientations or exploratory actions), while clearly-specified measure(s) to address the CSR has not been proposed.

Limited progress: The Member State has:

- announced certain measures but these only address the CSR to a limited extent;
- and/or
- presented legislative acts in the governing or legislator body but these have not been adopted yet and substantial non-legislative further work is needed before the CSR will be implemented;
- presented non-legislative acts, yet with no further follow-up in terms of implementation which is needed to address the CSR.

Some progress: The Member State has adopted measures that partly address the CSR and/or the Member State has adopted measures that address the CSR, but a fair amount of work is still needed to fully address the CSR as only a few of the adopted measures have been implemented. For instance: adopted by national parliament; by ministerial decision; but no implementing decisions are in place.

Substantial progress: The Member State has adopted measures that go a long way in addressing the CSR and most of which have been implemented.

Full implementation: The Member State has implemented all measures needed to address the CSR appropriately.

	<p>expected to enable the Labour Inspectorate to monitor gender equality in the private sector. They are planned for March. Also important are changes to the parental leave system to improve flexibility and ensure more equal sharing of care responsibilities between women and men. The government discussed and gave political guidelines on the scope and timetable of the parental leave system on 26th January.</p>
<p>CSR 2:</p> <p>Promote private investment in research, development and innovation, including by strengthening cooperation between academia and businesses.</p>	<p>Estonia has made some progress in addressing CSR 2:</p> <p>Private investment in R&D is bottoming out at 0.69 % GDP. Cooperation between businesses and academia remains weak. However, Estonia has made some progress in addressing the CSR:</p> <p>At the end of 2016, Estonia had already selected ERDF operations worth EUR 277 million under the priority axis on research, technological development and innovation of the Operational Programme for Cohesion Policy Funds 2014-2020. This is equivalent to 43 % of the total ERDF budget (EUR 642 million) for the axis concerned. Estonia also finalised in 2016 the remaining legal acts for the activities under this axis.</p> <p>In 2016, the government launched a business development programme for firms with high-growth potential, launched specific support for the public procurement of innovation and promoted the increased use of financial instruments. An ‘Industrial Policy Green Book’ is also being developed.</p> <p>There will be further support to public research organisations for applied research and development of products in cooperation with business, in areas addressed by the smart specialisation strategy. Changes are being introduced to the baseline funding of public research organisations to provide incentives for contract research with business. The share of institutional funding and project-based financing for research will be gradually raised to 50/50 (under the ruling coalition agreement).</p> <p>Specialised R&D civil servant profiles have been created in line ministries in 2016 under the ‘RITA’ programme. The aim is to help deliver R&D priorities closer to business needs in smart</p>

	<p>specialisation areas.</p> <p>Finally, doctoral studies in cooperation with enterprises and support for business to participate in technology development centres and clusters are being implemented.</p>
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Europe 2020 (national targets and progress)	
Employment rate target set in the 2013 NRP: 76 %	The Estonian national target for employment (20-64 age group) is set at 76 %, which means bringing an additional 38 000 people into employment compared to 2009. In 2013 the employment rate was 73.3 %; in 2014 it was 74.0 % and in 2015 76.5 %. In the first three quarters of 2016, the figure was 76.7 % on average. The 2020 target rate of 76 % was surpassed in 2015, and will be surpassed again in 2016. For Q1-Q3 2015, the figure was 76.5 %.
R&D target set in the 2013 NRP: 3 % of GDP, of which 2 % for the private sector.	In 2015, R&D investment in Estonia recovered slightly to 1.5 % of GDP, up from 1.43 % in 2014, but remained below the EU average of 2 % of GDP. Business enterprise expenditure in R&D increased from 0.63 in 2014 to 0.69% in 2015.
Greenhouse gas emissions, base year 1990: +11 % in 2020 compared to 2005 (in non-ETS sectors)	2020 target:+11 % According to preliminary estimates, greenhouse gas emissions in sectors not covered by the EU Emissions Trading System decreased by 3 % between 2005 and 2015. According to the latest national projections based on existing measures, non-ETS emissions will decrease by 2 % between 2005 and 2020. The target is consequently expected to be met with a margin of 13 pps.
Renewable energy target set in the 2013 NRP: 25 %	With a renewable energy share of 27.9 % in 2015, Estonia is already above its 25 % target for 2020. Between 2011 and 2015, Estonia was the first EU Member State to develop a nationwide network of fast-charging points for electric vehicles.

<p>Energy efficiency target: stabilisation of the final energy consumption at the 2010 level, i.e. 2.8 Mtoe (or the derived primary energy consumption of 6.5 Mtoe).</p>	<p>Estonia reduced its primary energy consumption by -6.3% from 6.57 Mtoe in 2014 to 6.16 Mtoe in 2015. Final energy consumption decreased by -2% from 2.82 Mtoe in 2014 to 2.77 Mtoe in 2015.</p> <p>Even if Estonia has already achieved levels of primary and final energy consumption which are below the indicative national 2020 targets (6.5 Mtoe in primary energy consumption and 2.8 Mtoe in final energy consumption), keeping these levels until 2020 will remain a challenge.</p>								
<p>Early school leaving target: 9.5 % of the 18-24 year-olds with at most lower secondary education and who are currently not in further education or training.</p>	<p>The EU 2020 target is 9.5 %. In 2014, the rate was 11.4 % and in 2015 11.2 %.</p> <p>The early school leaving rate was 16.8 % in rural areas and 12.5 % in towns and suburbs, as compared with 4.9 % in cities. The rate for men (13.2 %) was still higher than the rate for women (9 %) (2015 Eurostat data).</p>								
<p>Tertiary education target: 40 % of those aged 30-34 having successfully completed tertiary education</p>	<p>In 2015, the rate was 45.3 %. However, there is a significant gender gap (56.7 % for women compared with 34.5 % for men).</p>								
<p>Target for the reduction of population at risk of poverty: 15 % in 2020</p>	<p>A reduction in the at-risk-of-poverty rate from 17.5 % in 2010 (income year) to 15 % in 2020 (income year) would equate to there being 36 248 fewer people at risk of poverty in absolute terms.</p> <p>The number of people at risk of poverty in 2015 increased (partly because income growth in the bottom deciles was below median income growth). This meant that the country moved further away from its national poverty reduction target of 15 %.</p> <table> <tr> <td>At-risk-of-poverty rate (survey year): 2015:</td> <td>21.6 %</td> </tr> <tr> <td>2013:</td> <td>18.6 %</td> </tr> <tr> <td>2014:</td> <td>21.8 %</td> </tr> <tr> <td>2015:</td> <td>21.6 %</td> </tr> </table>	At-risk-of-poverty rate (survey year): 2015:	21.6 %	2013:	18.6 %	2014:	21.8 %	2015:	21.6 %
At-risk-of-poverty rate (survey year): 2015:	21.6 %								
2013:	18.6 %								
2014:	21.8 %								
2015:	21.6 %								

See additional contextual indicators at: <http://ec.europa.eu/education/monitor>.

