

Enterprise and Industry

2014 SBA Fact Sheet

ESTONIA



In a nutshell

Small and medium-sized enterprises (SMEs) are very important for the Estonian business economy, accounting for about 74 % of value added and 78 % of private sector employment. Most Estonian SMEs are active in the service sectors, followed by the retail and wholesale trade and construction. The manufacturing sector is also important, as it accounts for a quarter of SME value added and employment. Estonia was hit particularly hard by the economic and financial crisis. Real GDP dropped by 14.1 % in just one year, a contraction which was the result, on the one hand, of the deflation of the housing bubble and, on the other hand, of the virtual disappearance of export markets on which its economy was dependent. Nevertheless, Estonia was quick to recover and to strengthen its economy by making it more resistant to external shocks. Real GDP grew by 17.6 % between 2009 and 2013, regaining its pre-crisis level, due to a rapid rise in high value added exports by manufacturing firms. At the same time, the situation is less positive in terms of the number of people employed, which, for SMEs, in 2013, was still 8 percentage points below its 2008 level. This should be seen in the context of the unsustainable employment growth that took place in the construction and retail trade sectors as a result of the credit bubble in the boom years preceding the crisis.

Estonian SMEs benefit from a business-friendly environment and a strong and responsive administration, coupled with a sophisticated business culture and good framework conditions for innovation and internationalisation. At the same time, Estonia lags behind other EU countries in environment indicators and offers a less efficient insolvency framework. In addition, the generally recognised weaknesses of Estonian SMEs are their lack of qualified staff and engineers and their limited access to venture capital and other less traditional sources of financing.

About the SBA Fact Sheets¹

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from 'entrepreneurship' and 'responsive administration' to 'internationalisation'. To improve the governance of the SBA, the 2011 review of the Act called for improved monitoring. The SBA Fact Sheets are published annually and aim to improve understanding of recent trends and national policies affecting SMEs.

1. SMEs in Estonia — basic figures

	Number of enterprises			Number of employees			Value added		
	Estonia			Estonia			Estonia		
	Number	Proportion	Proportion	Number	Proportion	Proportion	Billion €	Proportion	Proportion
Micro	54 572	90.2%	92.4%	123 809	30.6%	29.1%	2	24.2%	21.6%
Small	4 824	8.0%	6.4%	97 786	24.1%	20.6%	2	23.7%	18.2%
Medium-sized	982	1.6%	1.0%	95 077	23.5%	17.2%	3	26.5%	18.3%
SMEs	60 378	99.8%	99.8%	316 672	78.1%	66.9%	7	74.4%	58.1%
Large	151	0.2%	0.2%	88 576	21.9%	33.1%	3	25.6%	41.9%
Total	60 529	100.0%	100.0%	405 248	100.0%	100.0%	10	100.0%	100.0%

These are estimates for 2013 produced by DIW Econ, based on 2008–11 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

SMEs are very important for Estonian business economy, accounting for about 74 % of value added and 78 % of private sector employment. Compared with the structure of the SME sector in Europe, small and medium-sized companies are more preponderant in Estonia. Estonian SMEs are mostly active in the service sectors, followed by the retail and wholesale trade and construction. However, when one looks at the sectors' contribution to the generation of added value and employment, manufacturing also appears important, as it accounts for a quarter of SME value added and employment.

Estonia was hit particularly hard by the economic and financial crisis. Real GDP dropped by 14.1 % in just one year, a contraction which was much more severe than anything that happened in Western Europe. This was the result, on the one hand, of the deflation of the housing bubble and, on the other hand, of the virtual disappearance of export markets on which Estonia's economy was dependent.

Estonia was quick to recover and to strengthen its economy by making it more resistant to external shocks. Real GDP grew by 17.6 % between 2009 and 2013, thereby regaining its pre-crisis level². After 2009, growth in GDP was primarily driven by a rapid increase by high value added exports by manufacturing firms³. In addition to manufacturing, other main positive contributors to value added came from the wholesale and retail trade and the information and communication sectors. Exports' contribution to economic growth in 2013 was lower than expected due to modest growth in Estonia's main trading partners⁴. As a result, GDP growth slowed

down in 2013 to only 0.8 %, which is the lowest figure in the last four years⁵. It should be pointed out that the situation is less positive in terms of employment, which for SMEs, in 2013, was still 8 percentage points below its 2008 level. This should be seen in the context of the unsustainable employment growth that took place in the construction and retail trade sectors as a result of the credit bubble in the boom years preceding the crisis. This has led to a mismatch between supply and demand for workers with particular skills, which adds another obstacle to efforts to reduce unemployment.

In line with the overall recovery of the Estonian economy, size class data points towards strong growth in SMEs' value added and even more in that of large enterprises: between 2008 and 2013, value added increased by 16 % for SMEs and by 26 % for large firms.

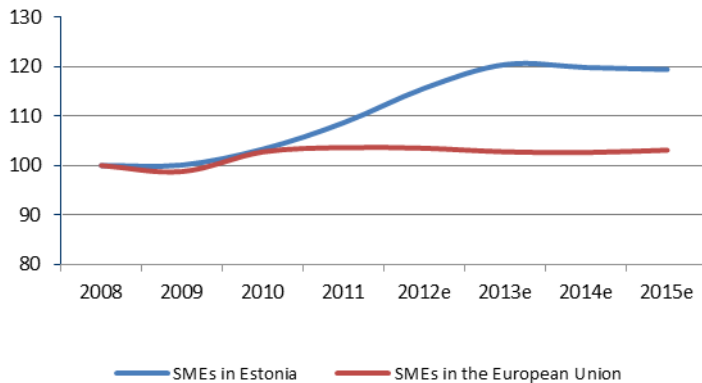
At sectoral level, similar developments can be observed. From 2009 to 2013, the value added by SMEs in the transportation and storage sector grew by 28 %, driven by the strong recovery of the manufacturing sector and the market entry of new companies (e.g. Ericsson), leading to increased utilisation of transport capacity. In addition to new investment in more efficient technologies, transit and logistics companies shifted their business models toward higher value added services, transforming themselves from mere re-loading terminals into processing factories.

