



Estonia

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

Estonia

EIB Group survey on investment and investment finance 2020.

Country overview: Estonia

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the European Investment Bank

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Its research makes a difference for decision makers and communities.

For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

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EIBIS 2020 – Estonia

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis affecting the economy, investment in Q2 2020 is 8% below the pre-crisis 2019 level. COVID-19 has affected firms' investment strategies for 2020 with 43% of firms expecting to invest less than planned, in line with the EU average (45%).

Investment Focus

A third (33%) of firms, which have investment plans for the current financial year, report to abandon or delay investments as a result of COVID-19 in line with the EU average (35%). One in seven (14% of) firms plan to continue their investment plans with a reduced scale or scope similar to the EU average (18%).

The most frequently cited long term impact of COVID-19 on firms in Estonia is on their supply chain (44%), followed by their service or product portfolio (42%).

Investment Needs and Priorities

Almost eight in ten firms (78%) believe that their investment over the last three years was about the right amount, in line with both EIBIS 2019 (76%) and the EU average (80%).

Around three-quarters of firms (74%) were operating at or above full capacity in 2019, unchanged from EIBIS 2019 and remaining well above the EU average (61%).

Innovation Activities

Three in ten Estonian firms (30%) developed or introduced new products, processes or services as part of their investment activities, the same share as EIBIS 2019 but much lower than the EU average (42%).

Almost two-thirds of firms in Estonia (65%) have implemented, either fully or partially, at least one digital technology.

Drivers and Constraints

Estonian firms became much more pessimistic about the overall economic climate compared to EIBIS 2019 (-47% versus -21%), but less so than the EU average (-56%).

Availability of skilled staff remains the most cited long term barrier to investment (81%), in line with EIBIS 2019 (84%) and the EU average (77%).

Investment Finance

Three-quarters of investment activity by firms in Estonia was financed by internal sources in 2019 (77%). This is in line with EIBIS 2019 (76%) and remains well above the EU average (62%).

Almost four in five firms report that they generated a profit in the last financial year (78%), in line with EIBIS 2019 (81%) and the EU average (80%).

Access to Finance

Firms that were using external finance in 2019 are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. This is broadly in line with the EU average.

7% of all firms in Estonia could be considered as external finance constrained in 2019, in line with EIBIS 2019 (5%) and the EU average (6%).

Energy Efficiency

Two fifths (45%) of firms in Estonia have invested in measures to improve their energy efficiency. This is a big increase compared to EIBIS 2019 (31%) and brings Estonian firms in line with the EU average (47%).

The average share of investment in measures to improve energy efficiency by firms in Estonia (9%) is in line with EIBIS 2019 (6%) and the EU average (12%).

Climate Change

Three fifths (61%) of firms feel that climate change and the related changes in weather patterns impact their business, very similar to the EU average (58%). This includes 23% of Estonian firms which report a major impact, and 37% with a minor impact, again very close to the EU level (23% and 35% respectively).

On balance, firms in Estonia expect the transition to a low-carbon future to be rather positive than negative for their reputation (12%) but to have a negative impact on market demand (-3%) and their supply chain (-22%) over the next five years.

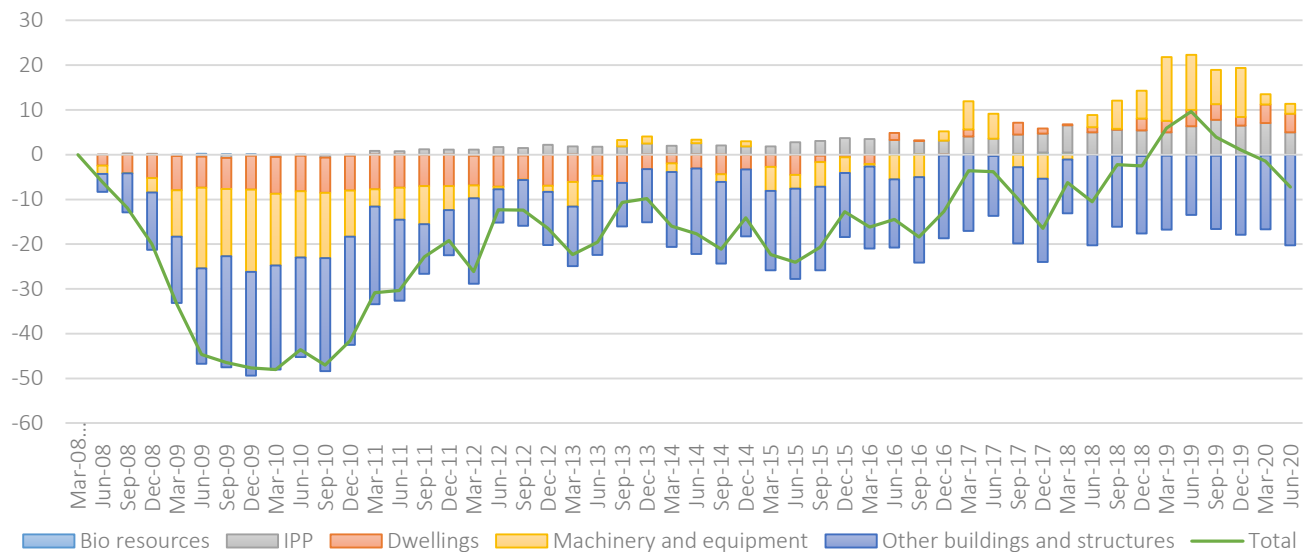
Less than half of firms in Estonia (46%) report that they already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is well below the EU average (67%).

Investment Dynamics

INVESTMENT DYNAMICS BY ASSET TYPE

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 is 8% below the pre-crisis 2019 level.

These negative dynamics follow the negative trend observed since mid-2019 and brings investment levels below levels observed at the start of the global financial crisis in 2008.



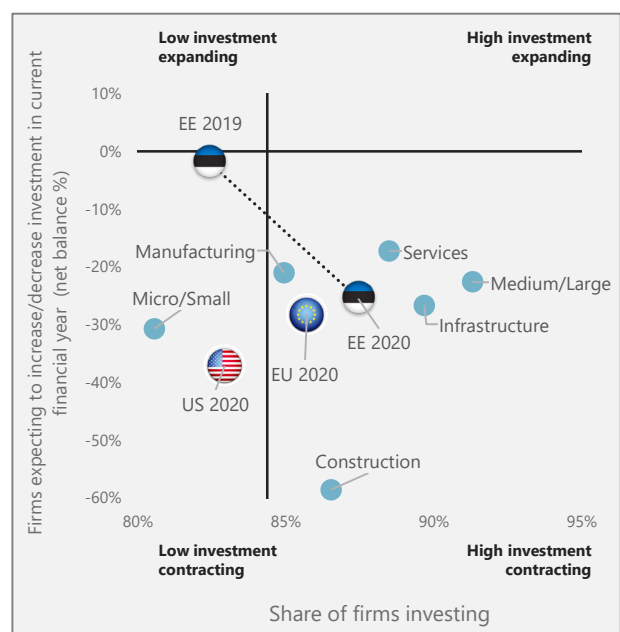
The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by asset type. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT CYCLE

The share of firms investing in Estonia has increased in EIBIS 2020 but the net balance of firms expecting to increase rather than decrease investment in the current financial year has declined by 23 percentage points. Estonia is now within the 'high investment contracting' quadrant, positioned very close to the EU average.

In particular, firms in the construction sector have decreased their investment in the current financial year (net balance of -59%).

Medium and large firms and firms in the infrastructure and services sectors have the highest share of firms investing.



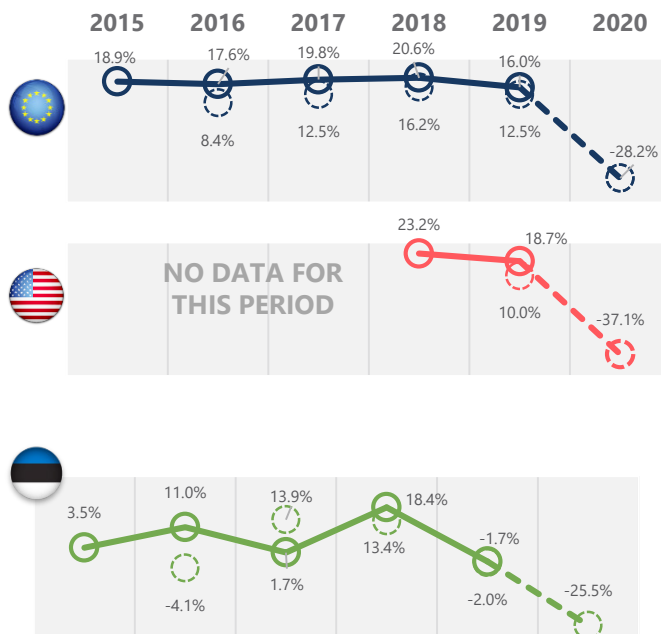
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

Base: All firms (excluding don't know/refused responses)

Investment Dynamics

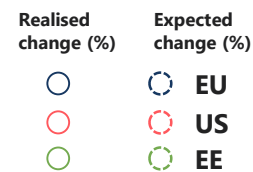
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



In 2019, more firms in Estonia reduced rather than increased their investment (a net balance of -2%). Investment activities were in line with expectations from EIBIS 2019.