See additional contextual indicators at: <http://ec.europa.eu/education/monitor>

ANNEX B

MIP Scoreboard

Table B.1: MIP SCOREBOARD for Estonia

		Thresholds	2010	2011	2012	2013	2014	2015
	Current account balance, (% of GDP)	3 year average	-4%/6%	-1.5	1.9	0.4	-0.3	-0.5
	Net international investment position (% of GDP)		-35%	-71.2	-54.8	-51.1	-50.1	-46.7
	Real effective exchange rate - 42 trading partners, HICP deflator	3 years % change	±5% & ±11%	4.6	-0.8	-3.6	3.1	4.7
External imbalances and competitiveness	Export market share - % of world exports	5 years % change	-6%	9.7	24.8	7.6	10.4	21.2
	Nominal unit labour cost index (2010=100)	3 years % change	9% & 12%	13.8	-2.6	-1.1	8.2	10.8
	Deflated house prices (% y-o-y change)		6%	2.1	2.6	3.2	7.7	13.1
	Private sector credit flow as % of GDP, consolidated		14%	-7.6	-1.1	6.8	4.0	4.5
Internal imbalances	Private sector debt as % of GDP, consolidated		133%	140.4	120.4	117.8	115.9	116.7
	General government sector debt as % of GDP		60%	6.6	6.1	9.7	10.2	10.7
	Unemployment rate	3 year average	10%	11.9	14.2	13.0	10.3	8.7
	Total financial sector liabilities (% y-o-y change)		16.5%	-8.9	-0.6	10.4	10.5	13.0
	Activity rate - % of total population aged 15-64 (3 years change in p.p.)		-0.2%	0.7	0.5	0.8	1.2	0.5
New employment indicators	Long-term unemployment rate - % of active population aged 15-74 (3 years change in p.p.)		0.5%	5.3	5.4	1.8	-3.8	-3.8
	Youth unemployment rate - % of active population aged 15-24 (3 years change in p.p.)		2%	22.8	10.4	-6.5	-14.2	-7.4
								-7.8

Flags: i: see metadata.

(1) Unemployment rate: for 2008 i = Eurostat back-calculation to include 2011 Population Census results. 2) Youth unemployment rate: for 2008 i = Eurostat back-calculation to include 2011 Population Census results.

Source: European Commission, Eurostat and Directorate-General for Economic and Financial Affairs (for real effective exchange rate), and International Monetary Fund

ANNEX C

Standard Tables

Table C.1: Financial market indicators

	2011	2012	2013	2014	2015	2016
Total assets of the banking sector (% of GDP)	114.1	109.7	105.6	108.6	114.8	115.0
Share of assets of the five largest banks (% of total assets)	90.6	89.6	89.7	89.9	88.6	-
Foreign ownership of banking system (% of total assets)	89.2	34.3	33.3	32.0	32.5	-
Financial soundness indicators: ¹⁾						
- non-performing loans (% of total loans)	4.5	3.0	1.9	2.6	1.9	1.8
- capital adequacy ratio (%)	19.4	23.2	23.1	41.8	35.4	34.8
- return on equity (%) ²⁾	22.9	11.7	10.7	9.7	6.8	6.7
Bank loans to the private sector (year-on-year % change)	-3.5	-0.4	2.7	4.5	9.3	10.1
Lending for house purchase (year-on-year % change)	-1.5	0.2	1.2	2.9	4.5	5.2
Loan to deposit ratio	144.5	134.4	128.9	124.0	122.1	125.7
Central Bank liquidity as % of liabilities	0.1	0.3	0.2	0.3	0.4	0.2
Private debt (% of GDP)	120.4	117.8	115.9	116.7	116.6	-
Gross external debt (% of GDP) ¹⁾ - public	3.1	7.0	7.7	8.0	7.2	7.5
- private	46.0	49.4	47.5	49.3	46.2	44.8
Long-term interest rate spread versus Bund (basis points)*	-	-	-	-	-	-
Credit default swap spreads for sovereign securities (5-year)*	102.4	101.3	58.6	57.1	58.3	58.5

(1) Latest data Q2-2016.

(2) Quarterly values are not annualised.

* Measured in basis points.

Source: European Commission (long-term interest rates); World Bank (gross external debt); Eurostat (private debt); ECB (all other indicators)

Table C.2: Labour market and social indicators

	2011	2012	2013	2014	2015	2016 ⁴
Employment rate (% of population aged 20-64)	70.6	72.2	73.3	74.3	76.5	76.7
Employment growth (% change from previous year)	6.5	1.6	1.2	0.8	2.9	0.6
Employment rate of women (% of female population aged 20-64)	67.8	69.4	70.1	70.6	72.6	72.6
Employment rate of men (% of male population aged 20-64)	73.5	75.1	76.7	78.3	80.5	81.0
Employment rate of older workers (% of population aged 55-64)	57.5	60.5	62.6	64.0	64.5	66.0
Part-time employment (% of total employment, aged 15-64)	9.3	9.2	8.9	8.3	9.5	9.9
Fixed-term employment (% of employees with a fixed term contract, aged 15-64)	4.5	3.5	3.5	3.1	3.4	3.9
Transitions from temporary to permanent employment	60.5	63.4	65.0	59.1	42.9	:
Unemployment rate ¹ (% active population, age group 15-74)	12.3	10.0	8.6	7.4	6.2	6.7
Long-term unemployment rate ² (% of labour force)	7.1	5.5	3.8	3.3	2.4	2.0
Youth unemployment rate (% active population aged 15-24)	22.4	20.9	18.7	15.0	13.1	13.7
Youth NEET ³ rate (% of population aged 15-24)	11.6	12.2	11.3	11.7	10.8	:
Early leavers from education and training (% of pop. aged 18-24 with at most lower sec. educ. and not in further education or training)	10.6	10.3	9.7	11.4	11.2	:
Tertiary educational attainment (% of population aged 30-34 having successfully completed tertiary education)	40.2	39.5	42.5	43.2	45.3	:
Formal childcare (30 hours or over; % of population aged less than 3 years)	15.0	14.0	18.0	14.0	:	:

(1) The unemployed persons are all those who were not employed but had actively sought work and were ready to begin working immediately or within 2 weeks.

(2) Long-term unemployed are those who have been unemployed for at least 12 months.

(3) Not in education, employment or training.

(4) Average of first three quarters of 2016. Data for total unemployment and youth unemployment rates are seasonally adjusted.

Source: European Commission (EU Labour Force Survey).

Table C.3: Labour market and social indicators (continued)

Expenditure on social protection benefits (% of GDP)	2010	2011	2012	2013	2014	2015
Sickness/healthcare	4,7	4,3	4,2	4,1	4,4	:
Disability	1,9	1,8	1,7	1,8	1,8	:
Old age and survivors	7,7	6,8	6,6	6,6	6,6	:
Family/children	2,2	1,9	1,7	1,6	1,6	:
Unemployment	0,7	0,5	0,5	0,5	0,4	:
Housing	0,0	0,0	0,0	0,0	0,0	:
Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,1	:
Total	17,4	15,5	14,8	14,7	14,9	:
of which: means-tested benefits	0,1	0,2	0,1	0,1	0,1	:
Social inclusion indicators	2010	2011	2012	2013	2014	2015
People at risk of poverty or social exclusion ¹ (% of total population)	21,7	23,1	23,4	23,5	26,0	24,2
Children at risk of poverty or social exclusion (% of people aged 0-17)	24,0	24,8	22,4	22,3	23,8	22,5
At-risk-of-poverty rate ² (% of total population)	15,8	17,5	17,5	18,6	21,8	21,6
Severe material deprivation rate ³ (% of total population)	9,0	8,7	9,4	7,6	6,2	4,5
Proportion of people living in low work intensity households ⁴ (% of people aged 0-59)	9,0	10,0	9,1	8,4	7,6	6,6
In-work at-risk-of-poverty rate (% of persons employed)	6,5	7,9	8,3	7,6	11,8	10,0
Impact of social transfers (excluding pensions) on reducing poverty	36,5	29,7	29,4	26,8	23,2	22,3
Poverty thresholds, expressed in national currency at constant prices ⁵	2904	2764	2812	2965	3151	3428
Gross disposable income (households; growth %)	-0,9	9,4	6,0	3,1	6,9	3,5
Inequality of income distribution (S80/S20 income quintile share ratio)	5,0	5,3	5,4	5,5	6,5	6,2
GINI coefficient before taxes and transfers	48,4	49,2	48,6	48,9	51,6	:
GINI coefficient after taxes and transfers	31,3	31,9	32,5	32,9	35,6	:

(1) People at risk of poverty or social exclusion: individuals who are at risk of poverty and/or suffering from severe material deprivation and/or living in households with zero or very low work intensity.