Strong growth was also observed in the accommodation and food services sector, where SME value added grew by 69 % and SME employment by

SME trends in Estonia¹¹

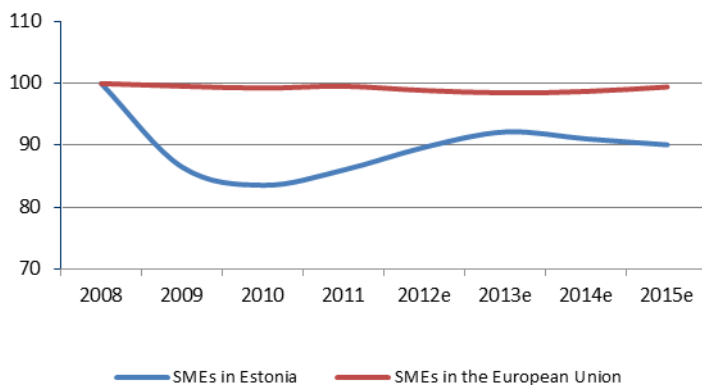
Number of SMEs

(Index: 2008=100, estimates from 2012 onwards)



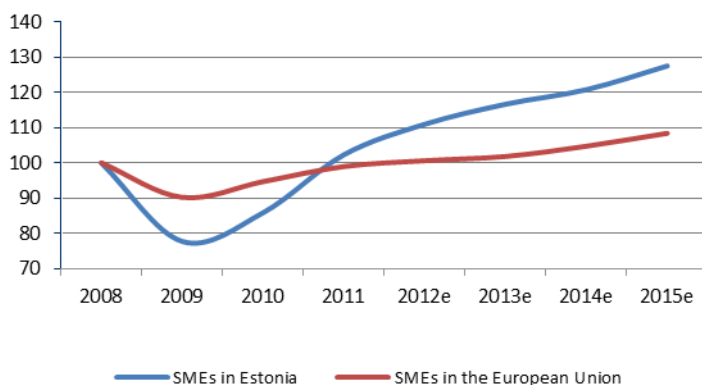
Employment in SMEs

(Index: 2008=100, estimates from 2012 onwards)



Value added of SMEs

(Index: 2008=100, estimates from 2012 onwards)

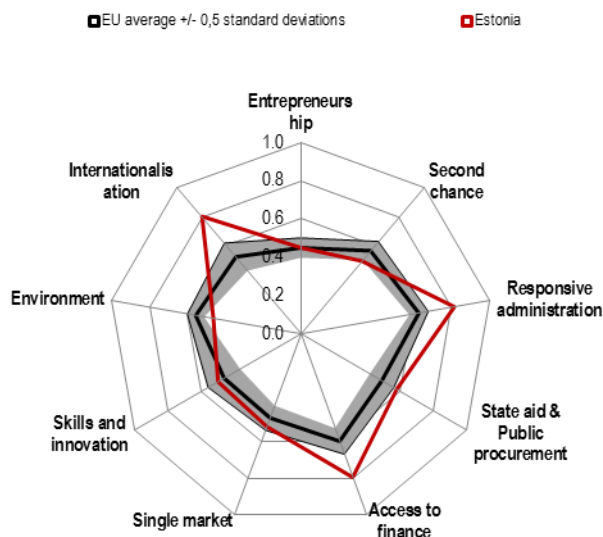


14% from 2009 to 2013. This is due to a steady increase in the number of foreign tourists and the length of tourist stays.

In 2013, 19237 new businesses were registered in Estonia, another 12312 closed down voluntarily, 1319 went through liquidation and 147 were declared bankrupt, resulting in net growth of 8496 registered enterprises⁶. 74% of all new companies were registered as private limited companies, of which 70% were established without an initial capital payment, as allowed by law since 2010⁷. However, on average only 65% of registered enterprises are economically active. Business survival is one of the most important indicators of the quality and sustainability of the entrepreneurial process. In Estonia, the average survival rate over a three-year period increased from 66% in 2007-2012 to 74% in 2012⁸.

With investment and external demand gradually recovering, the Estonian economy is expected to regain momentum, with growth forecast at 2.6% in 2014 and 3.9% in 2015⁹. Public investment is also expected to grow in the course of 2015 when the 2014-2020 EU budget is implemented¹⁰, which should result in substantial public procurement in the construction and service sectors, which are dominated by SMEs.

2. Estonia's SBA profile¹²



Estonian SMEs benefit from a business-friendly environment and a strong and responsive administration, coupled with a sophisticated business culture and good framework conditions for innovation and internationalisation. At the same time, Estonia lags behind other EU countries in environment indicators and offers a less efficient insolvency framework. In addition, the generally recognised weaknesses of Estonian SMEs are their lack of qualified staff and engineers and their limited access to venture capital and other less traditional sources of financing.

In 2013, Estonia implemented 8 new policy measures addressing 6 out of the 10 policy areas under the Small Business Act. However, it still has no national strategy for implementing the SBA, nor a specific SME policy. Most enterprise policy measures taken in Estonia over the whole SBA period are targeted either at all enterprises or at certain categories of businesses defined by criteria other than size.

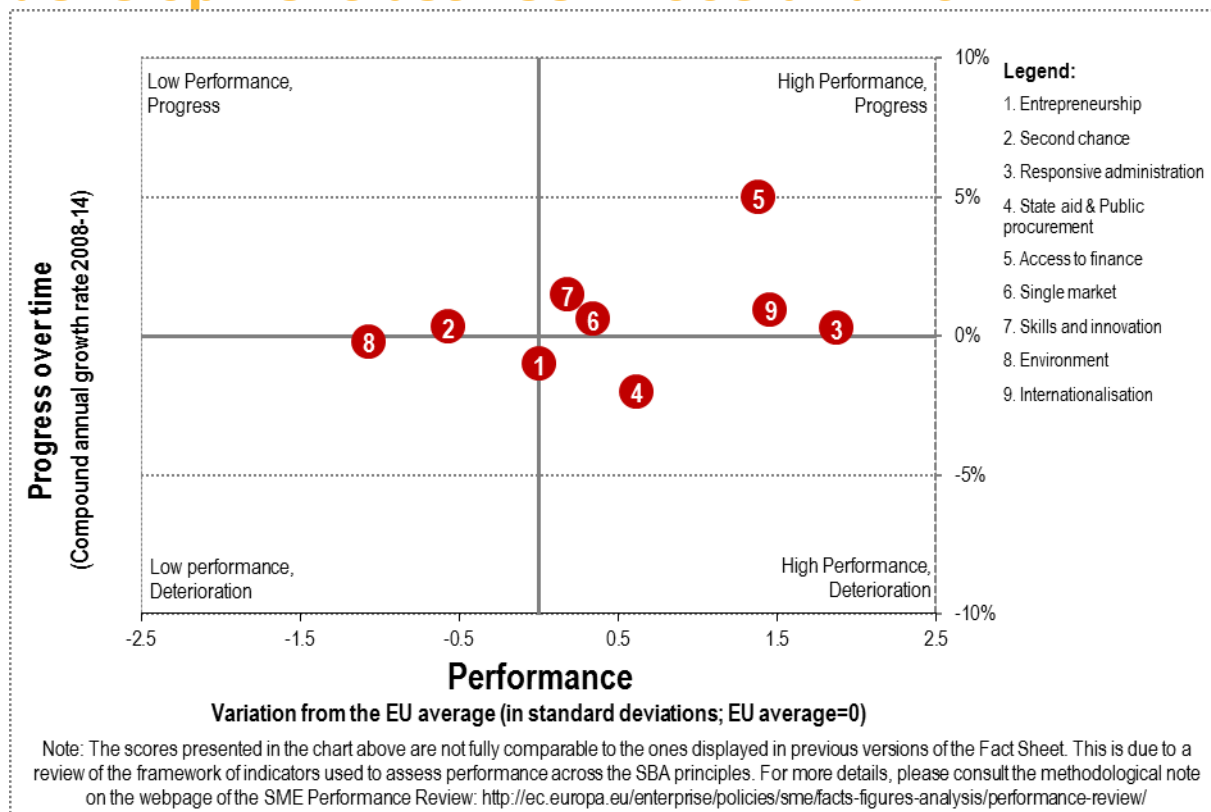
The leading public authority for the SBA — the Ministry of Economic Affairs and Communications — played an active role in developing new measures. At the same time, very important initiatives in the area of responsive administration were implemented by the Ministry of Justice. The transposition of the EU Late Payment Directive into national legislation is addressing one of the most serious problems of

SMEs, but will also serve the interests of large businesses. The network of export advisers, established by Enterprise Estonia/EAS, will probably be mostly useful to smaller and starting exporters among SMEs, though the service is also available to large businesses.