The outlook for 2020 is very negative in Estonia, with 26% of firms expecting a decline rather than increase of investment on balance, in line with the EU average (a net share of -28%).



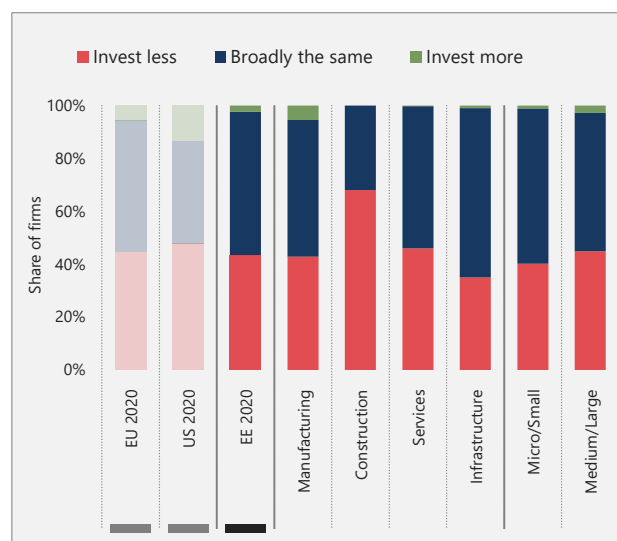
'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 has affected firms' investment strategies for 2020, with 43% of firms expecting to invest less than planned and only 2% expecting to invest more than planned, in line with the EU average (45% and 6% respectively).

Construction sector firms see themselves most affected by COVID-19 with two-thirds of them (68%) stating that they expect to invest less, compared to between 35% and 46% of firms in the other sectors.



Q. Have your company's overall investment expectations for 2020 changed due to coronavirus?

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

Investment Focus

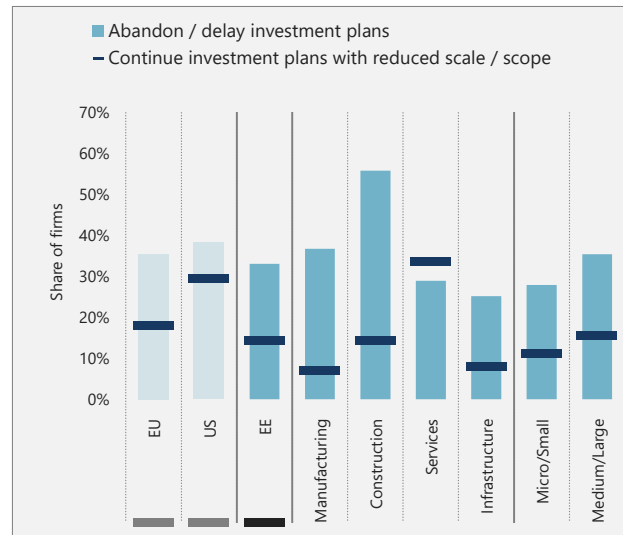
ACTIONS AS A RESULT OF COVID-19

A third (33%) of firms, which have investment plans for the current financial year, report to abandon or delay at least some investments as a result of COVID-19 in line with the EU average (35%).

One in seven (14%) of firms plan to continue at least some of their investment plans with a reduced scale or scope, similar to the EU average (18%).

The construction sector has the highest share of firms reporting that they will abandon or delay investments (56%).

The services sector has the highest share of firms which intend to continue their investment plans with a reduced scale/scope (34%).

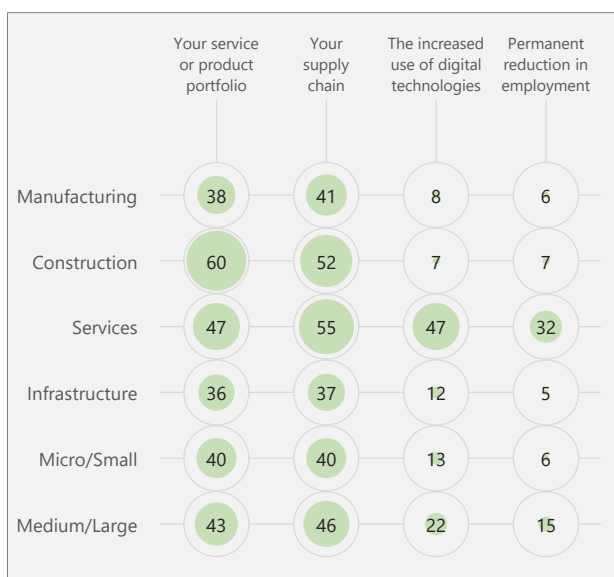


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



The most frequently cited long term impact of COVID-19 on firms in Estonia is expected to be on their supply chain (44%), followed by their service or product portfolio (42%).

Almost half of firms in the service sector (47%) expect an increased use of digital technologies.

One in eight firms (12%) in Estonia expect a permanent reduction in employment levels, but this rises to one in three for services firms (32%).

Q. Do you expect the coronavirus outbreak to have a long-term impact on any of the following?

Base: All firms

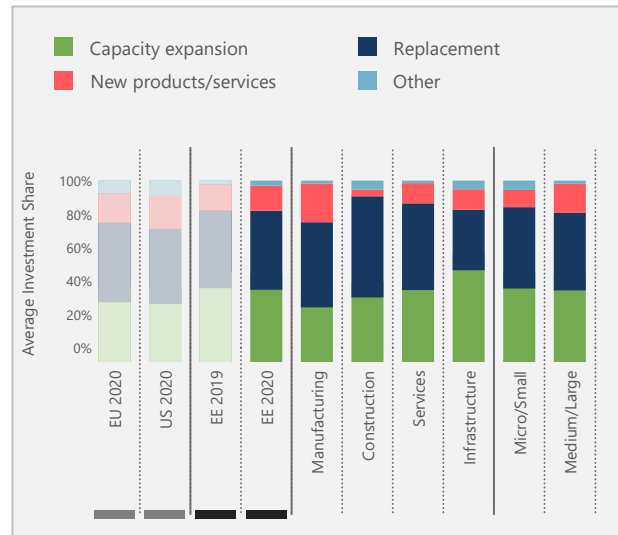
Investment Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

The largest share of investment in Estonia in the last financial year was for replacing existing buildings, machinery, equipment and IT (47%). This is in line with the results in EIBIS 2019 (46%) and the EU average (47%).

Replacement was followed by capacity expansion which makes up just over a third of all investment (35%), also in line with EIBIS 2019 (36%) but above the EU average (27%).

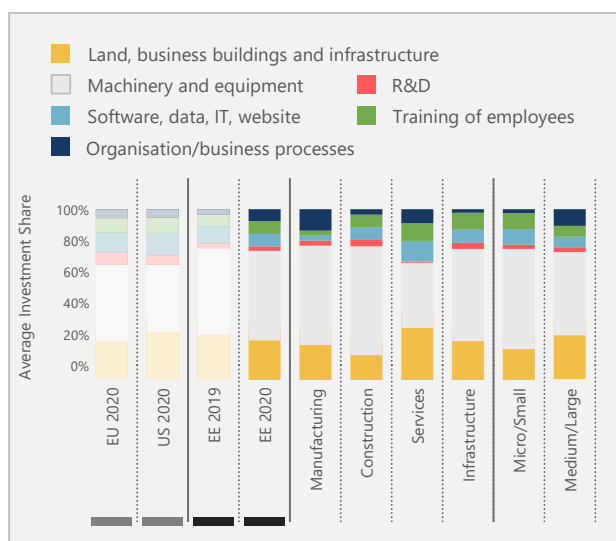
Looking at a sectoral breakdown, manufacturing firms reported a slightly higher share of investment for introducing new products, processes or services than construction firms (23% versus 4%).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

INVESTMENT AREAS



Out of the six investment areas considered, the highest share of investment in Estonia in the last financial year was in machinery and equipment (57%), which is in line with EIBIS 2019 (55%) and higher than the EU average (49%).

This was followed by investment in land, business buildings and infrastructure (16%), the same share as the EU average and in line with the results in EIBIS 2019 (20%).

Firms in the services sector invested less in machinery and equipment than other sectors (42%), compared to between 59% and 70%.