(2) At-risk-of-poverty rate: proportion of people with an equivalised disposable income below 60 % of the national equivalised median income.

(3) Proportion of people who experience at least four of the following forms of deprivation: not being able to afford to i) pay their rent or utility bills ii) keep their home adequately warm iii) face unexpected expenses iv) eat meat, fish or a protein equivalent every second day v) enjoy a week of holiday away from home once a year vi) have a car vii) have a washing machine viii) have a colour TV or ix) have a telephone.

(4) People living in households with very low work intensity: proportion of people aged 0-59 living in households where the adults (excluding dependent children) worked less than 20 % of their total work-time potential in the previous 12 months.

(5) For EE, CY, MT, SI and SK, thresholds in nominal values in euros; harmonised index of consumer prices = 100 in 2006 (2007 survey refers to 2006 incomes).

Source: For expenditure for social protection benefits ESSPROS; for social inclusion EU-SILC.

Table C.4: Product market performance and policy indicators

Performance Indicators	2010	2011	2012	2013	2014	2015
Labour productivity (real, per person employed, year-on-year % change)						
Labour productivity in industry	12.60	-1.81	5.99	7.79	9.26	-3.02
Labour productivity in construction	23.68	-5.68	7.84	-8.57	-8.33	-13.22
Labour productivity in market services	4.68	-0.99	5.65	0.21	-0.38	-2.04
Unit labour costs (ULC) (whole economy, year-on-year % change)						
ULC in industry	-12.63	-0.66	7.56	2.89	-3.87	4.84
ULC in construction	-6.98	-11.12	3.45	15.91	2.82	3.54
ULC in market services	-5.04	0.09	3.43	0.73	5.11	11.68
Business Environment	2010	2011	2012	2013	2014	2015
Time needed to enforce contracts ¹ (days)	425.0	425.0	425.0	425.0	425.0	425.0
Time needed to start a business ¹ (days)	6.5	6.5	6.5	6.5	4.5	3.5
Outcome of applications by SMEs for bank loans ²	na	0.89	na	0.91	0.66	0.19
Research and innovation	2010	2011	2012	2013	2014	2015
R&D intensity	1.58	2.31	2.12	1.73	1.45	1.50
Total public expenditure on education as % of GDP, for all levels of education combined	5.66	5.16	4.82	4.92	na	na
Number of science & technology people employed as % of total employment	50	50	51	51	51	51
Population having completed tertiary education ³	30	31	32	32	33	33
Young people with upper secondary level education ⁴	84	83	81	84	84	83
Trade balance of high technology products as % of GDP	-1.58	-0.67	-0.88	-0.32	-0.33	-0.35
Product and service markets and competition				2003	2008	2013
OECD product market regulation (PMR) ⁵ , overall				na	1.37	1.29
OECD PMR ⁵ , retail				na	1.40	1.50
OECD PMR ⁵ , professional services				na	1.81	1.79
OECD PMR ⁵ , network industries ⁶				3.34	2.60	2.40

(1) The methodologies for this indicator, including the assumptions, are shown in detail at:
<http://www.doingbusiness.org/methodology>.

(2) Average of the answer to question Q7B_a. [Bank loan]: If you applied and tried to negotiate for this type of financing over the past six months, what was the outcome? Answers were scored as follows: zero if received everything, one if received most of it, two if only received a limited part of it, three if refused or rejected and treated as missing values if the application is still pending or the outcome is not known.

(3) Percentage population aged 15-64 having completed tertiary education.

(4) Percentage population aged 20-24 having attained at least upper secondary education.

(5) Index: 0 = not regulated; 6 = most regulated. The methodologies of the OECD product market regulation indicators are shown in detail at: <http://www.oecd.org/competition/reform/indicatorsofproductmarketregulationhomepage.htm>.

(6) Aggregate OECD indicators of regulation in energy, transport and communications.

Source: European Commission; World Bank — Doing Business (for enforcing contracts and time to start a business); OECD (for the product market regulation indicators); SAFE (for outcome of SMEs' applications for bank loans).

Table C.5: Green growth

Green growth performance		2010	2011	2012	2013	2014	2015
<i>Macroeconomic</i>							
Energy intensity	kgoe / €	0,42	0,39	0,37	0,40	0,39	0,36
Carbon intensity	kg / €	1,80	1,73	1,57	1,73	1,63	-
Resource intensity (reciprocal of resource productivity)	kg / €	3,02	2,99	2,87	3,02	2,87	2,71
Waste intensity	kg / €	1,72	-	1,78	-	1,69	-
Energy balance of trade	% GDP	-1,5	-0,4	-1,3	-2,2	-2,1	-
Weighting of energy in HICP	%	13,26	13,93	14,69	14,42	14,43	13,65
Difference between energy price change and inflation	%	3,9	1,3	7,2	7,4	-4,6	-4,1
Real unit of energy cost	% of value added	15,2	14,9	15,6	15,7	14,6	-
Ratio of environmental taxes to labour taxes	ratio	0,17	0,17	0,17	0,16	0,16	-
Environmental taxes	% GDP	2,9	2,7	2,7	2,5	2,7	-
<i>Sectoral</i>							
Industry energy intensity	kgoe / €	0,26	0,25	0,23	0,25	0,20	0,19
Real unit energy cost for manufacturing industry excl. refining	% of value added	13,9	13,5	13,5	14,2	13,3	-
Share of energy-intensive industries in the economy	% GDP	12,22	12,24	11,76	12,60	13,57	13,42
Electricity prices for medium-sized industrial users	€ / kWh	0,07	0,07	0,08	0,10	0,09	0,09
Gas prices for medium-sized industrial users	€ / kWh	0,03	0,03	0,04	0,04	0,04	0,03
Public R&D for energy	% GDP	0,02	0,02	0,02	0,01	0,01	0,01
Public R&D for environmental protection	% GDP	0,07	0,05	0,03	0,04	0,04	0,05
Municipal waste recycling rate	%	18,2	23,3	19,1	17,9	31,3	28,3
Share of GHG emissions covered by ETS*	%	72,9	72,3	69,7	73,5	71,1	67,7
Transport energy intensity	kgoe / €	1,01	0,95	0,94	0,93	0,98	1,05
Transport carbon intensity	kg / €	2,90	2,77	2,72	2,73	2,86	-
<i>Security of energy supply</i>							
Energy import dependency	%	13,6	12,0	17,0	11,9	8,9	7,4
Aggregated supplier concentration index	HHI	80,2	74,7	79,6	73,0	76,7	-
Diversification of energy mix	HHI	0,47	0,49	0,45	0,48	0,49	-

General explanation of the table items:

All macro intensity indicators are expressed as a ratio of a physical quantity to GDP (in 2005 prices):