In 2013, the main emphasis of policy measures was innovation and internationalisation, with the introduction of additional centralised services, grants and financial instruments. In addition, the new Estonian Entrepreneurship Growth Strategy 2014-2020 was adopted. Based on the new strategy and its implementation plan, there will be big changes in approach and in the selection of support measures, funded by EU structural funds. Most of the grant measures of the previous programming period will be discontinued, a substantial number of new centralised services provided to SMEs and other businesses by EAS (Enterprise Estonia) will be introduced and additional funds will be allocated to measures in the form of financial instruments.

According to SME stakeholders, the SBA areas and specific needs of SMEs are not sufficiently addressed in the new growth strategy and very large proportion of the total SME population falls outside both the priority areas and the scope of support measures envisaged by the implementation plan. Despite some serious steps taken to develop venture capital and seed capital tools for SMEs, access to finance for microenterprises and small enterprises remains one of the major challenges and problematic SBA areas. As very few grant instruments will be available to this category in 2014-2020, there are concerns that emphasis on financial instruments will not improve the situation, as these are not well suited to micro-firms and small businesses and no micro-credit schemes or conditional loans are planned.

Estonia's SBA performance: status quo and development between 2008 and 2014¹³



'Think small first' principle

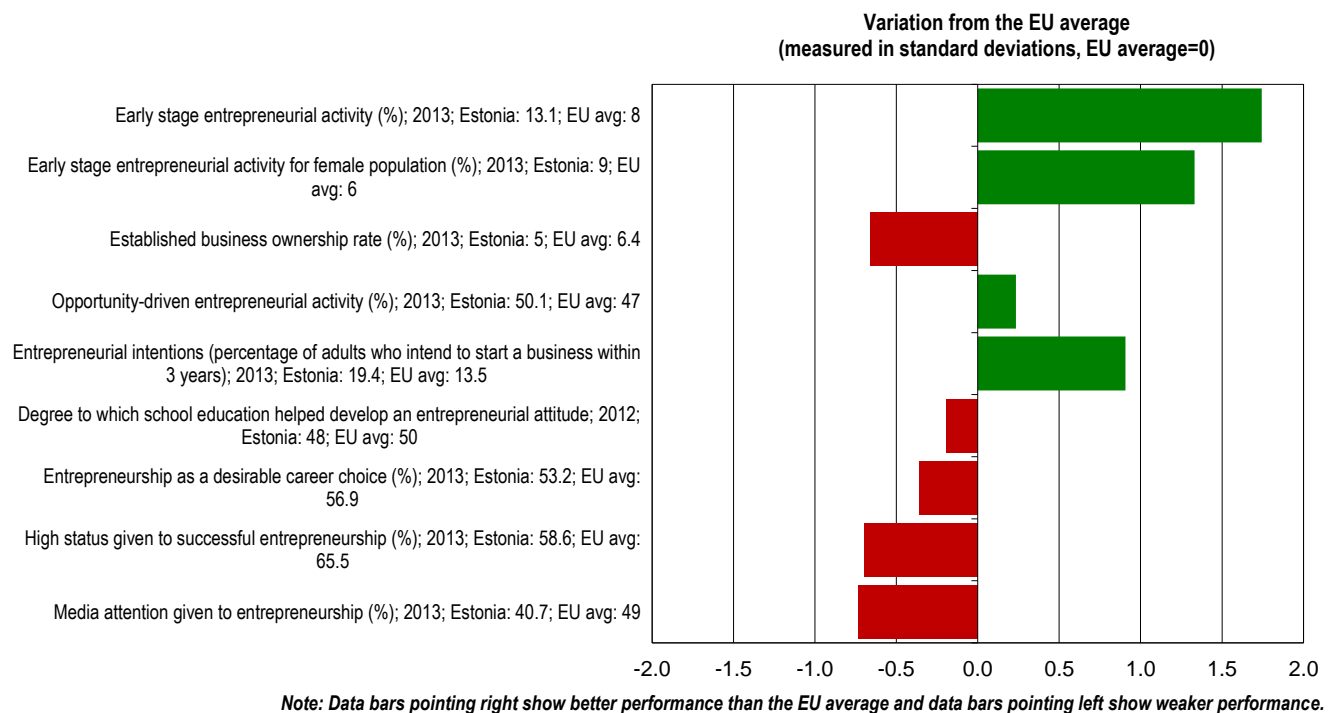
Estonia's government has taken a universal approach to enterprise development, making no (or extremely few) special concessions to SMEs. This approach has the advantage of a very transparent and simple legal environment, but it also leads to a lack of special legal provisions and support measures designed to provide a real level playing field for all businesses and especially micro-firms. Estonian SME stakeholders and government representatives agree that further progress is required to mainstream the 'think small first' principle in policymaking and law-making.

The national legislation on regulatory impact assessments includes regulations on good practices for law-making, adopted in 2011, which require impact assessment, consultations with major interest groups and public consultations. These were followed by methods of impact assessment adopted in 2012, which became compulsory for some measures from 2013 and for all legal acts from 2014. In practice, the impact of legislation on SMEs is not often assessed in Estonia. For example, two proposals for tax legislation made at the end of 2013 had a potentially large adverse impact on SMEs, according to SME stakeholders. No proper impact assessment on SMEs or on businesses in general was made and despite strong protests from the business community, the proposals were approved in 2014.

Although a practical method for the 'SME test' has not yet been adopted, a private initiative by the national SME association (EVEA) to develop methods and a manual for an SME test was started in 2013 with the support of the Ministry of Economic Affairs and Communications. The methodology takes into account some good practice in other EU Member States and is expected to be ready and tested either in 2014 or in the first quarter of 2015.

A system of consultations with stakeholders is in place in most ministries, in the form of consultative committees, but these are also held ad hoc. SME stakeholders are generally consulted together with all other business organisations. They use existing opportunities to influence legislative and policy proposals, but often this consultation comes at too late a stage of the development of the proposal, when it is very difficult to agree on substantial changes or the timing is too tight to develop well-grounded alternative proposals. Most of the time SMEs' interests are not separately scrutinised when designing new legislation.

Entrepreneurship



Estonia's score is now on a par with the EU average, but its individual indicators vary greatly.

On the one hand, the country scores highly for new entrepreneurial ventures started by both men and women. The quality of their entrepreneurial activity is also good, as about half of Estonian entrepreneurs say they have started a business because they wanted to exploit an opportunity in the market, or because they wanted to be independent and increase their income. These intense early-stage ventures are also likely to continue in the near future since, in 2013, 20% of the active population of Estonia expressed an intention to start a new business in the near future.

