

Estonia

Tourism in the economy and outlook for recovery

Tourism is an important contributor to the Estonian economy, directly providing 5.4% of GDP and 4.4% of employment before the COVID-19 crisis. In 2019, tourism services accounted for one-third of all services exports totalling EUR 2.1 billion, of which international tourist expenditure accounted for EUR 1.6 billion. The impacts of the COVID-19 crisis meant tourism's direct share of employment fell to 3.3% in 2021.

International tourists declined 69.3% to 1.0 million in 2020, down from 3.3 million in 2019. Arrivals declined further in 2021, to 801 200. The majority of international tourists came from neighbouring countries, with 69% of travel services exports coming from Finland, Latvia, Russia or Sweden in 2020.

The COVID-19 pandemic led to a shift towards domestic tourism. In 2019, domestic visitors accounted for one-third of nights in commercial accommodation. By 2021, the share of domestic nights in accommodation increased to 68%. Domestic tourism helped Estonian businesses maintain jobs and services, but has not been enough to cover the losses incurred by the reduction in inbound tourism, which made up 86% of total expenditure in 2017.

The tourism recovery in Estonia is expected to be relatively slow, with inbound tourism projected to reach 2019 levels by 2025.

Tourism governance and funding

The Ministry of Economic Affairs and Communications co-ordinates national tourism policy in close co-operation with the Estonian Tourist Board at the joint organisation of KredEx and Enterprise Estonia, a state foundation. Other bodies regularly involved in tourism policy development and implementation include the Estonian Travel and Tourism Association, Estonian Hotel and Restaurant Association, Estonian Rural Tourism, Estonian Spa Association and the Estonian Convention Bureau.

The Estonian Tourist Board is responsible for tourism policy implementation and has a key role in strengthening the destination management organisation (DMO) network and co-ordinating tourism product development and customer journey experience activities. In 2021 the Estonian Tourist Board began a phased reform of the country's DMO structure, consolidating the 40 currently in operation to a maximum of eight to allow for more specialisation, greater strategic vision and co-operation for destinations.

Regional county development centres located in all 15 Estonian counties offer free advisory services to enterprises, local government, non-profit associations and foundations. The Estonian Tourist Board has specialist partners that offer data management services in every county. These are either county development centres, local government-related, unions of local governments or foundations. In larger cities, local government has devoted structures to tourism development.

Government and EU funding for the tourism sector was approximately EUR 11-13 million a year from 2020-21. Funding has increased to EUR 46 million in 2020-23 but will stabilise to EUR 16-18 million in 2024-25. Additional COVID-19 support has been paid to tourism enterprises as part of general support to

all sectors to protect jobs. Financing from the state budget for Estonian Tourism Board tourism development activities in 2021 was just under EUR 2 million but increased to EUR 11.5 million in 2022. The allocation of EU structural funds to the national tourism board was EUR 7 million in 2021 and EUR 14 million in 2022.

Estonia: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Economic Affairs and Communications, 2022.

Tourism policies and programmes

Estonia approved a new Tourism Strategy for 2022-25 in March 2022, with the vision that in 2025 the Estonian tourism sector will be resilient and adaptable. To implement this vision, Estonia has set strategic goals in three priority areas:

- Product and destination development: become a sustainable tourism destination that offers visitors a diverse and unique travel experience in all seasons (Box 3.11).
- Restoration of demand: exceed pre-crisis levels in the number of tourists and the export of tourism services.
- Ensuring connectivity: be well-connected to the main markets and have easily accessible tourism products and services, both physically and virtually.

Estonia aims to achieve these goals by increasing the length of stay and spending, aiming for tourism to become more sustainable and create greater added value. Every year a supporting action plan will be developed in line with the 2022-25 Tourism Strategy. Safety, innovation, and customer orientation are cross-cutting priorities in the strategy, as is sustainability. Estonia's approach to sustainability is defined by three principles:

- We are proud of Estonia: we value the local culture, the environment and the community.
- We co-operate closely to develop, market and promote the sector, and we prefer solutions based on Estonia's tourism as a whole and its long-term development objectives.
- We contribute to the fulfilment of the UN Sustainable Development Goals (SDGs).

To best implement the goals set out in the strategy, a national tourism advisory council has been established to facilitate collaboration between the Ministry of Economics and Communication, the Estonian Tourist Board and related actors. In particular, the council aims to encourage partnerships with business associations, carriers, ports of arrival, destinations, other ministries (e.g. ministries covering culture, rural affairs, foreign affairs and labour) and state agencies (e.g. the Consumer Protection and Technical Regulatory Authority).

Several initiatives have been launched to tackle tourism labour and skills challenges. In 2021-22, the Estonian Unemployment Insurance Fund together with the Estonian Hotel and Restaurants Association organised a free seminar series with the aim to swiftly train people for the restaurant and accommodation sector. Over 1 200 people attended the series which included four webinars. In December 2022, the Ministry of Economics and Communication issued a study and policy recommendations for tourism sector stakeholders to address labour and skills challenges. The study included comparative case studies, inquiries among tourism students and entrepreneurs, and interviews with all sector and related governmental stakeholders.