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Investment Needs and Priorities

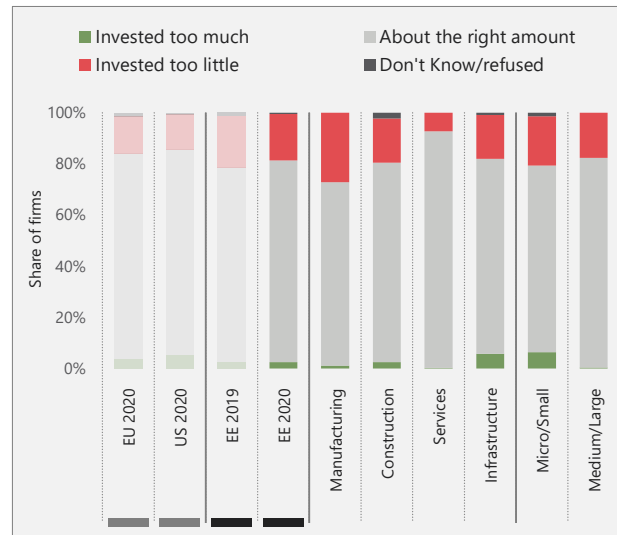
PERCEIVED INVESTMENT GAP

Almost eight in ten firms (79%) believe that their investment over the last three years was about the right amount, in line with both EIBIS 2019 (76%) and the EU average (80%).

The service sector has the highest share of firms satisfied with their level of investment is much higher for the services sector (92%).

Almost one in five firms (18%) report that they invested too little. At a sectoral level, this share increases to more than one-quarter of manufacturing firms (27%).

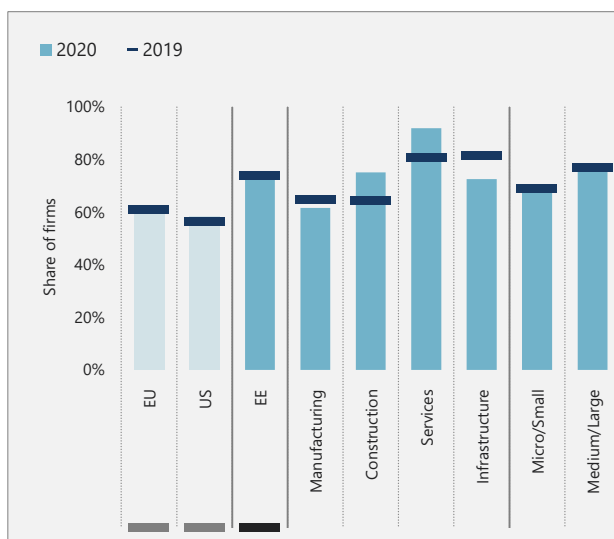
Micro and smaller firms are more likely than medium and large firms to have invested too much (6% versus less than 1%).



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable under normal conditions e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Around three-quarters of firms (74%) were operating at or above full capacity in 2019, unchanged from EIBIS 2019 and remaining well above the EU average (61%).

Firms in the services sector are the most likely to report operating at or above full capacity (92%).

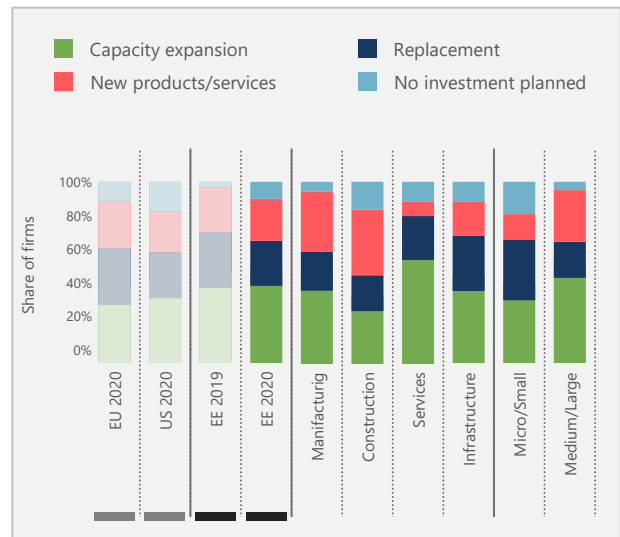
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, investment in capacity expansion for existing products/services remains the most commonly cited priority (38%), above the EU average (26%).

Compared to EIBIS 2019, there is an increase in the share of firms in Estonia not planning to invest (up from 3% to 10%).

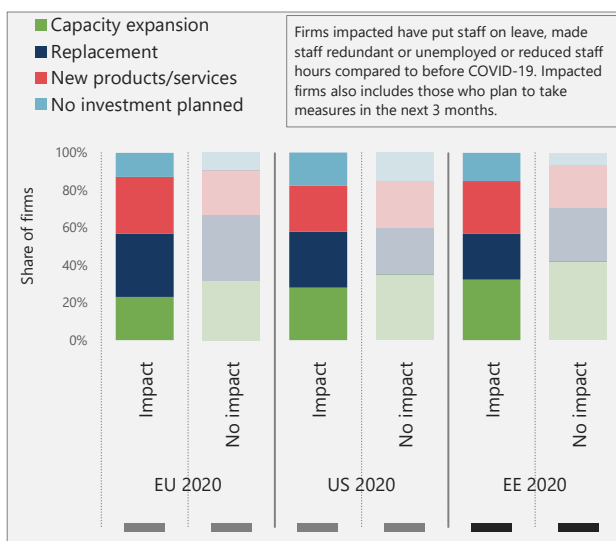
Investment in new products/services is much less of a priority for firms in the services sector (9%) than those in construction and manufacturing (39% and 35% respectively).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/ refused responses)

COVID-19 IMPACT ON PRIORITIES



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Q. Thinking about the impact of coronavirus, have you had to put staff temporarily on leave, make staff redundant or unemployed or reduce the number of hours they work compared to before the coronavirus pandemic?

Base: All firms (excluding don't know/ refused responses)

Firms in Estonia that have been impacted by COVID-19 are most likely to prioritise investment in capacity expansion over the next three years (32%), above the EU average (23%).

Conversely, they are less likely than firms EU-wide to prioritise investment in replacing buildings and equipment (24% versus 34%).

Innovation Activities

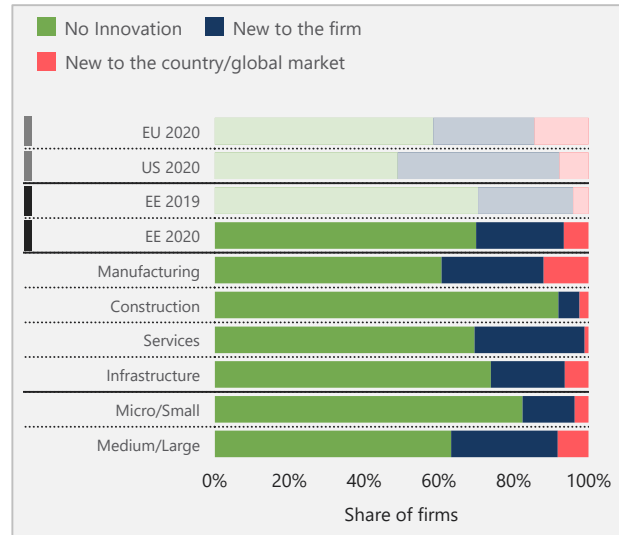
INNOVATION ACTIVITY

Three in ten Estonian firms (30%) developed or introduced new products, processes or services as part of their investment activities, the same share as in EIBIS 2019 but much lower than the EU average (42%).

The share of firms reporting investment in innovation that is new to the country or the global market (7%) is less than half the EU average (15%).

Manufacturing firms (39%) are the most likely and construction firms (8%) the least likely to have invested in developing or introducing new products, processes or services in the last financial year.

Medium and large firms (37%) are twice as likely to have invested in innovation activities than micro and small firms (18%).

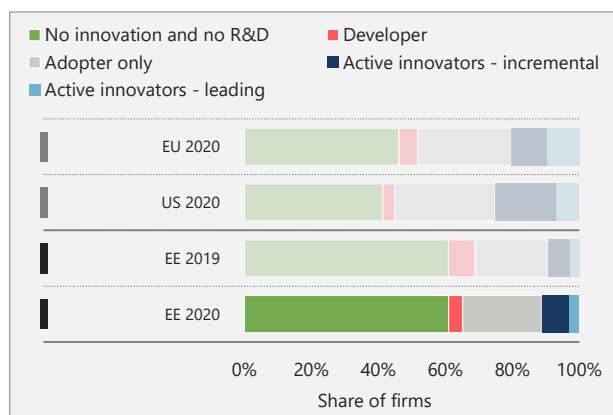


Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/ refused responses)

INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

When firms' innovation and research and development behaviour is profiled more widely, around a tenth (11%) of firms in Estonia are classified as 'active innovators', and a further 4% of firms as 'developers'. This is lower than at the EU level, where an average of 20% of firms are classified as 'active innovators' and 6% as 'developers'.