The entrepreneurial culture and general conditions for entrepreneurship in Estonia are getting better but some still fall slightly below average. For example, fewer Estonians agree that successful entrepreneurs are accorded high status, and there are somewhat

fewer media reports about successful entrepreneurship.

On the policy front, several measures were continued in 2013 and the first quarter of 2014, with new budgets allocated on a yearly basis: for example, EAS start-up and growth grants for new enterprises and a business mentoring programme; enterprise and business idea competitions (the Estonian Enterprise Award, BrainHunt, ENTRUM); and 'Start-up Estonia' — a programme of activities in support of innovative seed companies.

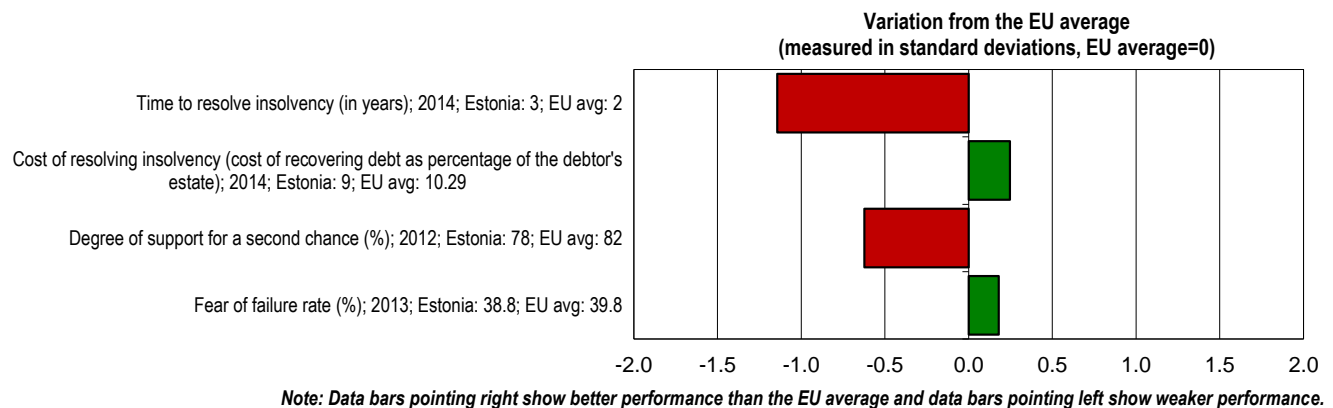
In general, there are enough measures to encourage people to start new businesses. In 2013, over 19 000 new businesses were registered in Estonia (11 % of all registered businesses) and the age profile of businesses shows this high growth in the enterprise sector is persistent. The most serious shortcoming is the very small budget and upper limits for start-up

grants (EUR 5 000 per applicant), which casts doubt on the measure's economic impact.

The government also adopted the Estonian Entrepreneurship Growth Strategy 2014-2020. This strategy focuses more on the issue of reducing administrative burdens for businesses, but it does provide for some start-up grants and loans for entrepreneurs.

2013 also saw the adoption of the new national curriculum for upper secondary schools, which requires each school to provide an optional course in economics and business studies.

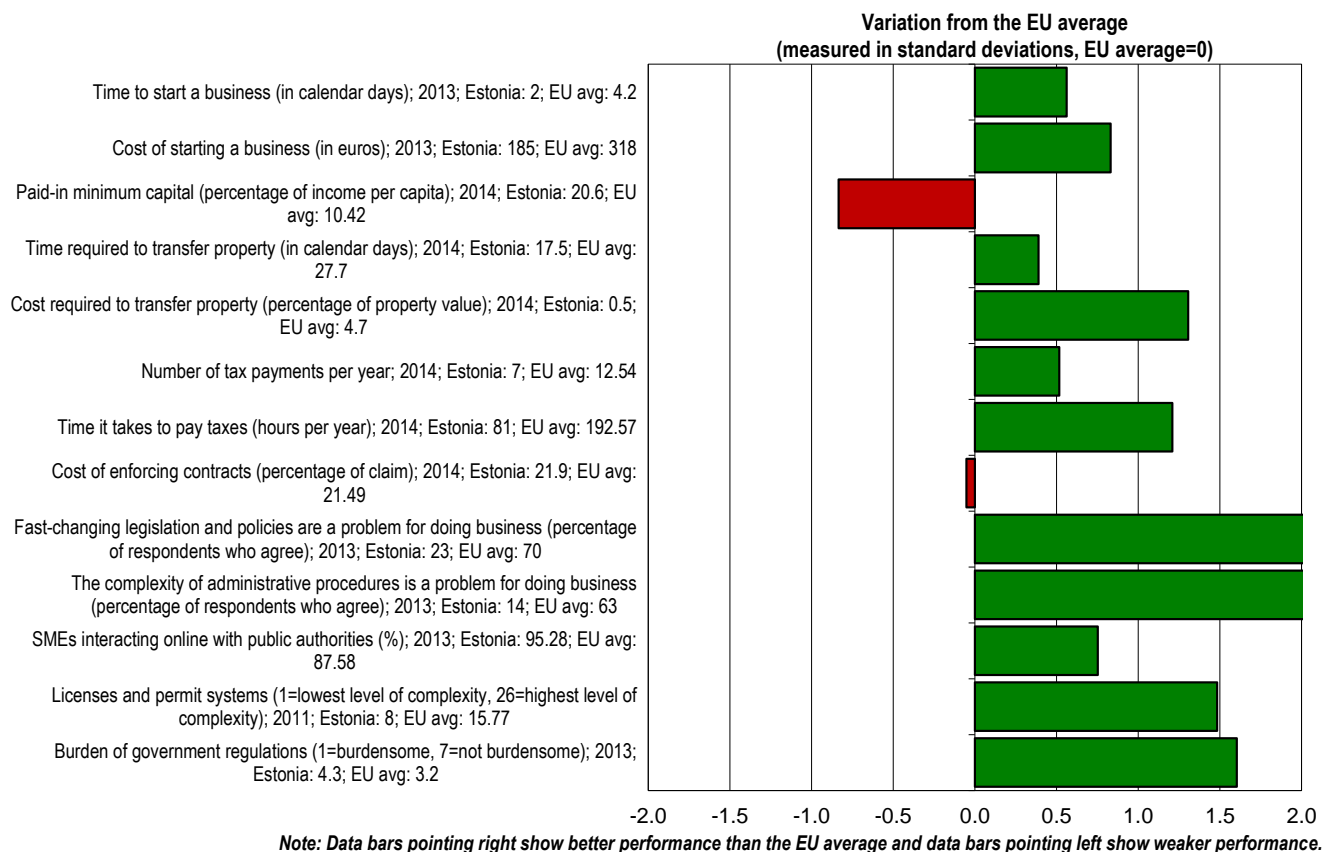
Second chance



Framework conditions are less positive for entrepreneurs who have failed in the past and would like to start a business again. The time it takes to close a business is one year longer than the EU average, but the cost of doing so is similar to the EU average. The degree of support for re-starters is relatively low compared to the average (78 % vs 82 %)

and, although it has significantly improved since 2009, there is more to be done. While stakeholders acknowledge that there are no legal obstacles to starting a business after bankruptcy, in practice cultural acceptance still needs to improve. No significant policy measures were announced or taken in this area in 2013.