- Energy intensity: gross inland energy consumption (in kg) divided by GDP (in EUR)
- Carbon intensity: greenhouse gas emissions (in kg CO₂ equivalents) divided by GDP (in EUR)
- Resource intensity: domestic material consumption (in kg) divided by GDP (in EUR)
- Waste intensity: waste (in kg) divided by GDP (in EUR)

Energy balance of trade: the balance of energy exports and imports, expressed as % of GDP

Weighting of energy in HICP: the proportion of "energy" items in the consumption basket used for the construction of the HICP

Difference between energy price change and inflation: energy component of HICP, and total HICP inflation (annual % change)

Real unit energy cost: real energy costs as a percentage of total value added for the economy

Environmental taxes over labour taxes and GDP: from European Commission's database, 'Taxation trends in the European Union'

Industry energy intensity: final energy consumption of industry (in kg) divided by gross value added of industry (in 2005 EUR)

Real unit energy costs for manufacturing industry excluding refining : real costs as a percentage of value added for manufacturing sectors

Share of energy-intensive industries in the economy: share of gross value added of the energy-intensive industries in GDP

Electricity and gas prices for medium-sized industrial users: consumption band 500–20 00MWh and 10 000–100 000 GJ; figures excl. VAT.

Recycling rate of municipal waste: ratio of recycled and composted municipal waste to total municipal waste

Public R&D for energy or for the environment: government spending on R&D for these categories as % of GDP

Proportion of greenhouse gas (GHG) emissions covered by EU Emission Trading System (ETS) (excluding aviation): based on greenhouse gas emissions (excl land use, land use change and forestry) as reported by Member States to the European Environment Agency

Transport energy intensity: final energy consumption of transport activity (kg) divided by transport industry gross value added (in 2005 EUR)

Transport carbon intensity: greenhouse gas emissions in transport activity divided by gross value added of the transport sector

Energy import dependency: net energy imports divided by gross inland energy consumption incl. consumption of international bunker fuels

Aggregated supplier concentration index: covers oil, gas and coal. Smaller values indicate larger diversification and hence lower risk

Diversification of the energy mix: Herfindahl index over natural gas, total petrol products, nuclear heat, renewable energies and solid fuels.

* European Commission and European Environment Agency

Source: European Commission (Eurostat) unless indicated otherwise

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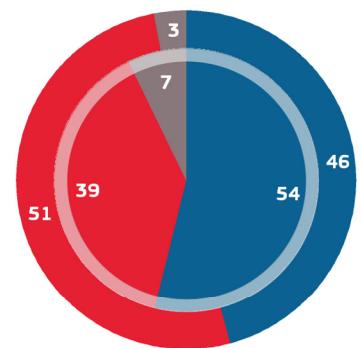
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1. LIFE IN THE EUROPEAN UNION

QA1a.1 How would you judge the current situation in each of the following?
The situation of the (NATIONALITY) economy (%)

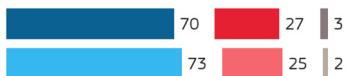


	EU28		EE	
	EB87 Sp.2017	EB86 Aut.2016	EB87 Sp.2017	EB86 Aut.2016
Total 'Good'	46	+ 5	54	+ 7
Total 'Bad'	51	- 5	39	- 9
Don't know	3	=	7	+ 2

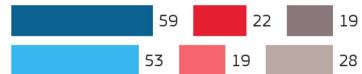
Evolution Spring 2017 / Autumn 2016

QA1a How would you judge the current situation in each of the following? (%)

The financial situation of your household



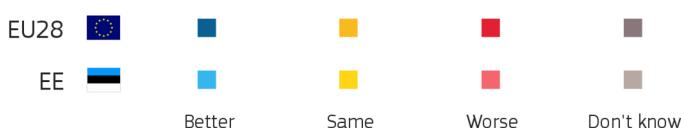
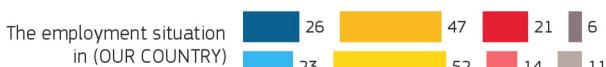
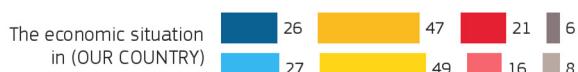
Your personal job situation



Evolution Spring 2017 / Autumn 2016

QA2a.2 What are your expectations for the next twelve months: will the next twelve months be better, worse or the same, when it comes to...? (%)

The economic situation in (OUR COUNTRY) (%)



Evolution Spring 2017 / Autumn 2016

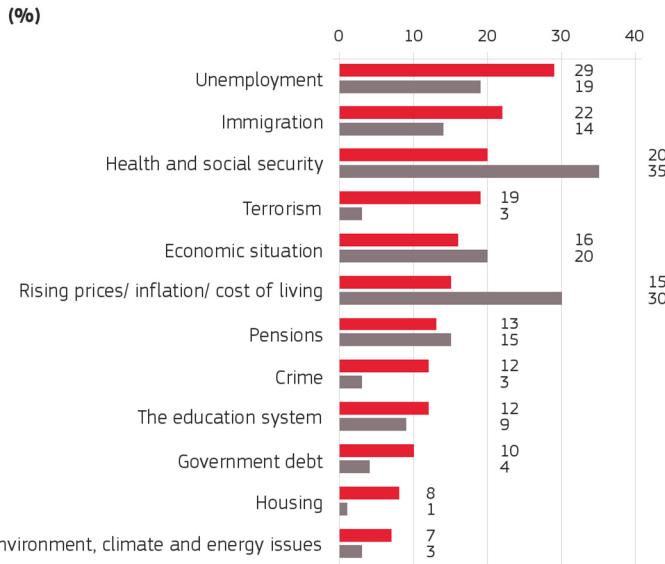
QA2a.2 What are your expectations for the next twelve months: will the next twelve months be better, worse or the same, when it comes to...? (%)

The economic situation in (OUR COUNTRY) (%)

	EU28	EE	EB87	EB87-EB86	EB87	EB87-EB86
Better			26	+ 4	27	- 3
Same			47	=	49	+ 3
Worse			21	- 5	16	+ 1
Don't know			6	+ 1	8	- 1

1. LIFE IN THE EUROPEAN UNION

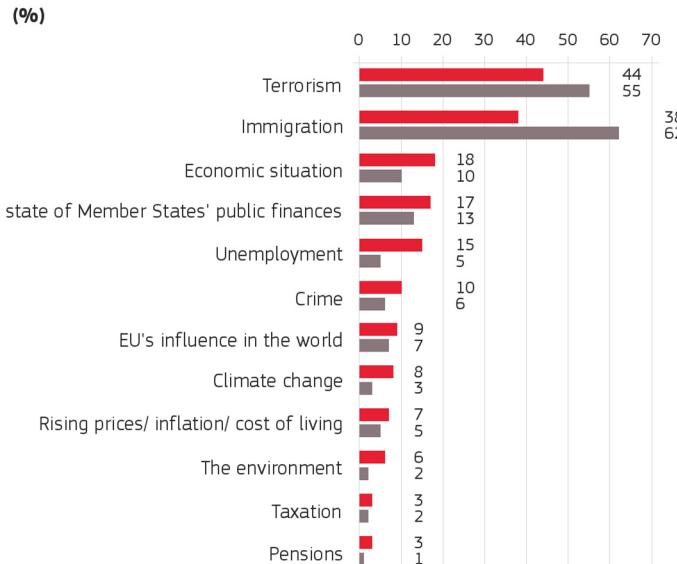
QA3a What do you think are the two most important issues facing (OUR COUNTRY) at the moment?