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are 'new to the country/world'.

Innovation Activities

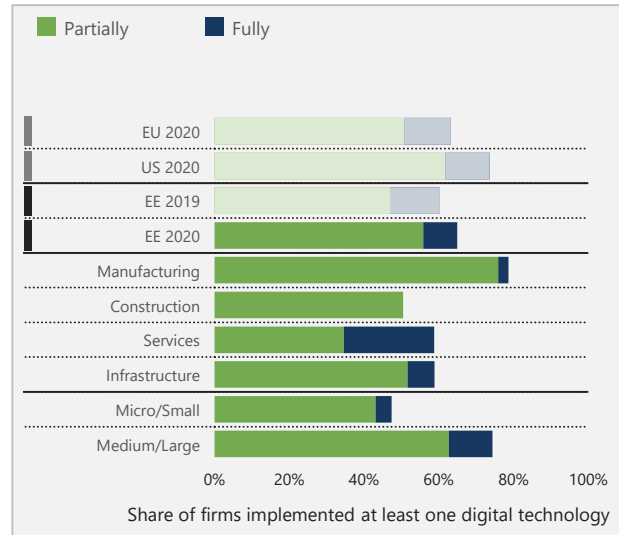
IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Almost two-thirds of firms in Estonia (65%) have implemented, either fully or partially, at least one digital technology. This is in line with EIBIS 2019 (60%) and the EU average (63%).

Medium and large firms are more likely than micro and small firms to have implemented at least one digital technology (74% versus 47%).

Service firms in Estonia report a relatively higher take-up of the internet of things, cognitive technologies and platform technologies when compared with service firms on the EU level.

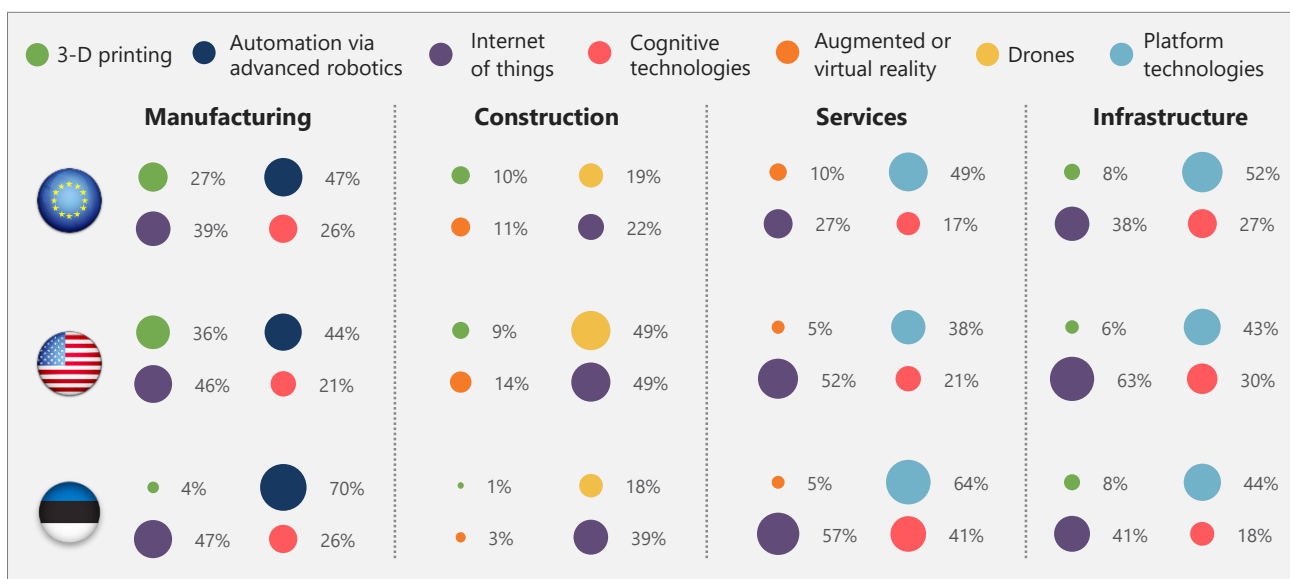
Manufacturing firms are much more likely to have adopted automation via advanced robotics than their EU counterparts but much less likely to have adopted 3-D printing.



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Base: All firms (excluding don't know/ refused responses)

DIGITAL TECHNOLOGIES BY SECTOR



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

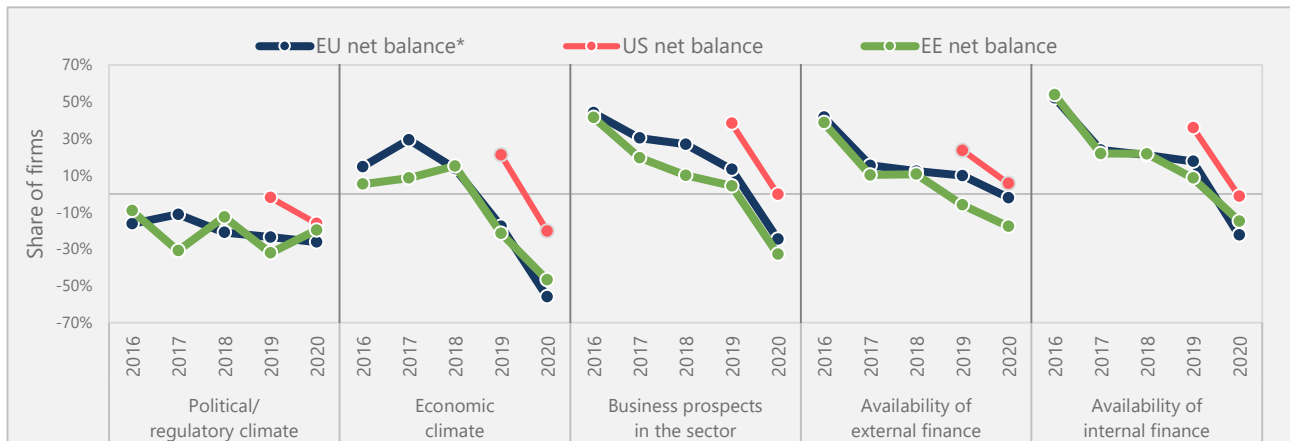
Base: All firms (excluding don't know/refused responses)

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

As for the EU as a whole, more Estonian firms expect on balance a deterioration rather than an improvement across all short-term outlook aspects.

Estonian firms became much more pessimistic on balance about the overall economic climate compared to EIBIS 2019 (-47% versus -21%), but less so than the EU average (-56%).

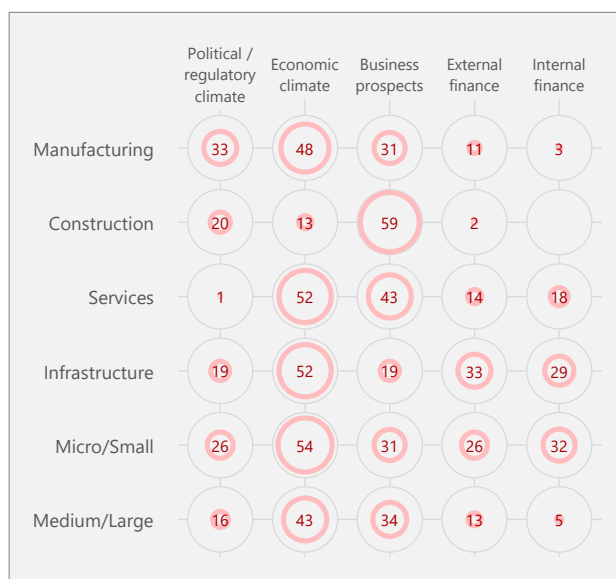


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: red figures are negative

Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

On balance, the pessimistic assessment on the short term outlooks is shared across size classes and sectors, with some differences.

Construction firms have the lowest share of firms who negative about the economic climate (13%), external finance (2%) and internal finance (0%)

Infrastructure firms are on balance are the most negative about the availability of finance, both externally (-33%) and internally (-29%). However, they are the least pessimistic about their business prospects (-19%).

Services firms are not as pessimistic about the political/regulatory climate (-1%).

Medium and large firms are less pessimistic regarding the availability of internal finance (-5%) than micro and small firms (-32%).