Responsive administration



Estonia clearly outperforms other EU countries in this category, offering a business-friendly environment and a public administration that is responsive to the needs of SMEs.

Start-up conditions¹⁴, measured by the time needed to start a business and the cost, are close to the targets set by the Small Business Act. It is currently possible to start a business in Estonia in two days (even in three hours, with electronic registration), at a cost of EUR 185. Not only is it comparatively inexpensive and quick to start a firm, but there are fewer bureaucratic hurdles involved in running it day-to-day than the average EU firm encounters. The cost of enforcing contracts, the time needed for and the cost of transferring property, the number of tax payments and the time needed to comply with major tax requirements, are all lower than the EU average. This may be the result of SMEs' intensive use of e-government services to interact with the administration.

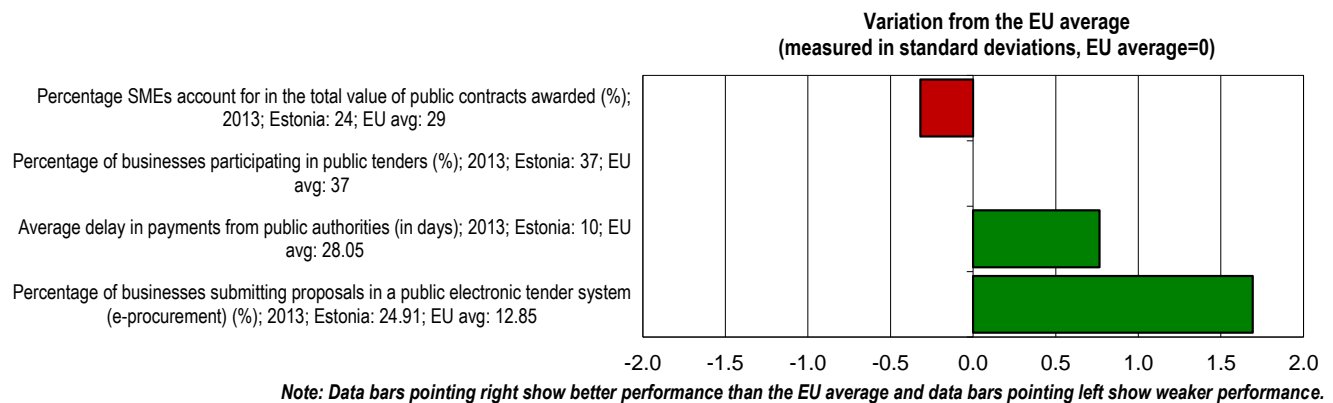
This first-class assessment is confirmed by a business survey conducted in 2013, which showed that a significantly lower than average share of entrepreneurs believe that the complexity of administrative procedures and the lack of stability and predictability of the legislative framework represent an obstacle to doing business in Estonia. By contrast, these two areas are still serious issues in the majority of EU countries.

Finally, the Estonian licensing system is less complex, with comparatively inexpensive, efficient and speedy procedures for obtaining the licences needed for a business to start operating.

On the public policy front, one measure targeted for microenterprises and small enterprises was the development of an internet-based public bookkeeping portal linked to the Enterprise Register. At the same time, there are still several well-recognised earlier measures relating to this principle that have been further developed (the e-Business register, e-Annual

reporting, the entrepreneur's portal, the e-tax department etc.). Therefore, the current state of implementation of this SBA principle is considered positive by all SME stakeholders.

State aid and public procurement



Estonia scores above the EU average in this area. The score is boosted by public authorities' significantly shorter payment times (10 days vs 28 in the EU generally); e-procurement procedures are also used much more often by SMEs bidding for public contracts.

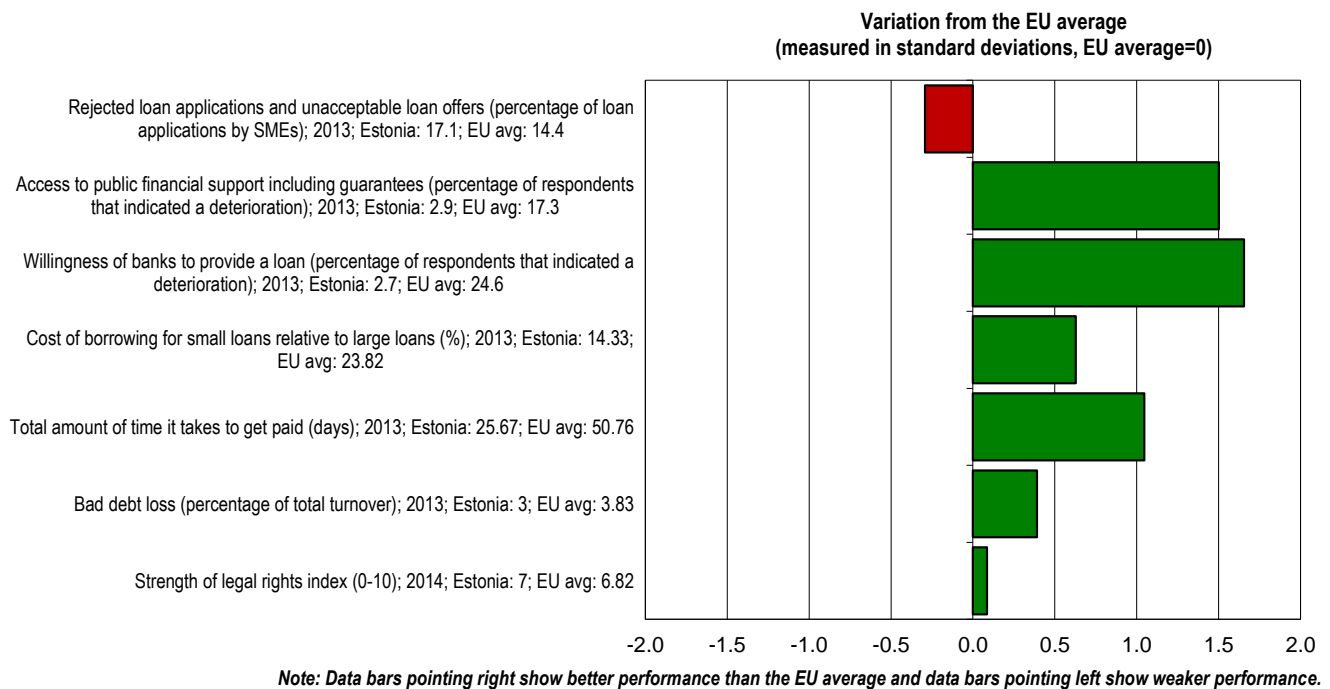
In 2013, SMEs accounted for 24% of the value of public procurement contracts awarded and about 37% of businesses reported having participated in public procurement procedures.