The tourism sector and policymakers have learned to be more flexible and reactive to the urgent policy changes needed to tackle the spread of COVID-19 and the consequences of Russia's aggression against Ukraine. Co-operation between the public and private sectors has advanced as a result, with more frequent and open communication.

The main priority for inbound tourism is restoring demand in neighbouring and nearby markets as soon as possible. This will be followed by more distant European countries with a historical interest in Estonia (e.g. Germany and the United Kingdom) and new potential markets that are discovering Estonia (e.g. Switzerland, Austria, the Netherlands, Belgium and Italy). More distant markets will be focused on in co-operation with neighbouring countries (e.g. the Baltic States and Finland). At an international level, Estonia works with other Baltic and Nordic countries in common marketing activities and undertakes many initiatives as part of the EU Baltic Sea Region Strategy.

Statistical Profile

Estonia: Domestic, inbound and outbound tourism

	2017	2018	2019	2020	2021
TOURISM FLOWS, THOUSAND					
Domestic tourism¹					
Total domestic trips	..	12 616	..	..	7 466
Overnight visitors (tourists)	3 277	4 399	3 486	2 136	2 267
Same-day visitors (excursionists)	..	8 217	..	..	5 200
Nights in all types of accommodation	2 359	2 456	2 591	2 270	2 716
Hotels and similar establishments	2 359	2 455	2 590	2 268	2 715
Other collective establishments	..	1	2	2	1
Private accommodation	..	..	..	..	..
Inbound tourism²					
Total international arrivals	6 145	6 033	6 103	1 695	1 302
Overnight visitors (tourists)	3 244	3 226	3 336	1 023	801
Same-day visitors (excursionists)	2 901	2 807	2 766	673	500
Top markets					
Finland	1 223	1 145	1 130	419	215
Latvia	292	298	320	178	138
Germany	219	245	269	56	67
Russia	460	464	463	112	44
Sweden	121	119	129	19	30
Nights in all types of accommodation	4 150	4 175	4 376	1 404	1 283
Hotels and similar establishments	4 150	4 164	4 362	1 399	1 280
Other collective establishments	..	11	13	5	3
Private accommodation	..	..	..	..	..
Outbound tourism					
Total international departures	3 605	3 607	3 641	1 335	1 226
Overnight visitors (tourists)	3 137	3 088	3 116	1 151	1 050
Same-day visitors (excursionists)	469	520	525	184	176
Top destinations					
Finland	561	520	513	273	214
Latvia	351	301	288	200	81
Sweden	240	219	215	74	75
Germany	230	213	213	87	74
Russia	220	255	268	56	54
TOURISM RECEIPTS AND EXPENDITURE, MILLION EUR					
Inbound tourism					
Total international receipts	1 872	1 974	2 065	761	..
International travel receipts	1 463	1 510	1 558	517	..
International passenger transport receipts	409	464	508	244	..
Outbound tourism					
Total international expenditure	1 232	1 397	1 616	596	..
International travel expenditure	1 101	1 241	1 381	523	..
International passenger transport expenditure	131	156	235	73	..

.. Not available

1. Trips from demand side surveys; Nights from supply side surveys.

2. Arrivals from demand side surveys; Nights from supply side surveys.

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/pm730c>

Estonia: Enterprises and employment in tourism

	Number of establishments ²	Number of persons employed				
	2020	2017	2018	2019	2020	2021
Total
Tourism industries
Accommodation services for visitors ¹	1 327	7 300	7 100	7 000	5 600	..
Hotels and similar establishments
Food and beverage serving industry	..	19 100	17 900	19 600	16 804	..
Passenger transport
Air passenger transport
Railways passenger transport
Road passenger transport
Water passenger transport
Passenger transport supporting services
Transport equipment rental
Travel agencies and other reservation services industry	..	1 800	1 800	1 900	1 600	..
Cultural industry
Sports and recreation industry
Retail trade of country-specific tourism characteristic goods
Other country-specific tourism industries
Other industries

.. Not available

1. Data for accommodation service for visitors refer to number of establishments.

2. Data refer to number of enterprises.

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/rjyx05>

Estonia: Internal tourism consumption

Million EUR

	2017		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
Total	..	..	..
Consumption products	269	1 721	2 359
Tourism characteristic products	236	1 130	1 706
Accommodation services for visitors	72	298	511
Food and beverage serving services	49	370	419
Passenger transport services	54	306	534
Air passenger transport services	29	97	178
Railways passenger transport services	2	1	7
Road passenger transport services	9	28	66
Water passenger transport services	13	166	239
Passenger transport supporting services	..	9	9
Transport equipment rental services	0	4	34
Travel agencies and other reservation services industry	51	71	140
Cultural services	4	65	69
Sports and recreation services	2	11	13
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	5	10	21
Other consumption products	33	591	654
Tourism connected products	18	47	85
Non-tourism related consumption products	15	544	569
Non-consumption products	..	..	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/kfpwti>



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