ESTONIA – 2021

Key findings

- The 2021 STRI of Estonia is slightly below the OECD average and relatively low compared to the average across all countries in the STRI sample. The indices have remained unchanged compared to 2020.
- Estonia achieved significant progress in liberalising its regulatory framework for services trade in recent years by extending the allowed duration of stay for different groups of services suppliers.
- Notwithstanding progress on trade liberalisation efforts, restrictions remain in professional services in relation to recognition of foreign qualifications and licensing conditions.

Recommendation

- Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Estonia could benefit from more open markets for services trade.

The 2021 STRI of Estonia is relatively low compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2021

Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2021. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Vietnam.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD STRI and TiVA databases (2021).
The 2021 index is shaped by restrictions that apply to key services sectors such as legal services, architecture and maritime transport services. Trade in these sectors is primarily hampered by restrictions on the movement of professionals. Quotas and labour market tests are applied to workers seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers.

Moreover, non-discriminatory treatment in the public procurement process is only guaranteed to EEA members or parties to the WTO’s Government Procurement Agreement. The standards for cross-border transfer of personal data are set at the EU level. Transfers to non-EEA economies can take place when these ensure an adequate level of data protection or, in the absence of this, appropriate safeguards (e.g. binding corporate rules or standard data protection clauses) are in place. Finally, a minimum amount of capital must be deposited in a bank or with a notary in order to register a business and a fiscal representative, who is jointly liable for the Estonian VAT, is required for non-EU companies.

Estonia has also introduced liberalising reforms in recent years, contributing to easing the conditions for trade and investment in several sectors since (Figure 2). In particular, steps towards greater regulatory openness were recorded in computer services, motion pictures, insurance services and engineering services. Changes in these sectors are mostly driven by reforms applicable to the whole economy.

**Figure 2. Evolution of STRI indices by sector in Estonia**

*Services Trade Restrictiveness Index, percentage change over the period 2014-2017, 2017-2020 and 2020-2021*


Services trade barriers are significantly lower within the European Economic Area across all services sectors (Figure 2b). Estonia maintains an open market for services suppliers from other EEA Members.
Figure 2b. Regulatory barriers affecting services trade within the European Economic Area (EEA)

Note: The traditional STRI indicates the level of restrictiveness on Most-Favoured Nation basis towards third countries, and the intra-EEA STRI indicates the level of restrictiveness towards EEA members. Intra-EEA STRI covers 24 countries (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden).

Storage and warehouse logistics services, telecommunications, insurance and logistics cargo-handling are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Conversely, accounting services, maritime transport, legal services and architecture services are the sectors with the highest score relative to the average STRI across all countries.

Figure 3. Sectoral breakdown: The least and most restricted sectors in Estonia

Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference i.e. (STRI\_country, sector - STRI\_world average, sector) / STRI\_world average, sector

Storage and warehouse logistics services is the least restricted service sector in Estonia compared to Europe and the other best performers elsewhere while architecture services are the most restricted (Figure 4).
Figure 4. Estonia compared to Europe and World's best performers


Key reforms

Recent changes affecting Estonia were due to changes in EU law. From 1 July 2021, the EU abolished the VAT de minimis regime for goods valued under 22 EUR. Regulation 2019/452 allows EU Member States to maintain, amend or adopt mechanisms to screen foreign direct investments in their territory on grounds of security or public order. In the context of the COVID-19 pandemic, Regulation 2020/459 waived the 80/20 grandfathering rule for airport slot allocations between 1 March 2020 and 27 March 2021. Accordingly, airport coordinators are required to consider slots allocated for this period as having been operated by the air carrier to which they were initially allocated. For the slots allocated for the scheduling period from 28 March 2021 until 30 October 2021, air carriers are entitled to the same series of slots for the scheduling period from 27 March 2022 until 29 October 2022. In maritime transport, Regulation 2020/436 extended the existing block exemption to liner shipping consortia from competition law until April 2024. In March 2019, EU-wide requirements on accounting separation entered into force for port authorities in receipt of public funds.

In 2017, the duration of stay for intra-corporate transferees was extended from 24 to 36 months, while in 2018 the duration of stays for independent services suppliers was extended from 24 to 60 months.

More information

» Access all country notes, sector notes, and interactive STRI tools at [http://oe.cd/stri](http://oe.cd/stri)
» Read more about services trade policies and their impacts in [Services Trade Policies and the Global Economy](http://oe.cd/stri)
» Contact the OECD Trade and Agriculture Directorate with your questions at [stri.contact@oecd.org](mailto:stri.contact@oecd.org)