Drivers And Constraints

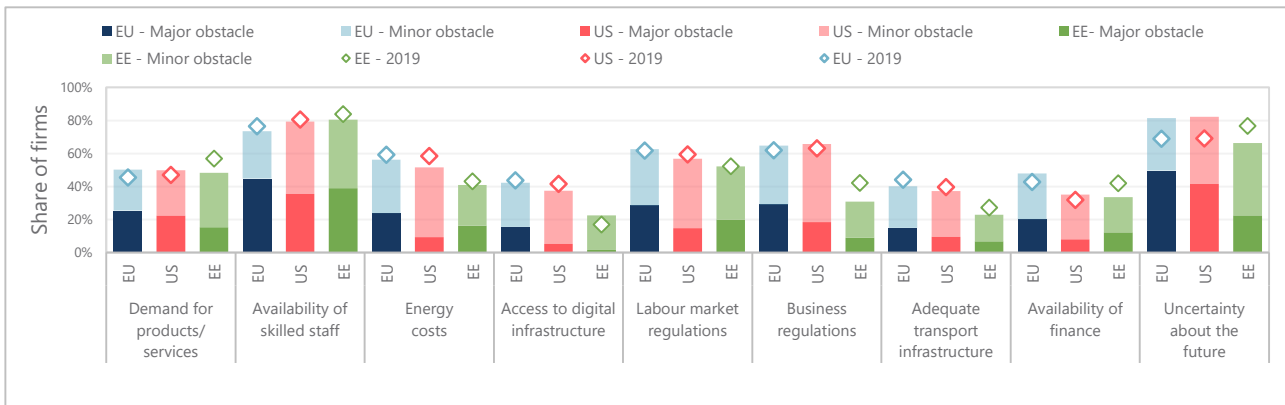
LONG TERM BARRIERS TO INVESTMENT

Availability of skilled staff remains the most cited long term barrier to investment (81%), in line with EIBIS 2019 (84%) and the EU average (73%).

Uncertainty about the future remains the second most cited barrier (66%), but declined by 10

percentage points since EIBIS 2019, bringing it well below the EU average (81%).

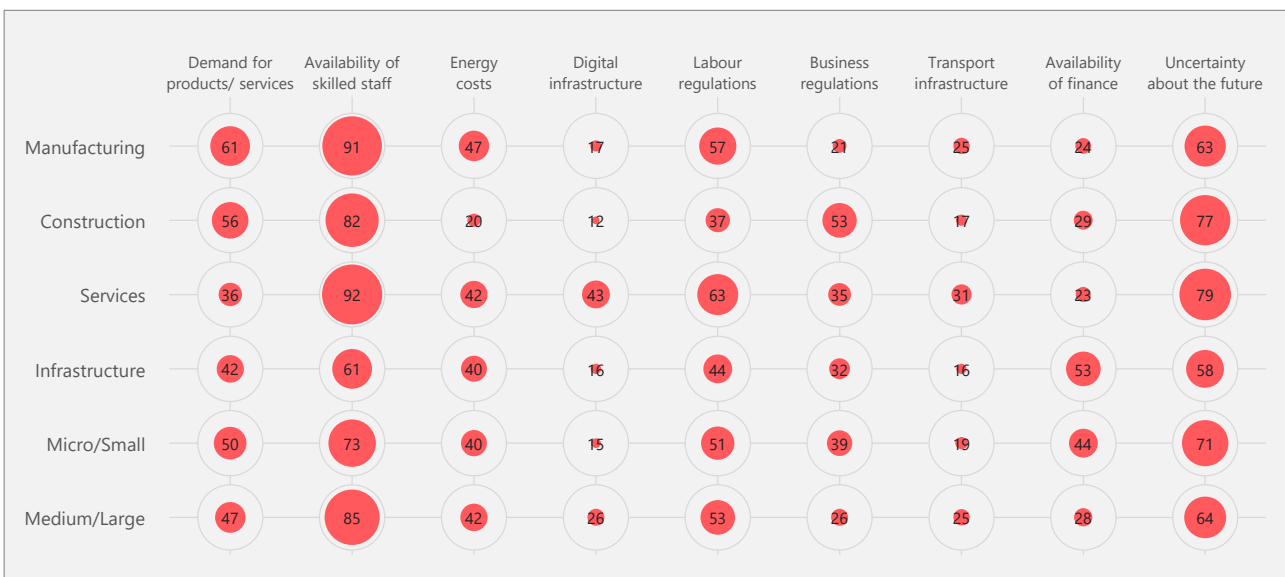
On the sectoral level, infrastructure firms are the least likely to cite availability of skilled staff (61%) and uncertainty about the future (58%) as barriers.



Q. Thinking about your investment activities in Estonia, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG TERM BARRIERS BY SECTOR AND SIZE



Q. Thinking about your investment activities in Estonia, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Reported shares combine 'minor' and 'major' obstacles into one category

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

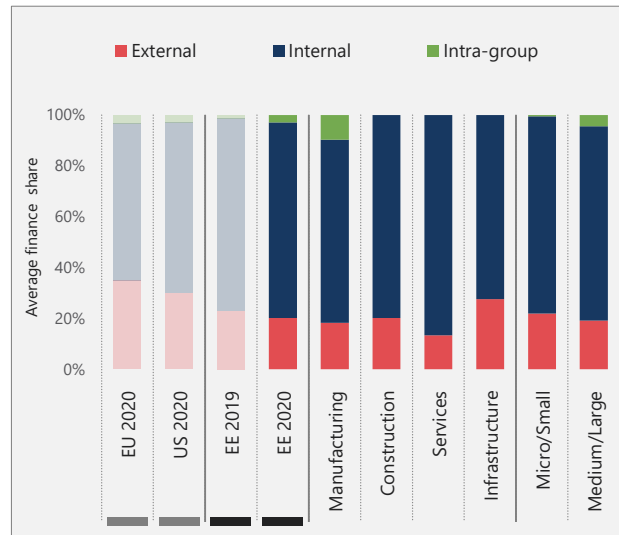
Investment Finance

SOURCE OF INVESTMENT FINANCE

Three-quarters of investment activity by firms in Estonia was financed by internal sources (77%). This is in line with EIBIS 2019 (76%) and remains well above the EU average (62%).

Conversely, the share of external finance (20%) reported by Estonian firms was below the average across the EU (35%).

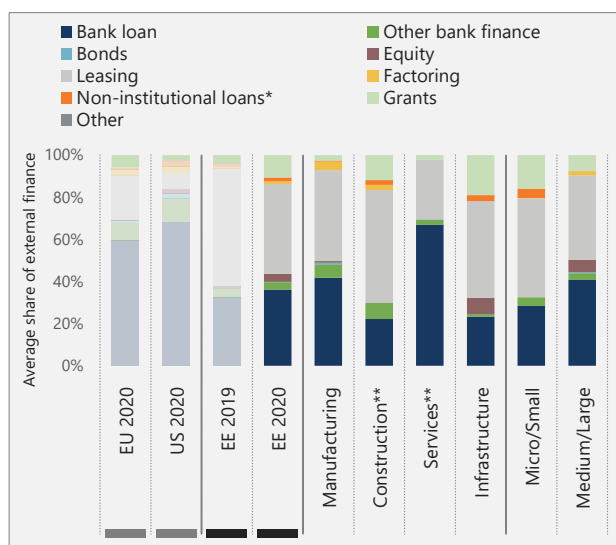
Services firms had the highest share of internal finances (87%), whilst manufacturing is the only sector to have used intra-group funding (10%).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Leasing and hire purchase continued to make up the highest share of external finance in Estonia (43%), more than double the EU average (21%) but down by 13 percentage points from EIBIS 2019 (56%).

Estonia's share of leasing in external finance was followed by bank loans (36%), which accounted across the EU for the major share of external finance used by firms (59%).

Q. Approximately what proportion of your external finance does each of the following represent?

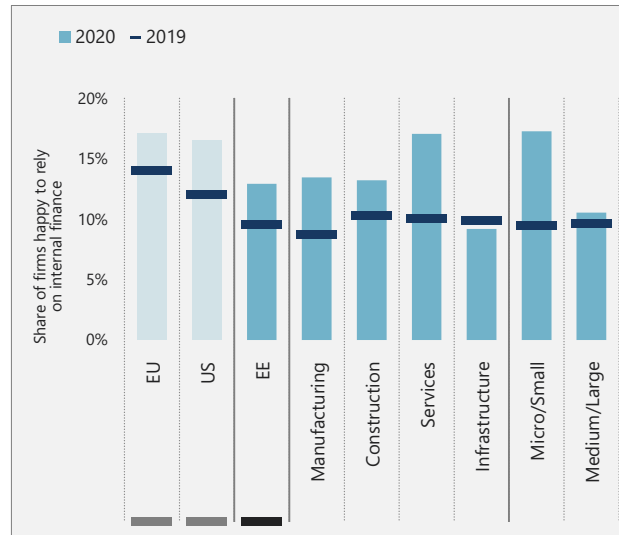
*Loans from family, friends or business partners

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses) ** Caution very small base size less than 30. Effective bases of sub-groups less than 30 – no significance testing applied.

