

**ELECTRO-TECHNICAL
AND ELECTRONICS
INDUSTRY**

UPGRADE YOUR ADVANTAGES IN TALLINN

ESTONIA AT A GLANCE

Population: 1.35 million

Area: 45,227 km²

Language: Estonian

Currency: Estonian Kroon (EEK), EUR 1 = EEK 15.65 (fixed)

GDP per capita: 6,698 EUR (2004)

GDP growth: 7.8% (2004)



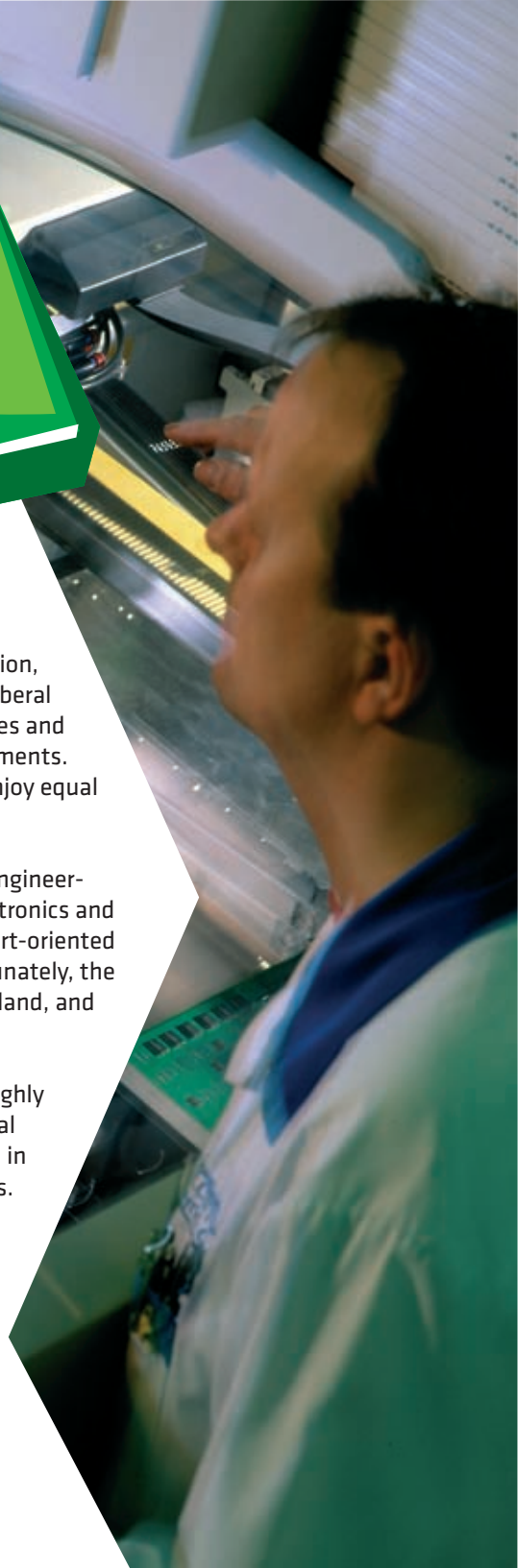


GOOD LOCATION FOR BUSINESS

Tallinn, the capital of Estonia, is located at the heart of the Baltic Sea Region, Europe's fastest-growing market. An excellent business environment, a liberal economic policy, and low taxes have already attracted numerous companies and continue to make Estonia an exceptional location for foreign direct investments. Establishing a company is straightforward and easy; foreign companies enjoy equal rights with local ones.

Old and new industries successfully exist side by side in Tallinn. Several engineering and metalworking companies are more than a hundred years old. Electronics and apparatus manufacturers represent a younger generation of strongly export-oriented companies. Due to the small domestic market, exporting is a must. Fortunately, the Baltic Sea Region has a population of about 90 million people. Good sea, land, and rail connections allow for quick and flexible deliveries.

Favourable economic conditions for industrial development, a relatively highly qualified labour force, moderate labour costs, and an efficient international transport system enable Estonian enterprises to maintain a good position in the field of production costs compared with other East European countries.



A woman with short blonde hair, wearing a white lab coat with blue accents and white gloves, is focused on her work in a factory. She is holding a small component. In the background, other workers and industrial equipment are visible, though out of focus.

GROWING INDUSTRY

The Estonian mechanical engineering, electro-technical, and electronics sector is an important and growing part of the country's industry, accounting for almost 20% of total manufacturing output and 30% of exports. In 2004, the output of these industries with long-term traditions was over 1.3 billion EUR. Practically all the companies in the engineering sector are private enterprises, including privatized companies, new start-ups, and the subsidiaries of foreign enterprises. About 60 medium-sized and large companies are certified according to ISO requirements.

The ICT and electronics industry boom in Scandinavia has also greatly benefited the Estonian economy. Strong Scandinavian electronics clusters are only a short flight or boat ride from Estonia.