On the policy front, Estonia transposed Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions into national law.

Concerning state aid, most previously existing grant schemes were closed in 2013 because the relevant budgets were exhausted by the end of the EU programming period. At the same time, two new grant schemes and one new financial instrument were launched, all with a very narrow focus. So overall, SMEs' access to state aid decreased substantially in the reference period.

No further steps were taken in 2013 to improve SMEs' access to public procurement and, in contrast to EU common practice, it is prohibited by law to split public tenders into lots. Thus, SMEs mostly benefit from public procurement contracts as subcontractors.

Access to finance



Overall, Estonia offers better than average conditions for SMEs to access various types of finance. The latest figures on loans from 2013 reveal that a small proportion of Estonian entrepreneurs report a decline in banks' willingness to provide loans and in access to public financial support, including guarantees. Still, about 17% of SMEs have had applications rejected by banks or have been offered financing conditions which deemed unacceptable by their owners.

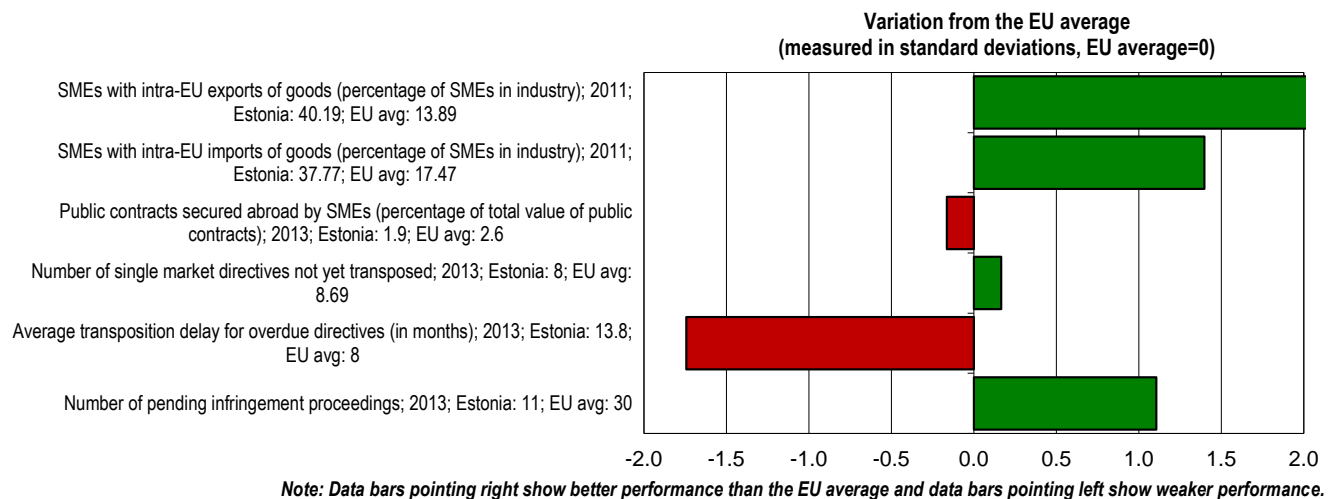
In 2013, late payment of invoices was half the EU average (26 as compared with 50 days), which is better for the liquidity of small businesses in particular.

Since the beginning of 2013, the export guarantee agency (KredEx) has taken part in the Baltic Innovation Fund, which is backed by the European

Investment Fund. The aim is to invest in private equity and venture capital funds over the next four years to further develop equity investment in SMEs and boost growth in the Baltic region.

EstBAN is a network for angel investors (i.e. early-stage investors), set up in December 2012 with a target of 10-15 investments and EUR 1 million in 2013 in total. It currently has 25 angel investors capable of investing between EUR 20 000 and EUR 500 000 EUR..

Single market

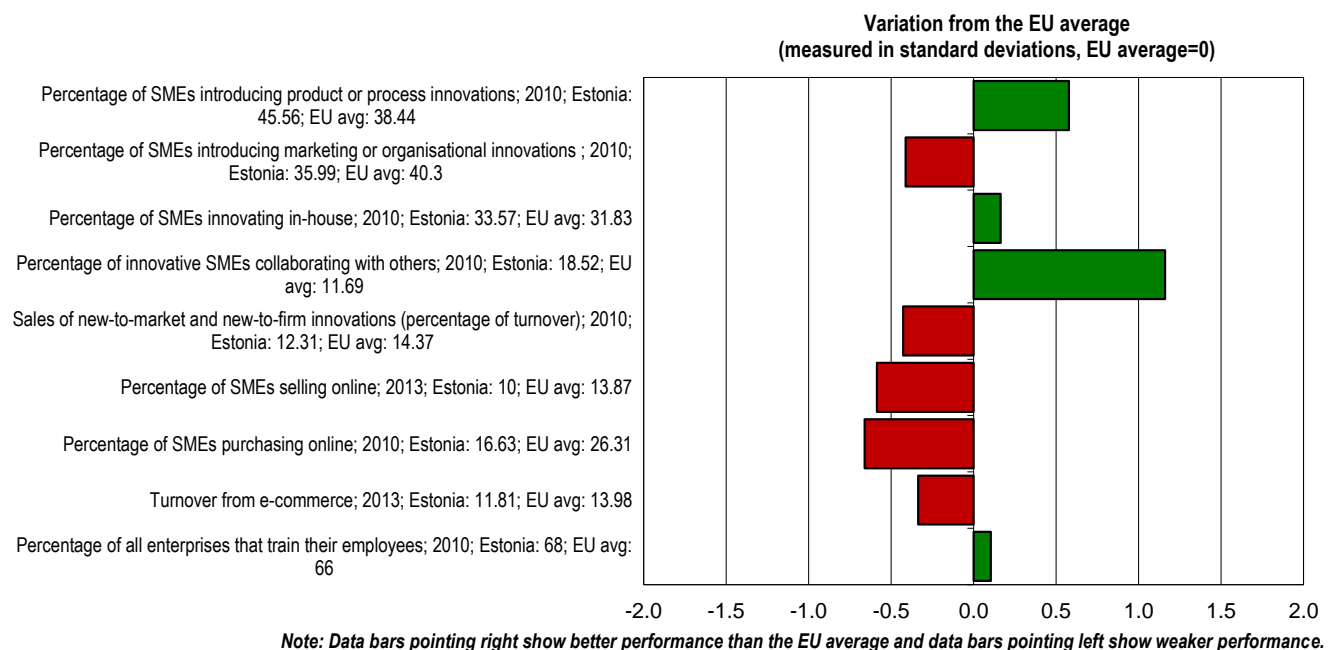


Estonia's performance on this group of indicators is again very good, especially when considering the performance of its manufacturing SMEs in trading goods with other EU countries. On the other hand, when it comes to implementing EU law, Estonia has some directives that are long overdue for transposition, although the total number of

outstanding directives is no higher than the EU average. The number of infringement procedures started against Estonia for non-compliance of its law with EU internal market rules is less than half the EU average.

There were no significant policy measures announced or implemented in this area in 2013.