Investment Finance

SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

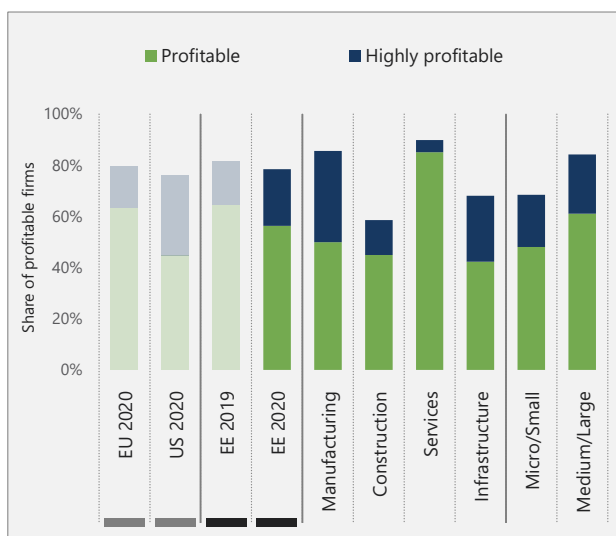
13% of firms in Estonia report that the main reason for not applying for external finance in 2019 is because they were happy to use internal funds or do not have a need for it. This is in line with EIBIS 2019 (10%) and the EU average (17%).



Q. What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance

Base: All firms

SHARE OF PROFITABLE FIRMS



Almost four in five firms report that they generated a profit in the last financial year (78%), in line with EIBIS 2019 (81%) and the EU average (80%).

More than one in five firms (22%) claim to be highly profitable, defined as generating a profit level at least 10% of firm turnover. This is above the EU average (16%).

90% of services firms report that they were overall profitable in the last financial year but only 5% report that they were highly profitable.

More medium and large firms report that they made a profit (84%) than micro and small firms (68%).

Q. Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover of 10% or more

Base: All firms (excluding don't know/refused)

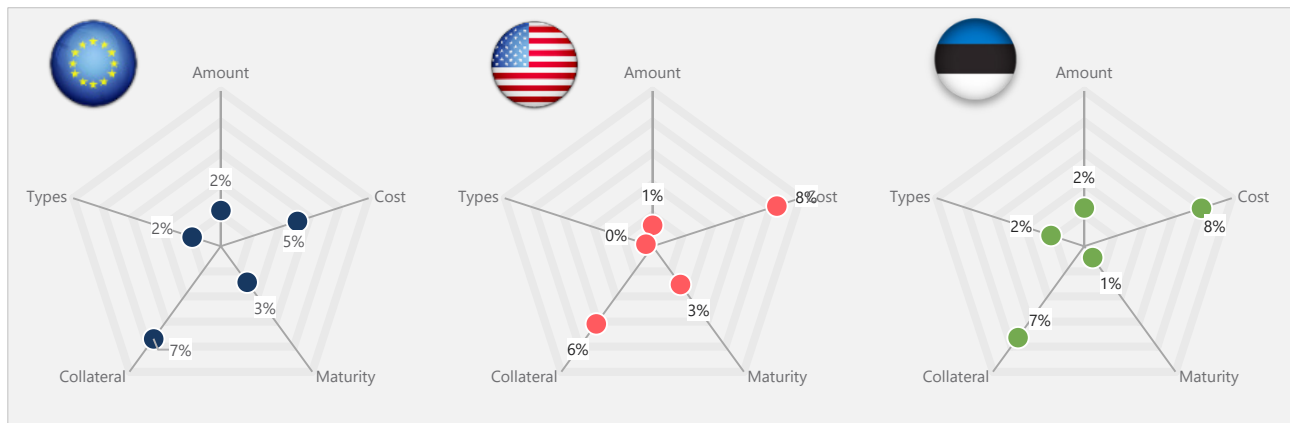
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external finance in 2019 are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. This is broadly in line with the EU average.

The highest levels of dissatisfaction recorded among firms in Estonia concerns the cost of finance (8%) and collateral requirements (7%).

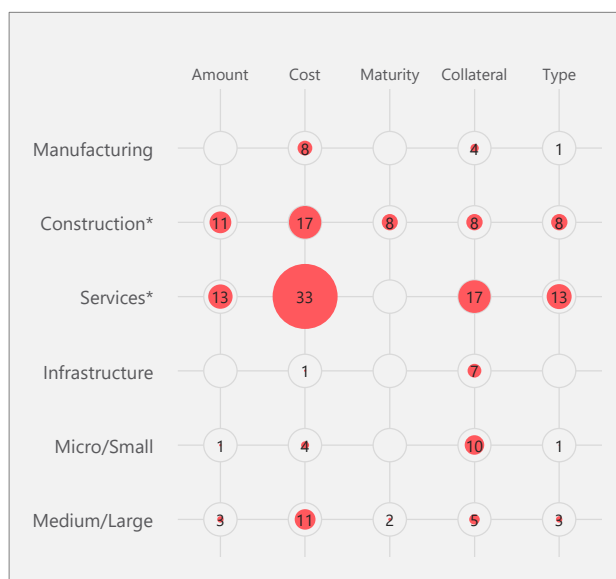
Share of dissatisfied firms



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (%)



Whilst overall dissatisfaction levels among Estonian firms are low, the services sector on balance reports the highest levels of dissatisfaction for four of the five reasons, in particular regarding the cost of finance (33%).

Q. How satisfied or dissatisfied are you with ...?

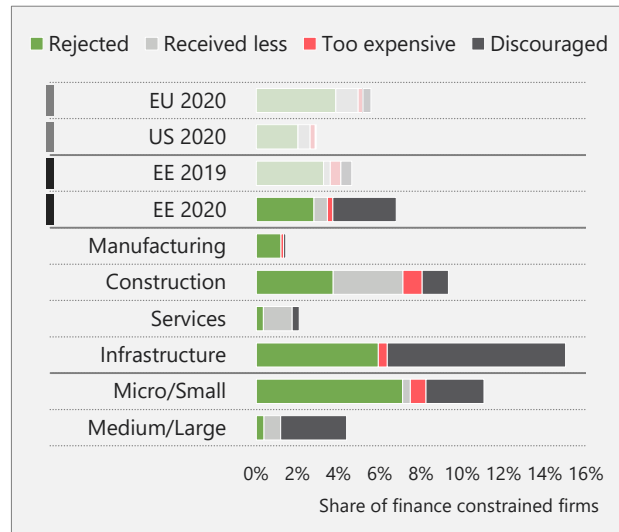
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses) * Caution very small base size less than 30

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

7% of all firms in Estonian could be considered as external finance constrained in 2019, in line with EIBIS 2019 (5%) and the EU average (6%).

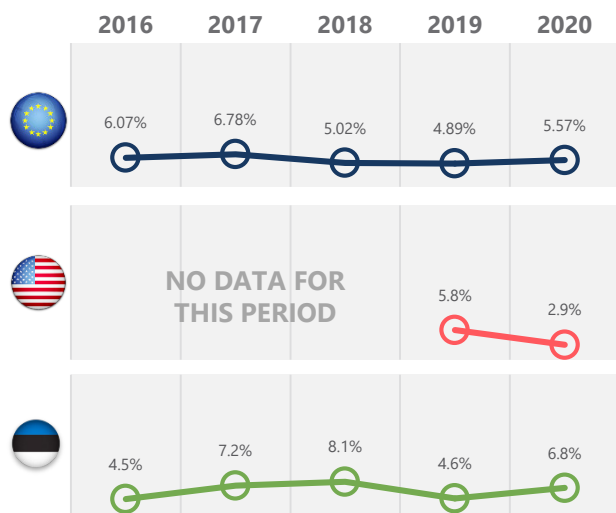
Micro and small firms are much more likely to be finance constrained (11%) than medium and large firms (4%).



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms

FINANCING CONSTRAINTS OVER TIME



The share of firms that were finance constrained in Estonia is in line with EIBIS 2019 and the EU average.