Sales volumes in millions of euros by industry sectors in 2002-2004

Product type	2002	2003	2004	Export,%
Office machinery, computers	18	44	52	
Electrical machinery, apparatus	91	154	200	66.5
Radio, TV, communication apparatus	88	117	162	98.3
Medical, precision instruments	43	72	84	93.0
Total electrical and electronics	240	387	498	

Source: Statistical Office of Estonia.

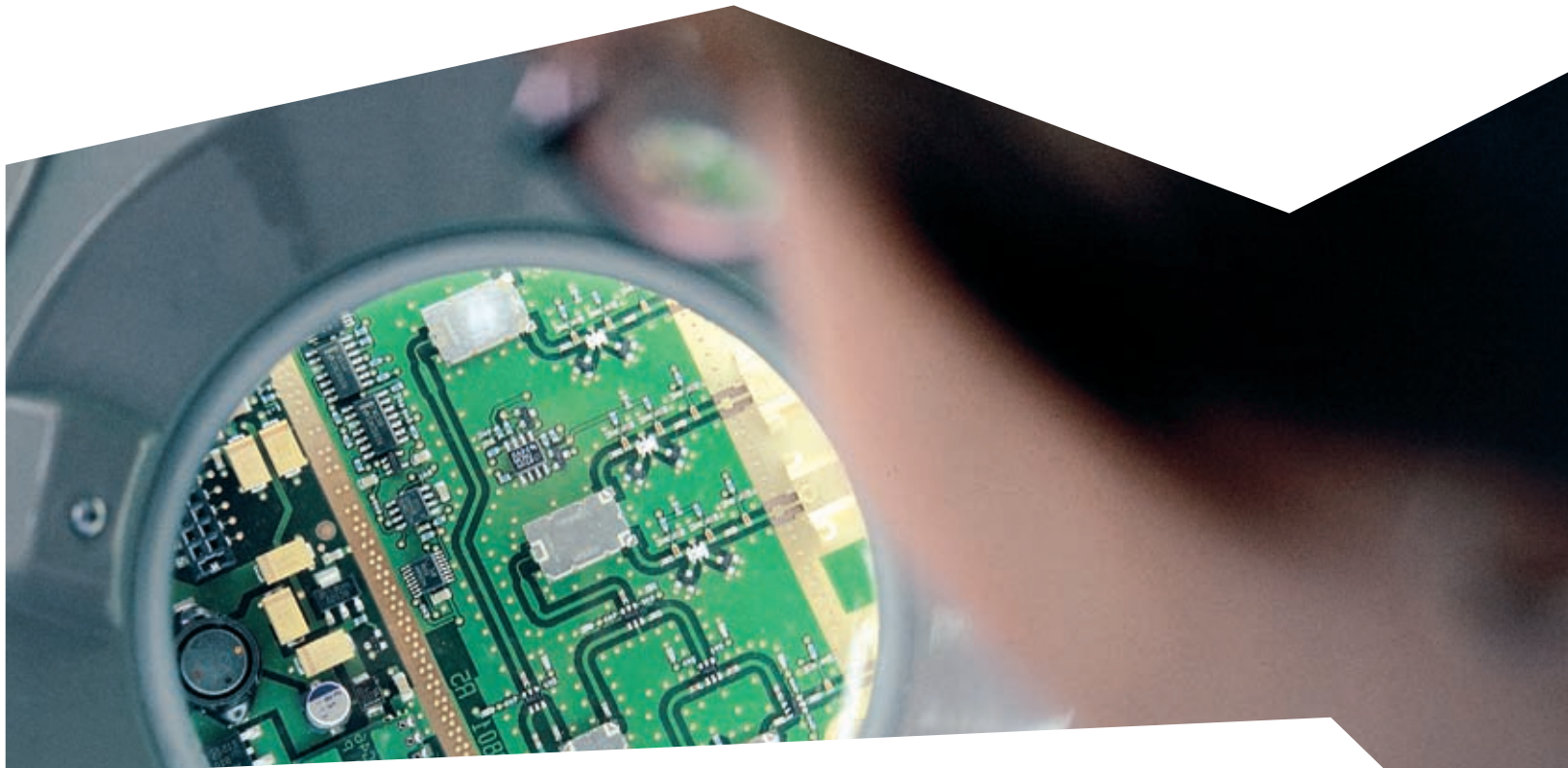
The production of electrical machinery and equipment constitutes 40% of the Estonian electro-technical and electronics industry; production of electrical machinery and equipment constitute 40% of the total; followed by radio, television and communication equipment at 33%; the manufacture of medical, optical, and other precision instruments at 17%, and the assembly of computers and office equipment at 10% of total output.

There are more than 50 electronics manufacturers and about 30 electro-technical manufacturers. The main products are electric motors, transformers, navigation systems, various radio equipment, cable assemblies, mobile phones and other communications equipment, printed circuit boards, the subcontracting of printed circuit board assembly, etc.