Skills and innovation



In skills and innovation, Estonia's overall score is in line with the EU average. Its highest scores are for product and process innovation in SMEs (46% of all

SMEs), and for innovations produced in-house. Making innovations operational and cost-efficient and improving the revenue stream are still issues, with

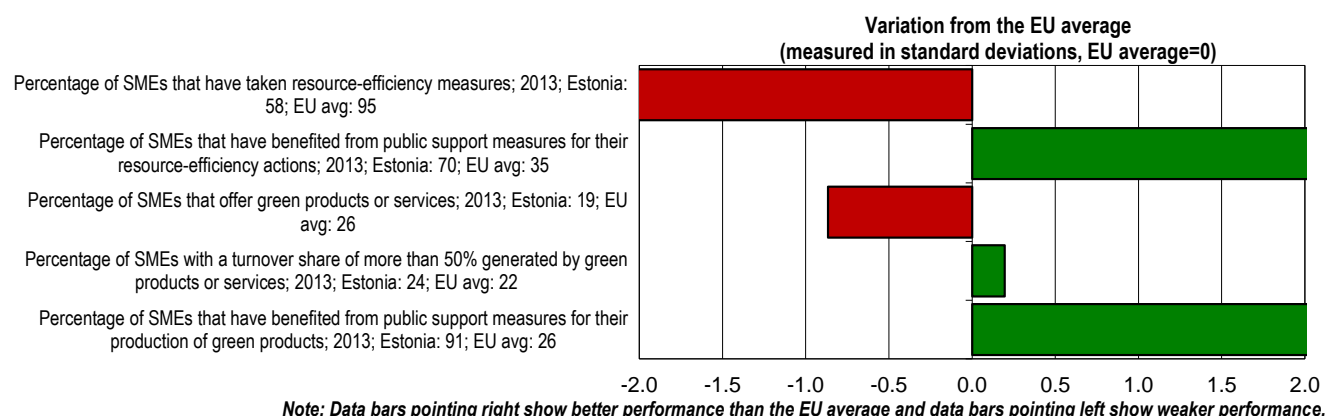
innovative products and services accounting for only 12% of total company turnover (as compared with 14% in the EU). However, the Estonian SME sector's score for collaborating with other businesses and producing research and development in-house is impressive.

In 2013, a new approach and a new measure was launched for a test period: the Enterprise Development Programme to help growing businesses draft development plans. It is an 'all-in-one' grant scheme, supporting innovation, staff development, new products and services and penetration of new export markets. This is the pilot phase, meant to test

the approach for further use of EU structural funds in 2015-2020, so it will be important for the future design of support measures for SMEs. Several other measures taken also contribute to this SBA area, especially measures under Entrepreneurship and Internationalisation.

Most of the measures relating to this SBA principle have continued from previous years. Some (e.g. Knowledge and Skills grants and the 'innovation voucher') ceased in 2013 as the budget was exhausted. The innovation voucher scheme is to start again in the third quarter of 2014.

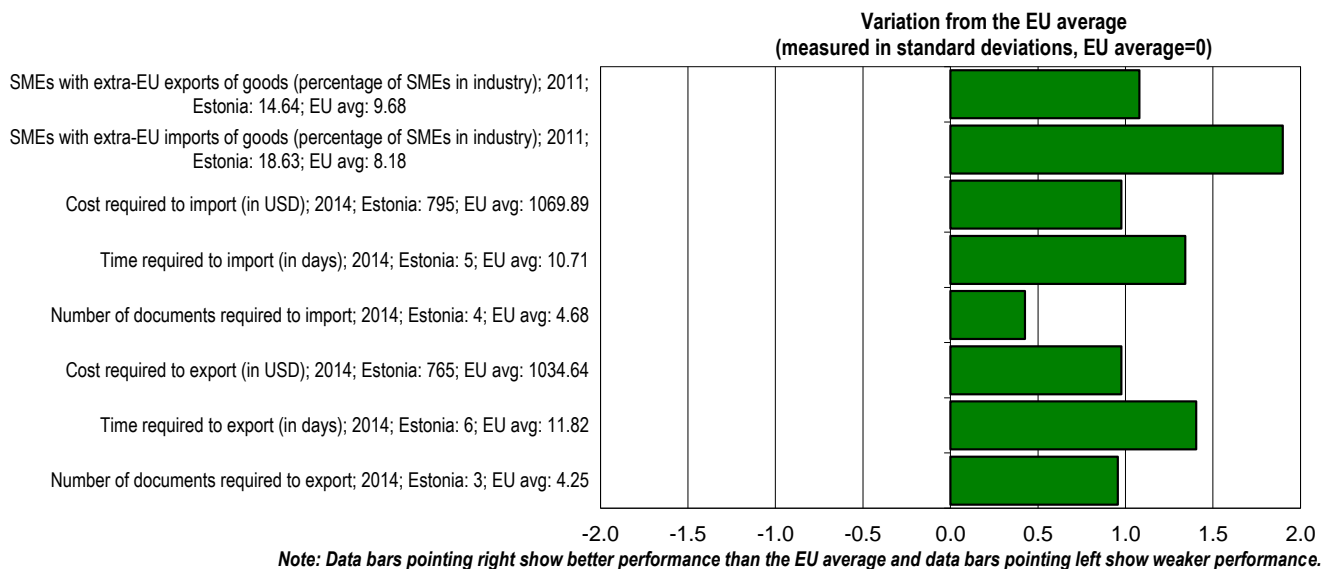
Environment



Overall, Estonia's performance is below the EU average for environment indicators. Estonia clearly lags behind the rest of Europe in terms of offering green products and taking steps towards resource efficiency. However, in 2013 a significantly higher proportion of SMEs reported they had received public support in both areas, so the situation is likely to change in the near future.

Policy-wise, in 2013 one measure addressing this area was implemented, namely Green Industry Innovation Estonia, supported by funding from Norway Grants. However, support under this measure was also available to large businesses and its design was relatively burdensome for SMEs, especially micro-firms.

Internationalisation



Internationalisation' is an important category, since it shows how Estonian SMEs are performing in terms of their presence in foreign markets and trade opportunities. On all indicators, Estonia performed significantly above the EU average. Estonia's manufacturing SMEs are much more likely than their European peers to have exports and imports of goods to and from markets outside the EU.

Equally, the framework conditions for trade are also more favourable in Estonia. Few documents are required for customs formalities and the time and costs are low.

More recent data for the economy as a whole show that exports of goods stood at EUR 12.3 billion in 2013, 2 % less than in 2012. This was the first setback after three years of successive growth. The trade deficit in goods stood at EUR 1.4 billion in 2013, compared with EUR 1.3 billion in 2012. The main export destinations were Sweden (17 % of Estonia's exports of goods), Finland (16 %) and Russia (11 %). The most important export commodity group was electrical equipment (20 % of total exports), followed by mineral products (11 %), and agricultural and food products (10 %)¹⁵. The fall in exports in 2013 compared with 2012 was primarily driven by falls in exports of mineral products (-31 %) and of metals and

metal products (-14 %).¹⁶ This in turn was caused by the decline of Russian transit and re-export of such products. The small size of the Estonian economy means that changes in major operations of individual large companies and one-off events may give rise to large fluctuations between commodity groups.