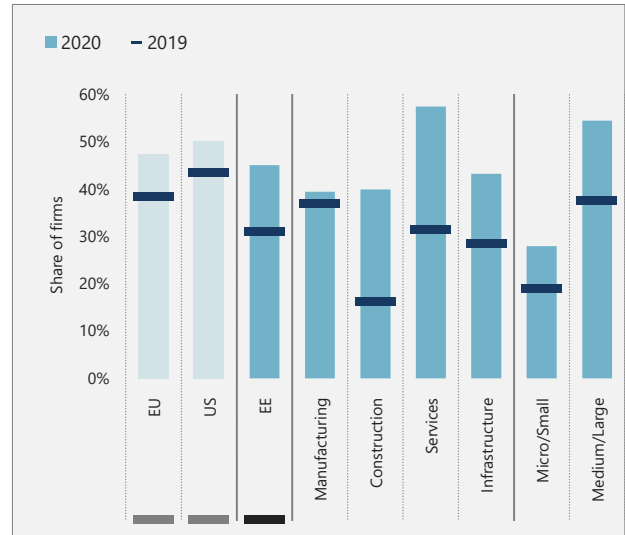
Base: All firms

Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

More than two fifths (45%) of firms in Estonia have invested in measures to improve their energy efficiency. This is a big increase compared to EIBIS 2019 (31%) and brings Estonian firms in line with the EU average (47%).

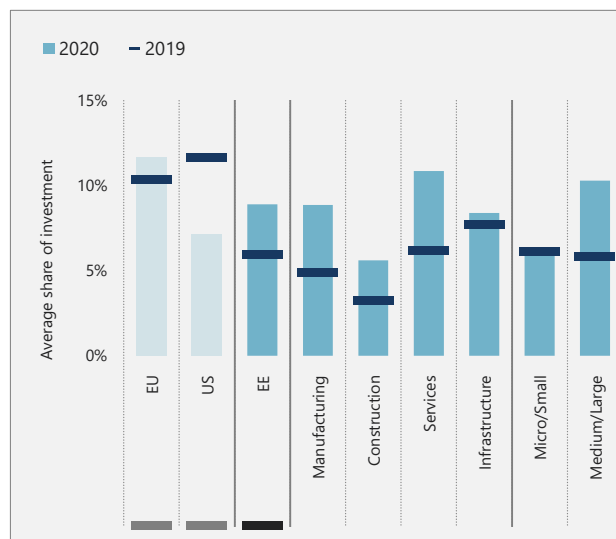
Medium and large firms are more likely to invest in measures to improve energy efficiency than micro and small firms (54% versus 28%).



Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



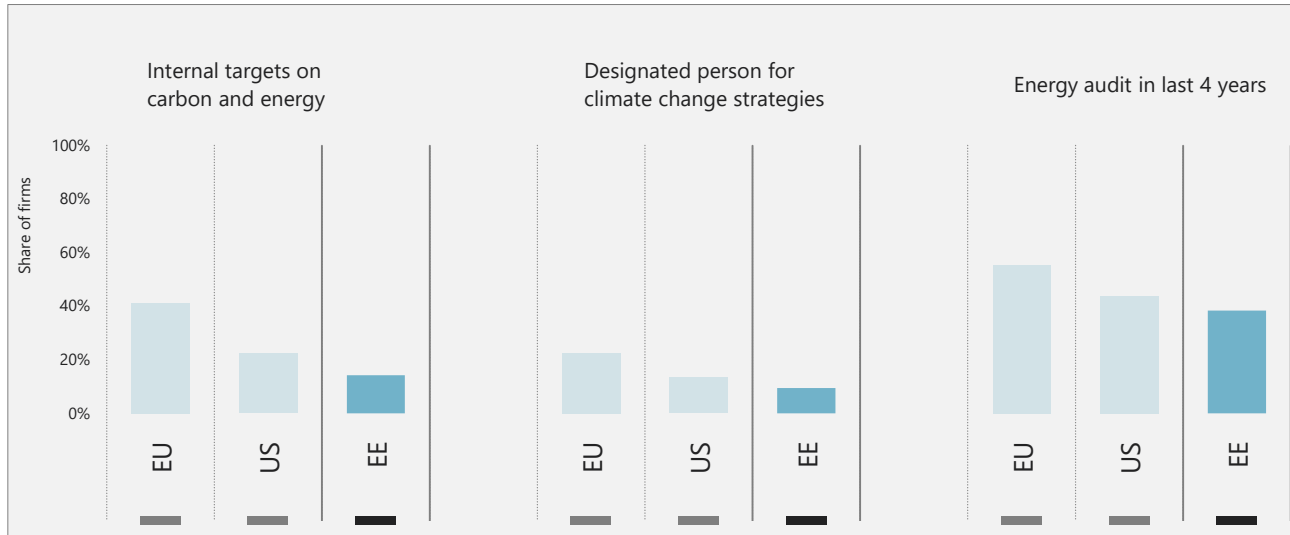
The average share of investment in measures to improve energy efficiency by firms in Estonia (9%) was in line with EIBIS 2019 (6%) and the EU average (12%).

Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms who had invested in the last financial year (excluding don't know/refused responses)

Energy Efficiency

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?
 Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?
 Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE



Firms in Estonia are much less likely than EU firms to have designated a person to develop their climate change strategies (9% versus 23%), to have set internal targets on carbon and energy (14% versus 41%) and to have had an energy audit in the past four years (38% versus 55%).

In comparison to the other sectors, firms in manufacturing are most likely to have set targets (25%) and to have a designated person for climate change strategies (22%).

Firms in the services sector (57%) and medium and large firms (54%) are most likely to have had an energy audit in the past 4 years.

Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?
 Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?
 Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

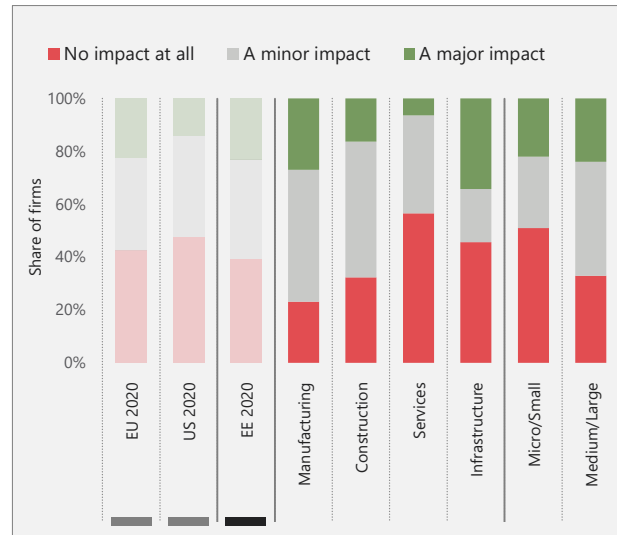
Climate Change

CLIMATE CHANGE IMPACT

Three fifths (61%) of firms feel that climate change and the related changes in weather patterns impact their business, very similar to the EU average (58%). This includes 23% of Estonian firms which report a major impact, and 37% with a minor impact, again very close to the EU level (23% and 35% respectively).

Firms in the services sector are much less likely to report a major impact (6%) than firms in the other sectors (16% to 34%).

Medium and large firms are more likely to be impacted overall than micro and small firms (67% versus 49%).



Q, Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

Base: All firms (excluding don't know / refused responses)

REDUCTION IN CARBON EMISSIONS OVER NEXT FIVE YEARS BY SECTOR AND SIZE (NET IMPACT %)



Please note: green figures are positive, red figures are negative

Q. What impact will the transition to a reduction of carbon emissions have on the following aspects of your business over the next five years?

Base: All firms

On balance, firms in Estonia expect the transition to a low-carbon future to be rather positive than negative for their reputation (12%) but to have a negative impact on market demand (-3%) and their supply chain (-22%) over the next five years.

Services firms are the only ones that on balance expect a negative impact on market demand (-24%), whilst construction and manufacturing firms are more pessimistic about the effect on their supply chain (-35% and -34% respectively).

*Net balance is the share of firms seeing positive impact minus the share of firms seeing a negative impact

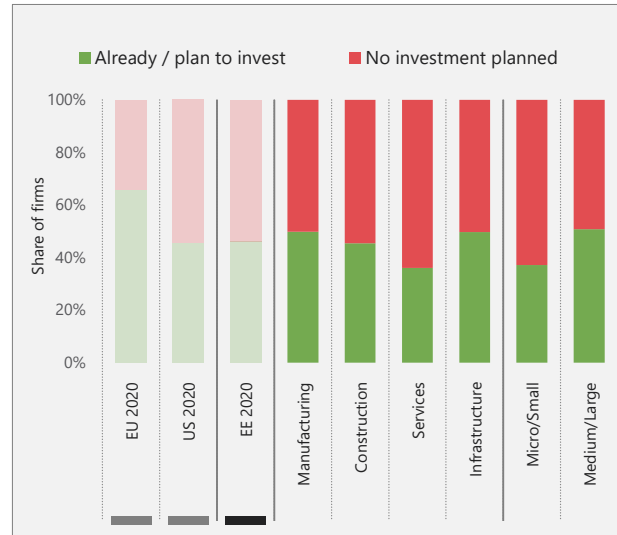
Climate Change

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Less than half of firms in Estonia (46%) report that they already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is well below the EU average (67%).

Investment plans are similar across all sectors and size classes of firms.