**Industry sub-sectors****Number of employees in 2004**

Office machinery, computers	297
Electro-machinery and equipment	4,308
Telecommunications apparatus	6,198
Measurement and other precision instruments	2,465

Foreign companies have contributed considerably to the electronics industry. The know-how and technology of foreign companies, combined with the cost-effective and skilled Estonian labour force, has been a winning combination making them the fastest growing companies in the electronics industry. Greenfield investments have proved popular, ensuring modern and high quality production environments. ISO certification is increasingly becoming the standard in the industry. This sub-sector is export-oriented, with exports to the EU countries exceeding 90% of total production.

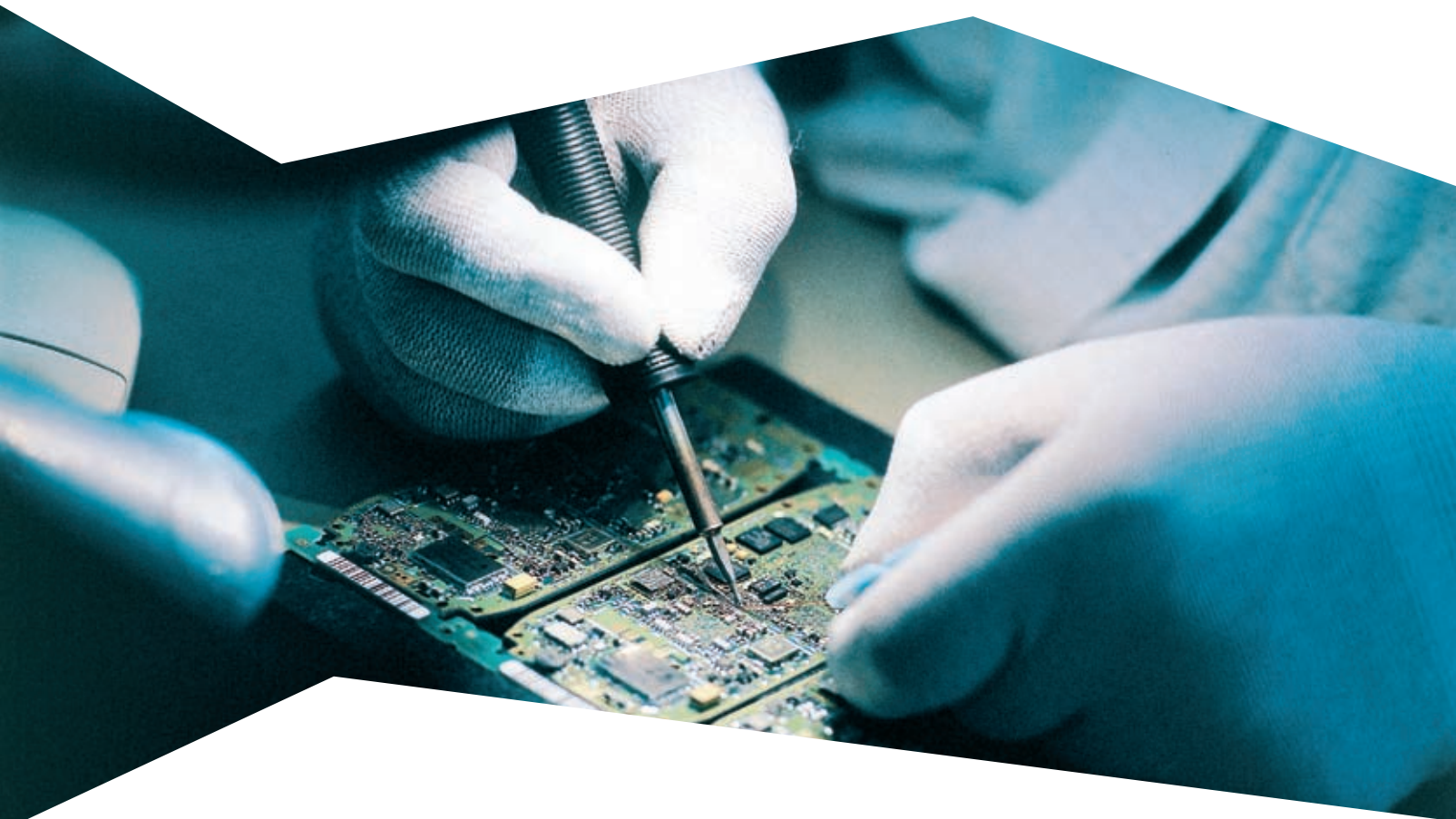


Major manufacturers in the electro-technical and electronics industry:

Elcoteq Tallinn AS	mobile phones
Aswega AS	water- and heat meters
JOT Eesti OÜ	industrial automation
Tarkon Ltd.	complete system supplier

Founded in 1991, the Federation of the Estonian Engineering Industry (EML) operates as an European industrial federation. EML is an industrial and employers' federation that organizes cooperation between enterprises, develops international partnerships, and hosts INSTRUTEK, the annual international trade fair for the metalworking industry, which in 2005 was held from 16 to 18 November.





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