While 2013 was a year of lower export volumes and a negative trade balance for goods, exports of services grew steadily, exceeding services imports by 28 %. In 2012, exports of services stood at EUR 4.26 billion; this figure is expected to rise to EUR 4.42 billion for 2013.¹⁷ The largest service categories are transport, logistics and tourism. Exports of services account for around a quarter of Estonia's gross exports and help strongly maintain its foreign trade balance.¹⁸

Policy-wise, most of the measures in this SBA area continued from previous years. Some (e.g. export development grants) finished in 2013 as the budget was exhausted.

The introduction of export loans as a new financial instrument allowed firms to offer buyers flexible payment schedules for large orders and to finance the production of large export orders. The Export Advisers network paid for professionals in major target markets to provide advice, market information and assistance in finding export partners.

3. Good practice

Below is an example of an interesting policy practice from Estonia to show what governments can do to support SMEs:

Support for development plans for growing businesses

This is a pilot for a new approach, proposed by Enterprise Estonia (EAS) for the new programming period and introduced in January 2014. It is an 'all-in-one' support scheme (the Enterprise Development Programme), supporting innovation, the development of new products and services, personnel development and penetration of new export markets. No support is given for investment in material assets.

The target group includes fast growing, exporting SMEs that have already proved their viability and have high potential for growth. Prior to receiving the grant the applicant undergoes a business diagnostics procedure by experts hired by EAS — this is a new element.

The objective is to improve SMEs' international competitiveness through strategic planning and integrated activities in product, process, personnel, marketing and sales development.

Support is expected to lead to:

1. Growth of value added per employee
2. Improvement and further development of the business model
3. Increased investment in R&D and innovation
4. Increased high value added goods and services, as a proportion of export turnover
5. Growth of export revenues

The maximum grant is EUR 200 000 (*de minimis* state aid thresholds apply). The minimum proportion of financing to be supplied by the company is 55 % for small and 65 % for medium-sized enterprises.

If successful in 2014, the measure will most probably become the basic approach for state aid to SMEs. It is expected to improve the impact and focus of public support, and to reduce the administrative burden on both SMEs and the implementation agency compared with preparing and processing separate applications for various grants. This 'all-in-one' approach is quite innovative and transferable or adaptable to other countries. The measure has a set of clear and measurable performance indicators and directly addresses the new national 'Estonian Entrepreneurship Growth Strategy 2014-2020'. But it excludes SMEs that do not export.

References:

<http://www.eas.ee/et/ettevotjale/ettevotte-arendamine/kasvuettevotja-arenguplaani-toetus/ueldist>

Important remarks

The Small Business Act (SBA) Fact Sheets are produced by DG Enterprise and Industry as part of the SME Performance Review (SPR), which is its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information for the 28 EU Member States and nine non-EU countries which also contribute to the EU's Competitiveness and Innovation Framework Programme (CIP). Produced annually, the Fact Sheets help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member States' policies but should be regarded as an additional source of information designed to improve evidence-based policy-making. For example, the Fact Sheets cite only those policy measures deemed relevant by local SME policy experts. They do not, and cannot, reflect all measures taken by the government over the reference period. More policy information can be found on a database accessible from the SPR website. Please also see the end notes overleaf.

For more information

SME Performance Review:

http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm

Small Business Act:

http://ec.europa.eu/enterprise/policies/sme/small-business-act/index_en.htm

The European Small Business Portal:

http://ec.europa.eu/small-business/index_en.htm

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¹The 2014 SBA Fact Sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

²Calculated based on GDP in Euro provided by AMECO, http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm (last update Feb. 25th 2014).

³Statistics Estonia, News release No 15, 31.01.2014 <http://www.stat.ee/72311>; accessed: 27.03.2014.

⁴The Bank of Estonia, Economic Policy statement 12.12.2013: <http://www.eestipank.ee/en/press/increased-investment-will-be-required-economic-growth-recover-12122013>; accessed: 27.03.2014.

⁵Statistics Estonia, News release No 32, 11.03.2014 <http://www.stat.ee/72427>; accessed: 27.03.2014.

⁶E-Business Register, <http://www.rik.ee/et/e-ariregister/statistika>; accessed: 27.03.2014.

⁷News release by the Ministry of Justice.

⁸Data provided by the Ministry of Economic Affairs and Communications of Estonia.

⁹The Bank of Estonia, presentation of the President of the Bank, Ardo Hansson, 'The key issues of European and Estonian economy for the nearest years', 31.01.2014 <http://www.slideshare.net/eestipank/31012014-ems-ardohansson>; accessed: 27.03.2014.

¹⁰European Commission, Winter Forecast 2014 for Estonia: http://ec.europa.eu/economy_finance/eu/forecasts/2014_winter/ee_en.pdf; accessed: 27.03.2014.

¹¹ The three graphs below present the trend over time for the variables. They consist of index values for 2008 to 2015, with the base year 2008 set at a value of 100. As from 2012, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008–11 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in the financial sector, agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm.

¹² The policy measures presented in this SBA Fact Sheet represent only a selection of the measures taken by the government in 2013 and the first quarter of 2014. The selection was made by the national SME policy expert contracted by CARSA Spain (DG Enterprise's lead contractor for the 2014 Fact Sheets). The experts were asked to select only those measures that, in their view, were the most important, i.e. were expected to have the highest impact in the specific SBA area. The complete range of measures that the experts compiled in producing this year's Fact Sheets will be published alongside the Fact Sheets in the form of a policy database on the DG Enterprise website.

¹³ The quadrant chart combines two sets of information. Firstly, it shows the status quo performance based on data for the latest available years. This information is plotted along the x-axis measured in standard deviations of the simple, non-weighted arithmetical average for EU-28. Secondly, it reveals progress over time, i.e. the average annual growth rates for 2008–14. The growth rates are measured against the individual indicators which make up the SBA area averages. Hence, the location of a particular SBA area average in any of the four quadrants provides information not only about

where the country is located in this SBA area relative to the rest of the EU at a given point in time, but also about the extent of progress made in 2008–14.

¹⁴ As of 1 January 2011, it is possible to start a company without paid-in minimum capital. Dividends cannot be distributed before payment is made.

¹⁵ Statistics Estonia, News release No 17, 10.02.2014 <http://www.stat.ee/72535> ; accessed: 27.03.2014.

¹⁶ Statistics Estonia, News release No 17, 10.02.2014 <http://www.stat.ee/72535>; accessed: 27.03.2014.

¹⁷ Estimate based on data for January to October 2013 from the Bank of Estonia, http://statistika.eestipank.ee/?lng=et#listMenu/1798/treeMenu/MAKSEBIL_JA_INVPOS/145/436; accessed: 27.03.2014.

¹⁸ Quarterly Bulletin of Statistics Estonia 3/2013. Riina Kerner: EXPORTS OF GOODS AND SERVICES AND THE DOMESTIC VALUE ADDED EMBODIED IN EXPORTS <http://www.stat.ee>; accessed: 27.03.2014.