EU28

EE

QAS What do you think are the two most important issues facing the EU at the moment?

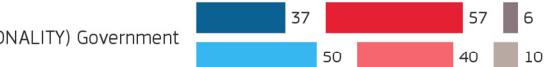
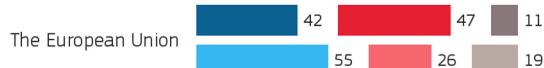


EU28

EE

QA8a I would like to ask you a question about how much trust you have in certain institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it.

(%)



EU28  
 EE  

Tend to trust Tend not to trust Don't know

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QA8a.9 I would like to ask you a question about how much trust you have in certain institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it.

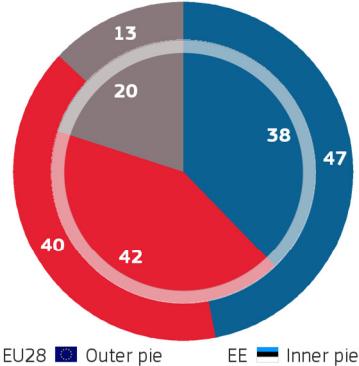
The European Union (%)

	EU28	EE	EB87	EB87-EB86	EB87	EB87-EB86
Tend to trust	42	+ 6	55	+ 11		
Tend not to trust	47	- 7	26	- 10		
Don't know	11	+ 1	19	- 1		

1. LIFE IN THE EUROPEAN UNION

QC1 Some analysts say that the impact of the economic crisis on the job market has already reached its peak and things will recover little by little. Others, on the contrary, say that the worst is still to come. Which of the two statements is closer to your opinion?

(%)



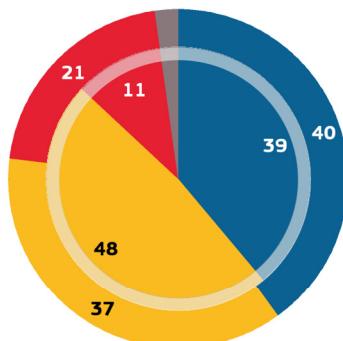
EU28 ■ Outer pie EE ■ Inner pie

- The impact of the crisis on jobs has already reached its peak
- The worst is still to come
- Don't know

Evolution Spring 2017 / Autumn 2016

QA9 In general, does the EU conjure up for you a very positive, fairly positive, neutral, fairly negative or very negative image?

(%)



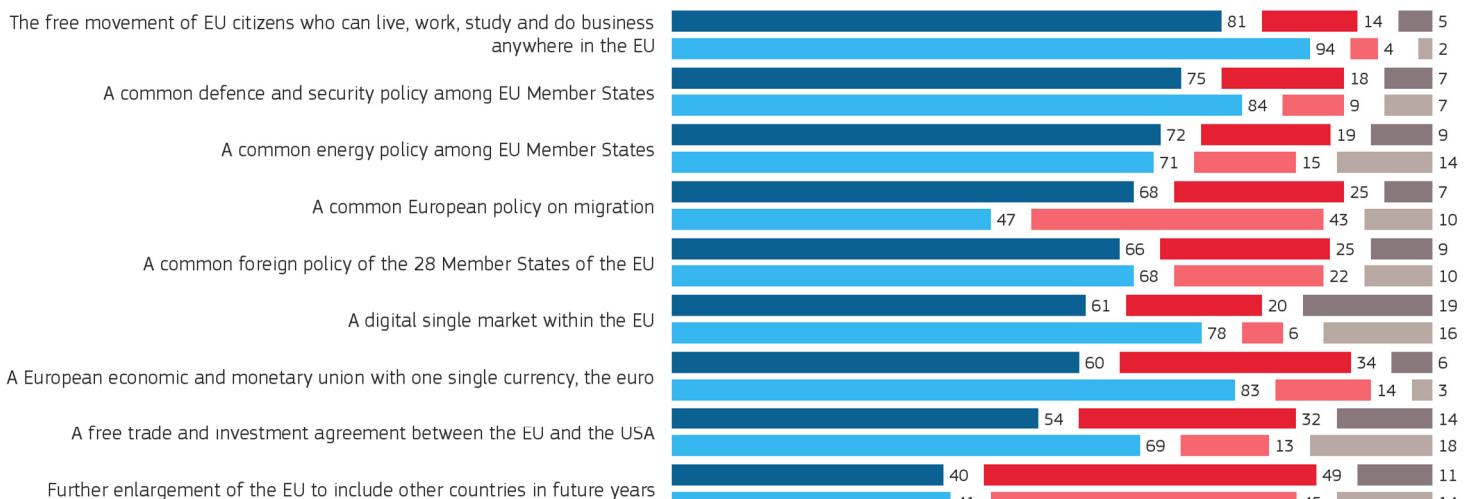
EU28 ■ Outer pie EE ■ Inner pie

EU28		EE	
EB87 Sp.2017	EB86 Aut.2016	EB87 Sp.2017	EB86 Aut.2016
40	+ 5	39	+ 4
37	- 1	48	- 1
21	- 4	11	- 3
2	=	2	=

Evolution Spring 2017 / Autumn 2016

QA16 What is your opinion on each of the following statements? Please tell me for each statement, whether you are for it or against it.

(%)



EU28 ■

■ For

■ Against

■ Don't know

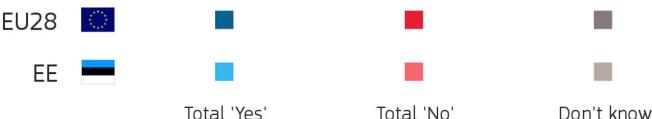
EE ■

■

2. EUROPEAN UNION CITIZENSHIP

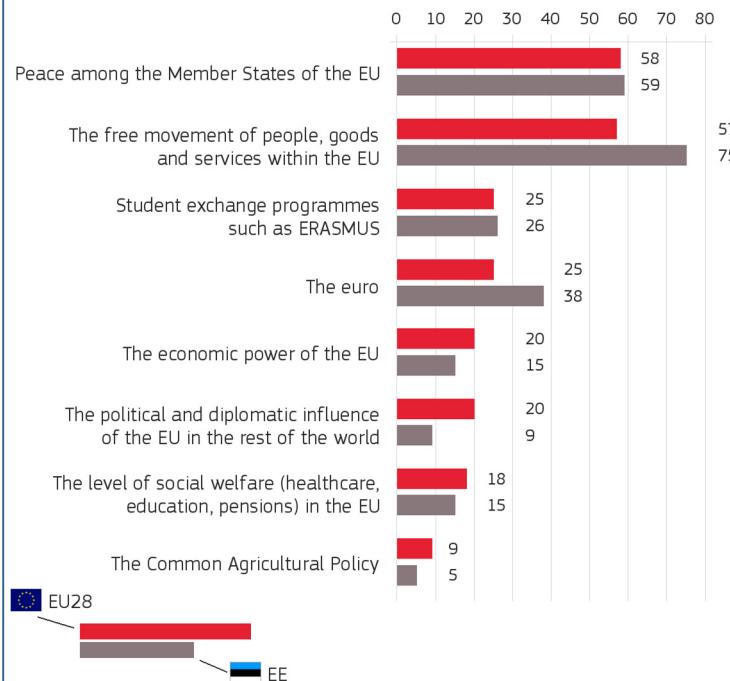
QD2 For each of the following statements, please tell me to what extent it corresponds or not to your own opinion.

(%)



QD4T Which of the following do you think is the most positive result of the EU?