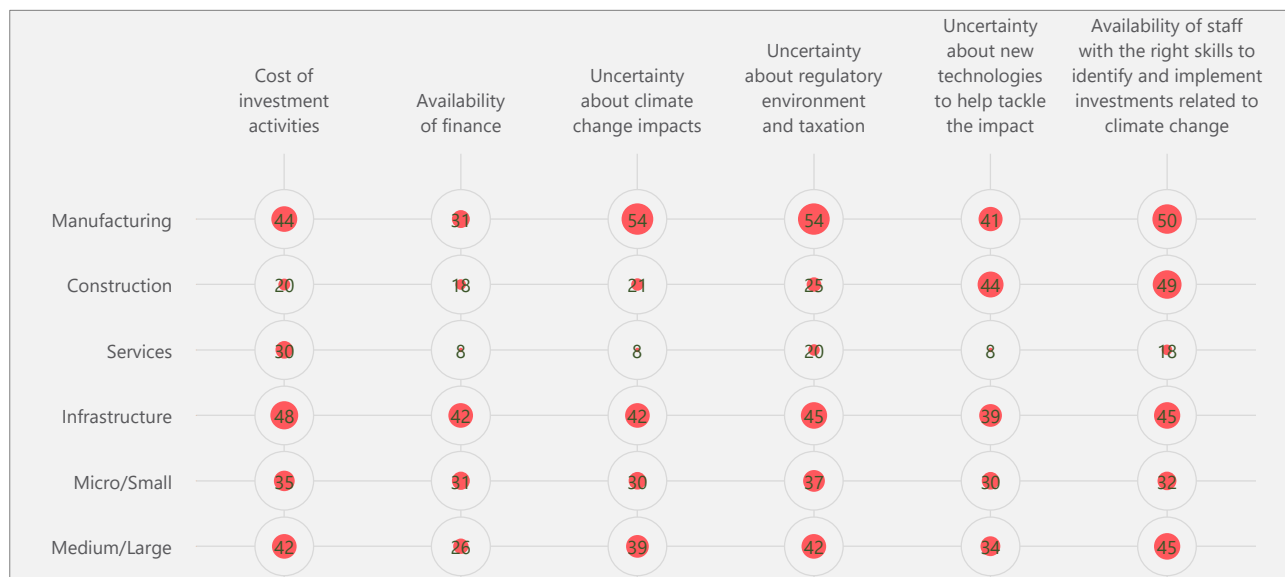
The availability of skilled staff (41%), uncertainty about the regulatory environment and taxation and the cost of investment activities (both 40%) are named as the biggest barriers to investment in this area.



Q. Now thinking about investments to tackle the impacts of weather events and reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don't know/refused responses)

BARRIERS TO INVESTING IN ACTIVITIES TO TACKLE CLIMATE CHANGE BY SECTOR AND SIZE



Q. To what extent is the following an obstacle to investing in activities to tackle weather events and emissions reduction? Is it a major obstacle, minor obstacle or not at obstacle at all?

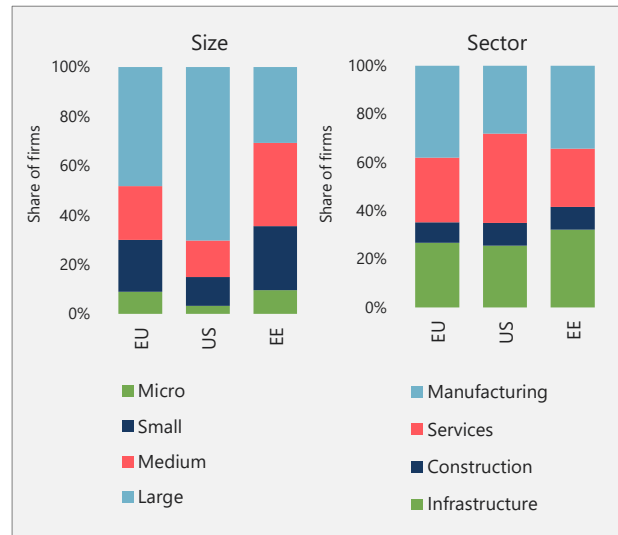
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

Profile of Firms

CONTRIBUTION TO VALUE ADDED

Medium firms with 50-249 employees account for the largest share of value-added in Estonia (34%), which is above the EU average (22%). Larger firms account for 31% of value-added, far below the EU average (48%). This is similar to the situation in EIBIS 2019.

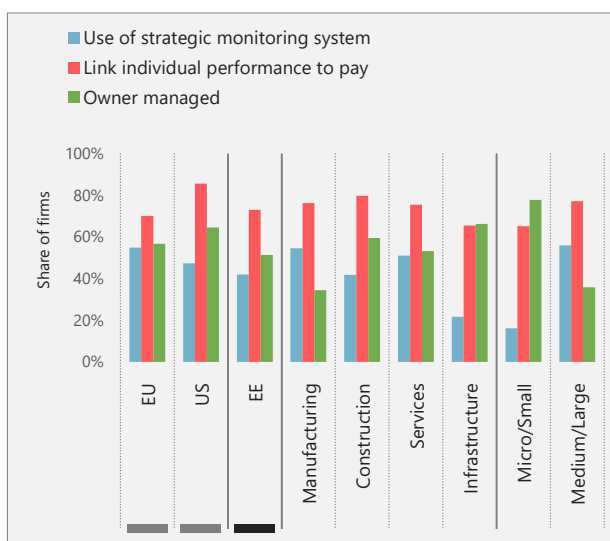
Sector contributions to value-added is comparable to the EU average and also similar to EIBIS 2019.



The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

Base: All firms

FIRM MANAGEMENT



The share of firms in Estonia that report using a formal strategic monitoring system has increased since EIBIS 2019 (42% versus 34%) but remains well below the EU average (55%). It remains higher among firms in the manufacturing and services sectors than the infrastructure sector, and among medium and large firms compared to micro and small firms.

The share of firms that link individual performance to pay (73%) is in line both with EIBIS 2019 and the EU average (74% and 70% respectively).

Just over half of the firms in Estonia report being owned or controlled by their CEO or a member of the CEO's family (51%), below the EU average (57%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?
Q. Does the CEO/ company head of your firm own or control the firm, or have a family member that owns/controls it?

Base: All firms (excluding don't know/refused responses)

EIBIS 2020 – Country Technical Details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Estonia, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	EE	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs EE	Manuf vs Constr	SME vs Large
	(11971)	(800)	(400)	(110)	(92)	(99)	(99)	(389)	(11)	(11971 vs 400)	(92 vs 110)	(389 vs 11)
10% or 90%	1.1%	3.5%	5.2%	10.0%	13.3%	12.8%	6.2%	3.5%	14.9%	5.3%	16.6%	15.3%
30% or 70%	1.7%	5.3%	7.9%	15.3%	20.3%	19.5%	9.5%	5.3%	22.8%	8.1%	25.3%	23.3%
50%	1.9%	5.8%	8.6%	16.7%	22.1%	21.3%	10.4%	5.8%	24.8%	8.8%	27.6%	25.4%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.
EIBIS 2019	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
EIBIS 2020	The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note : the EIBIS 2020 overview refers interchangeably to 'the past/last financial year' or to '2019'. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.

EIBIS 2020 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 400 firms in Estonia (carried out between May and August 2020).

BASE SIZES (*Charts with more than one base; due to limited space, only the lowest base is shown)

Base definition and page reference	EU 2020/2019	US 2020/2019	EE 2020/2019	Manufacturing	Construction	Services	Infrastructure	Micro/Small	Medium/Large
All firms, p. 3, p. 4, p. 6, p. 10, p.11, p. 13, p. 15, p. 16, p. 17, p. 18, p. 19, p. 20	11971/12071	800/803	400/405	110	92	99	99	292	108
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	391/378	108	92	95	96	287	104
All firms with investment plans for the current financial year (excluding don't know/refused responses), p. 3 (bottom), p. 4 (top)	9606/NA	643/NA	316/NA	88	74	72	82	218	98
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	339/367	97	76	79	87	237	102
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	311/346	86	71	72	82	225	86
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	400/405	110	92	99	99	292	108
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	375/390	106	84	93	92	272	103
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	375/0	106	84	93	92	272	103
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	396/404	110	91	99	96	288	108
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	288/338	82	66	65	75	205	83
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	398/403	110	92	99	97	290	108
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	307/318	81	79	70	77	233	74
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	113/130	35	27	18	33	71	42
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	354/357	98	80	87	89	255	99
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	111/121	35	26	16	32	70	41
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	394/NA	107	91	99	97	286	108
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	385/NA	107	87	95	96	281	104
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	385/371	107	88	94	96	282	103



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Estonia

Overview

EIB INVESTMENT SURVEY

2020