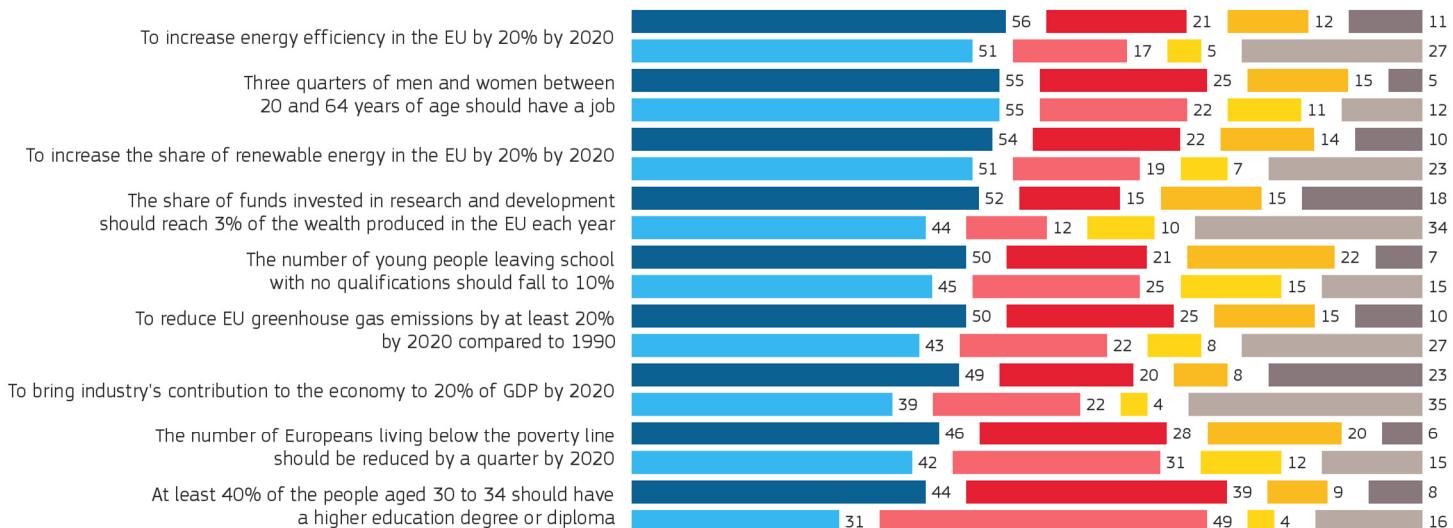
(%)



3. EUROPE 2020

QB1 Thinking about each of the following objectives to be reached by 2020 in the EU, would you say that it is too ambitious, about right or too modest?

(%)





VII. À LA DÉCOUVERTE D'ESTONIE

- 1. ATTRACTIONS PRINCIPALES**
- 2. INFORMATIONS PRATIQUES**

VII. À LA DÉCOUVERTE D'ESTONIE¹⁸

Un des principaux attraits de l'Estonie est la façon surprenante dont l'histoire et la modernité y cohabitent. On est tout d'abord agréablement surpris par l'architecture moderne, le confort des hôtels, la multitude de cafés conviviaux et les galeries d'art contemporain.

En même temps, on décèle en Estonie les traces d'une riche histoire, illustrée par les toits de tuiles rouges, les flèches des églises, les girouettes, les tourelles des châteaux vieux de plusieurs siècles. Dès le Moyen Âge, l'Estonie est une composante à part entière de l'espace culturel européen grâce au commerce transitant par ses ports, qui a contribué à faire prospérer le pays tout en le faisant connaître à l'étranger.

Un de ces ports séculaires est Tallinn, la capitale de l'Estonie. Tallinn nous charme par son centre historique, véritable écrin aux splendides églises, maisons et palais. C'est l'une de ces rares villes encore entourées par un authentique mur d'enceinte médiéval bien préservé, et une cité dont le charme irrésistible en fait une destination de choix. Son centre-ville est féerique et quelque peu secrète.

1. Attractions principales¹⁹

1.1 Vieille Ville



Construit entre les XIII^e et XV^e siècles, quand Tallinn, ou Reval comme on l'appelait alors, était un membre prospère de la Ligue hanséatique, cet ensemble clos de maisons à pignon colorées, de cours à moitié cachées et d'églises grandioses est, à juste titre, la plus grande attraction touristique de la ville. Et le fait que le tout soit proprement entouré de remparts presque intacts, parsemés de tours de garde, lui donne un charme féerique supplémentaire. Petite, compacte, la

Vieille Ville est très facile à explorer à pied.

La Vieille Ville de Tallinn se divise en deux parties, la ville basse et la ville haute (aussi appelée *Toompea*). Ces deux villes étaient jadis séparées par des portes fortifiées, comme s'il s'agissait de deux cités distinctes. Aujourd'hui, la combinaison des deux, avec la ville haute perchée sur son éminence calcaire et la ville basse s'étendant à ses pieds, donne une silhouette très expressive, que l'on distingue de loin, aussi bien depuis la terre que de la mer. La ville basse est l'une des cités médiévales les mieux préservées d'Europe, et elle figure au Patrimoine mondial de l'UNESCO depuis 1997.

¹⁸ http://www.routard.com/guide/code_dest/estonie.htm#ixzz4v6ylnDzv

¹⁹ <https://www.visit-tallinn.ee/fra/visiteur/découvrir-tallinn/articles-guides/la-vieille-ville>

1.2 Mairie (*Raekoda*)



Construit entre 1402 et 1404 comme lieu de réunion pour les bourgmestres.

Si vous observez attentivement le sommet de la tour, vous y apercevez la girouette représentant le Vieux Thomas, un symbole de la ville, fidèle au poste depuis 1530.

Aujourd'hui, c'est le seul hôtel de ville gothique intact dans toute l'Europe du Nord. Il est utilisé principalement pour des concerts ou lors des visites de chefs d'État, mais il s'ouvre à la visite en juillet et août. L'intérieur est

spectaculaire, avec ses salles de réunion polychromes, les plafonds voûtés, les boiseries sculptées et quelques-uns des plus précieux trésors artistiques que compte la ville.

Adresse: Raekoja plats 1, Tallinn

Prix

Billet 5.00€

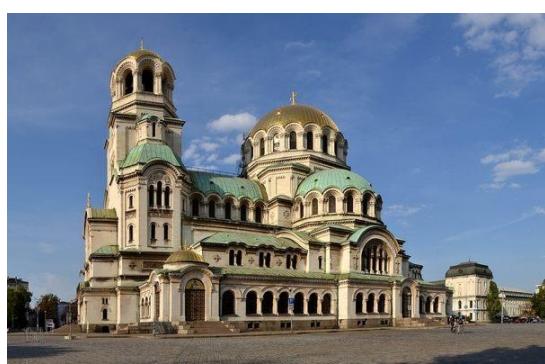
Billet d'enfant 2.00€

Billet familial 10.00€

Gratuit avec Tallinn Card

Plus d'information: <https://www.visittallinn.ee/fra/visiteur/a-voir/visites/pid-174683/l-hotel-de-ville>

1.3 Cathédrale Alexander Nevsky



C'est la principale cathédrale orthodoxe russe d'Estonie. C'est de loin la plus grande et la plus opulente église orthodoxe de Tallinn.

Construite en 1900, alors que l'Estonie faisait partie de l'Empire russe, la cathédrale a été conçue à l'origine comme un symbole de la domination – aussi bien religieuse que politique – du régime tsariste sur ce territoire de la Baltique de moins en moins docile. La cathédrale est dédiée au prince de Novgorod Alexandre Iaroslavitch Nevski, vainqueur de la célèbre «bataille sur la glace» au lac Peipsi en 1242, au cours

de laquelle il arrêta l'avancée vers l'est des chevaliers teutoniques. Le monument a été délibérément édifié en ce lieu très visible, devant le château de Toompea, à l'emplacement où s'élevait précédemment une statue de Martin Luther.

Adresse: Lossi plats 10, Tallinn

Ouvert / Disponible: lundi-vendredi 8-18.

Plus d'information: <http://tallinnanevskikatedral.ee/tallinnski-aleksandro-nevski-sobor/>

1.4 Musée des Occupations

Ce musée moderne est le premier dans le pays à être consacré à la période 1940-1991, au cours de



laquelle l'Estonie a été occupée brièvement par les Allemands et pendant une durée plus importante par l'Union soviétique.

Des présentations audiovisuelles, des photographies et des enregistrements sonores illustrent les événements de cette époque, la répression et la résistance populaire, tout en montrant comment les gens ordinaires se débrouillaient au jour le jour avec les réalités de cette période difficile.

Adresse: Toompea tänav 8, Kesklinna linnaosa, Tallin

Ouvert / Disponible: mardi-dimanche 11.00–18.00 (dernière admission 17.30). Fermé les jours fériés.

Plus d'information: <http://www.okupatsioon.ee/index.php/et/>

1.5 Musée municipal



Le bâtiment, datant du XVII^e siècle, fut construit par le tsar russe Pierre Ier en 1714 ; celui-ci y logeait au cours de ses visites à Tallinn.

Depuis 1941, la demeure de Pierre Ier est une filiale du Musée municipal de Tallinn.

Le musée expose des pièces uniques rappelant la vie quotidienne de Pierre Ier.

Adresse: Vene tn 17, Tallinn

Ouvert / Disponible: 1.03-31.10 mardi-dimanche 10.30-18 / 1.11-28.02 mardi-dimanche 10-17.30.

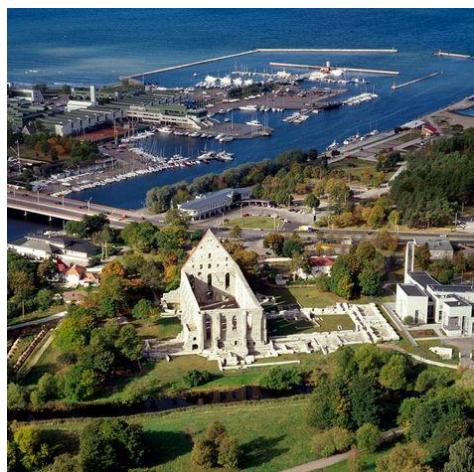
Prix

Billet	4.00€
Billet d'enfant	3.00€
Billet familial	8.00€

Gratuit avec Tallinn Card

Plus d'information: <http://www.linnamuuseum.ee/en/linnamuuseum/>

1.6 Pirita



Pirita est l'un des huit districts administratifs (estonien: *linnaosa*) de Tallinn, la capitale de l'Estonie.

Pirita occupe une superficie relativement importante, mais par rapport à d'autres districts de Tallinn, sa population de 16.636 est relativement faible. Il se compose principalement de maisons privées, au lieu des grands blocs d'appartements typiques de certains autres quartiers de Tallinn, tels que *Lasnamäe* et *Mustamäe*. Les grandes parties du quartier se composent de bâtiments et de maisons modernes et nouvellement construits. La plage de *Pirita* est située à *Pirita*.

Pirita est l'un des quartiers les plus prestigieux et les plus riches de Tallinn, en partie grâce à des avantages naturels tels que son port de plaisance et de plage. La plage de *Pirita* est la plus grande de Tallinn et, en été, peut attirer jusqu'à 30 000 visiteurs par jour.

13.7 Kadriorg

Ce vaste parc entourant le palais de *Kadriorg* est sans conteste le meilleur endroit de la ville pour flâner, nourrir les pigeons ou réfléchir à la vie. Il fut conçu en 1718 comme partie intégrante du domaine du palais mais a toujours été ouvert au public.

Au printemps et en été, les visiteurs peuvent admirer les plates-bandes fleuries dans les jardins rigoureusement dessinés, mais la plus grande partie du parc conserve son allure de paysage naturel, avec des prairies et des bosquets traversés de sentiers.



L'un des lieux les plus populaires du parc est le bassin aux cygnes, de forme symétrique, avec tout son entourage. Plusieurs dépendances du palais sont alignées le long de la promenade qui relie le bassin aux cygnes au palais. L'atelier de restauration du Musée des Beaux-arts d'Estonie est logé dans le pavillon des hôtes du palais et le pavillon du parc, attenant.

En face des grilles du château se situent une petite maison de gardes, la cuisine et la cave à glace. La cuisine abrite aujourd'hui le musée *Mikkel*, dépositaire d'une importante collection d'art étranger.

En suivant la principale rue traversant le parc, *Weizenbergi*, on dépasse le palais présidentiel pour arriver à *Kumu*, le bâtiment ultramoderne du Musée des Beaux-arts d'Estonie, à la fois galerie nationale et centre d'art contemporain.

2. Informations pratiques

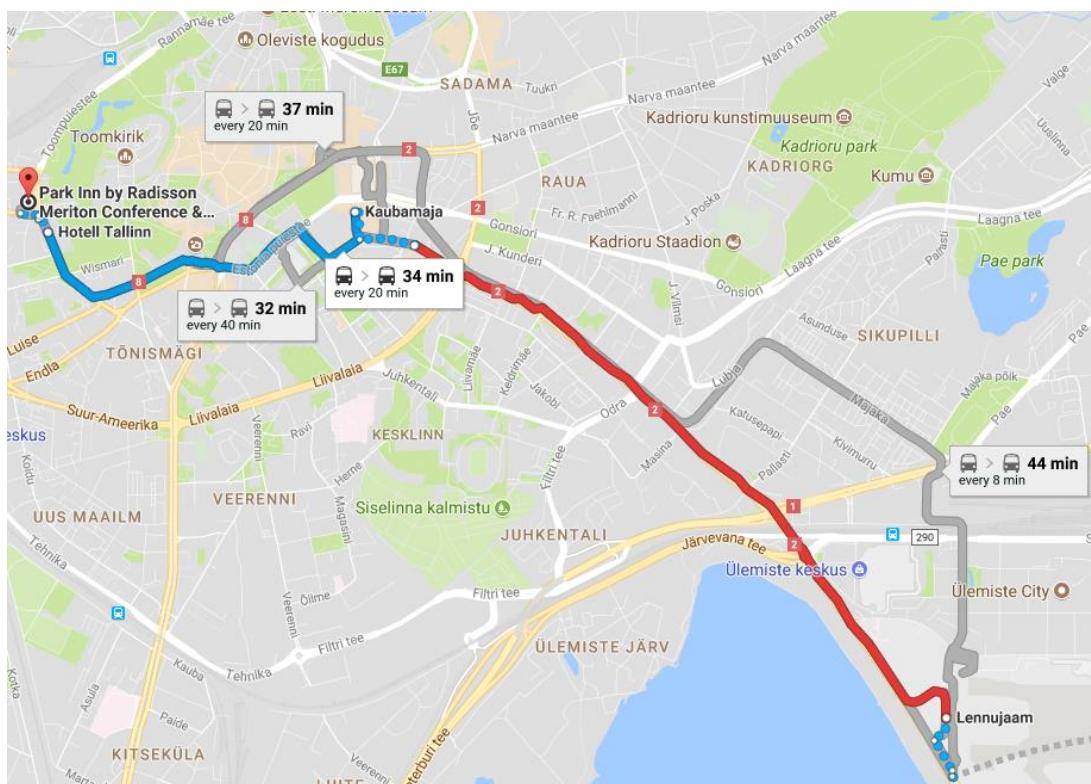
1. Comment rejoindre l'hôtel depuis l'aéroport

L'adresse de l'hôtel est *Toompuiestee 27, Paldiski Maantee 4, Tallinn, 10149*. De l'aéroport, il y a deux options principales: aller en bus ou en taxi.

- **En bus**

Si vous choisissez d'aller en bus, vous trouverez l'arrêt de bus de la **ligne 2** qui est celui que vous devez prendre. L'arrêt s'appelle *Lennujaam*. Vous devez descendre au 5ème arrêt *Tornimäe*. Ensuite, vous devez marcher pendant environ 4 minutes, en direction ouest sur *Rävala puiestee* vers *Kivisilla* et tournez à droite sur *Kaubamaja*. L'arrêt s'appelle *Kaubamaja* et il sera sur votre gauche. Vous devez prendre la **ligne 1**. Vous devez descendre au 4ème arrêt, appelé *Hotel Tallinn*. Enfin, vous devez marcher pendant environ deux minutes. Continuez vers le nord-ouest sur *Toompuiestee/Route 8*. Tournez à gauche en direction de *Toompuiestee/Route 8*. Tournez à droite sur *Toompuiestee/Route 8*. Tournez à gauche sur *Paldiski maantee/Route 8*. Tournez à droite et vous trouverez le Park Inn by Radisson Meriton Conference & Spa Hotel Tallinn.

Au total, le trajet prend environ 35 minutes.





- **En taxi**

Le prix approximatif est de 12€ et le trajet est d'environ 15 minutes.

2. Hôtel

*Park Inn by Radisson Meriton Conference & Spa Hotel Tallinn*****

Toompuiestee 27, Paldiski Mantee 4, Tallinn, 10149
Estonie

Tel: + 372 62 88 100

Email: info.meriton.tallinn@rezidorparkinn.com

Site Internet: <https://www.parkinn.fr/>

3. Transports

Comprend les services de bus, de tramway, de trolleybus, de train et de ferry. Les lignes de bus, de tram et de trolleybus sont principalement exploitées par *Tallinna Linnatranspordi AS*, mais depuis 1995 MRP Linna Liinid exploite également plusieurs lignes. Les services de train électrique sont offerts par *Elron* et le service de traversier à l'île d'Aegna est exploité par *Kihnu Veeteed*.

Tallinn est la seule ville en Estonie à utiliser des tramways ou des trolleybus. La première ligne de tramway a été ouverte en 1888 et, en 2008, le tram a célébré son 120e anniversaire. Les trolleybus ont d'abord été prévus pour Tallinn en 1946, mais la première voie d'ouverture a commencé les services en 1965. Depuis lors, le réseau de trolleybus a été étendu à neuf voies, mais les opérations ont commencé à être réduites. En 2000, une route a été clôturée, suivie d'une autre en 2012, suivie de deux autres lignes fermées en 2015, laissant cinq lignes restantes.

4. Téléphone

Code international du pays en Estonie: +372

5. Liste des contacts utiles

Secrétariat de lAAD

Bureau JAN 2 Q 73

Parlement Européen

B-1047 Bruxelles

Tél: +322 2840703 Fax: +332 2840989

Courrier: formermembers@europarl.europa.eu

Elisabetta FONCK

Portable: +32 473 646746



Ambassades et consulats en Estonie

• **Ambassade d'Espagne en Estonie**

Liivalaia 13/15 - 6^o

10118 Tallinn

Estonie

+372 667 6658

• **Ambassade britannique en Estonie**

Wismari 6

Tallinn

15098

Estonie

+372 667 4700

• **Ambassade des Pays-Bas en Estonie**

Rahukohtu 4-I - 10130 Tallinn

Estonie

+372 680 5500

• **Ambassade d'Italie en Estonie**

Vene 2, 3rd floor 15075 Tallinn

Estonie

+372 627 6160

• **Ambassade de France en Estonie**

20 rue Toom Kuninga

15185 Tallinn

Estonie

+372 631 1492

• **Ambassade d'Allemagne en Estonie**

Toom-Kuninga 11

15048 Tallinn

Estonie

+372 687 5300

• **Consulat du Luxembourg en Estonie**

Liivalaia 45

10145 Tallinn

Estonie

+372 628 3210/+372 628 3332

• **Consulat honoraire de Hongrie en Estonie**

Estonia pst 5A

10143 Tallinn

Estonia

+372 631 3791



- **Ambassade de Pologne en Estonie**

Sur Karja 1/Vana Turg 2/4
110140 Tallinn
Estonia
+372 62 78 201/+372 62 78 206

6. Climat à Tallinn

Le climat à tendance à être fraîche et humide, en hiver, les températures peuvent être légèrement inférieures à celles de la côte et, en été, légèrement supérieures.

7. Alimentation électrique

Le courant électrique est de 220 volts AC, 50 Hz, des prises à 2 broches de style européen sont utilisées.

8. Langages

L'estonien est la première langue que la majorité absolue de la population peut utiliser.

20-25% de la population est de langue russe, une grande partie d'entre eux peuvent parler ou du moins comprendre l'estonien et la majorité des Estoniens sont capables de comprendre et de parler au moins un certain russe.

L'anglais est largement et couramment parlé et les expatriés et les touristes ne devraient avoir aucun problème, sauf dans les régions rurales éloignées et chez les personnes âgées. Les jeunes générations (adolescents) sont souvent bilingues.

Le finnois est compris et parlé dans une certaine mesure en raison de la similitude (beaucoup surestimée) avec l'estonien, en particulier dans le nord de l'Estonie.

9. Heure locale

Le temps change pour Tallin au cours de l'année. Tallinn observe EEST (UTC + 3) pendant l'été et observe EET (UTC + 2) pendant l'autre partie de l'année.

10. Devise

L'Estonie utilise l'euro comme monnaie officielle. Les grands hôtels, les magasins et les restaurants acceptent les cartes de crédit Visa, MasterCard, Euro Card et American Express.

Cependant, il est conseillé de transporter de l'argent avec vous. La plupart des banques sont ouvertes de 9h00 à 18h00 en semaine. Le service Western Union est disponible dans la plupart des bureaux de poste et des banques à Tallinn.

11. Numéros d'urgence

Le numéro pour tous les services d'urgence en Estonie (ambulance, incendie et police) est le 112.



12. Fumeur en Estonie

En vigueur depuis le 1er janvier, la loi estonienne sur le tabac interdit de fumer dans la plupart des endroits publics et établit les exigences pour les cafés et les vendeurs de tabac.

Selon la loi, il est interdit de fumer dans les bâtiments et les terrains utilisés pour les établissements sportifs, médicaux, éducatifs, culturels et gouvernementaux, les tunnels, les cages d'escalier et les bureaux et les appartements loués (si le propriétaire l'interdit). On ne peut fumer dans les transports en commun. Les agents de police et les responsables de la protection du consommateur appliqueront la loi.

13. Pourboire

Dans les cafés et les restaurants, il est habituel d'offrir un pourboire entre 5 et 10% de la facture. Dans certains établissements réputés, le pourboire peut être inclus dans le compte total.