

Estonia

Tourism in the economy

Tourism is recognised as an important contributor to Estonia's competitiveness, exports and economic growth, in addition to being an important employment provider. Tourism is estimated to contribute 7.8% of total GDP and 4.3% of employment. In 2018, the share of tourism services for all Estonian exports was 10.2% with the share of service sector related exports amounting to 30.0%. In 2018, Estonian tourism receipts reached a new record of EUR 2.0 billion, of which international tourists generated EUR 1.5 billion, continuing the positive trend seen over recent years.

Overall, 3.2 million international tourists visited Estonia in 2018, down 0.6% on the previous year, recording 4.2 million nights. In 2018, the trend was supported by an increase in business tourism, which now makes up 23% of total inbound volumes. Top source markets for Estonia are Finland, Russia, Latvia, Germany, and Sweden. Finland is by far the largest market with 35.5% of all inbound visits and the top three (Finland, Russia and Latvia) make up 57.5%. In terms of growth markets, the United States, Russia, United Kingdom and Japan have all increased recently.

There has been a continuous and steady increase over the past decade in domestic tourism, which now accounts for 37% of nights in all means of accommodation. In 2018, domestic tourists spent 2.5 million nights, up 4.1% on 2017, and up 77.7% over the decade from 2009.

Tourism governance and funding

National tourism policy is co-ordinated by the Ministry of Economic Affairs and Communications, in close co-operation with the Estonian Tourist Board at Enterprise Estonia. The Ministry is tasked with: setting tourism policies and programmes and overseeing their implementation; drafting tourism-related legislation and regulations; applying funding for tourism development programmes and projects from both State and EU budgets; participating in activities with international tourism organisations; and co-operating with national and regional level tourism organisations, industry stakeholders and networks to facilitate tourism policy development in the long term.

Policy implementation is carried out by the Estonian Tourist Board, which has a key role in strengthening destination management organisations and co-ordinating tourism product development and activities to ensure a high quality customer journey experience.

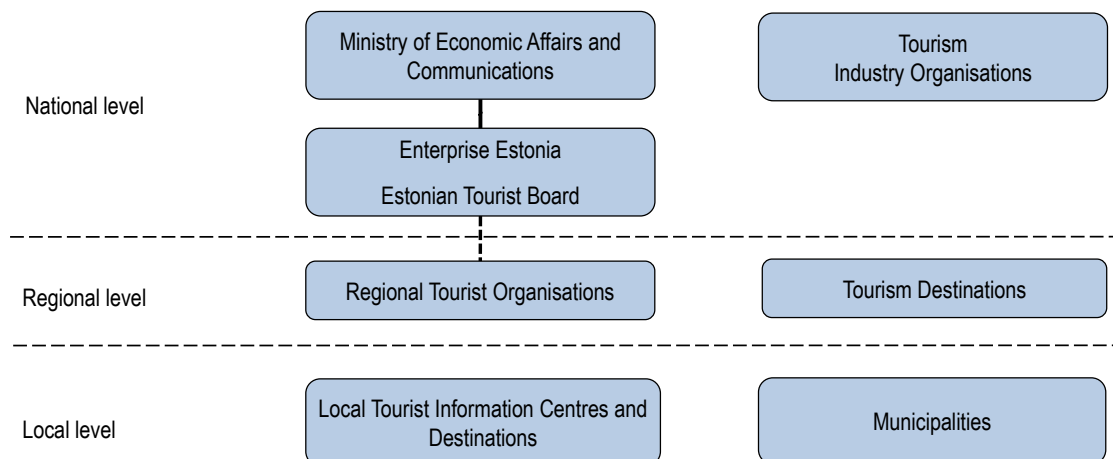
At regional level, County Development Centres engage in the management, dissemination and development of information on tourism, as part of a broader business support and advisory remit. In some counties, the Centres run Tourist Information Centres and employ special tourism co-ordinators. The Centres co-operate with the Estonian Tourism Board, regional tourism foundations and local businesses. In the larger cities like Tallinn, some local governments have developed specific structures for tourism development.

The principal private sector organisations regularly involved in policy development include the Estonian Travel and Tourism Association, the Estonian Hotel and Restaurant Association, the non-profit Estonian Rural Tourism Organisation, the Estonian Spa Association, and the Estonian Convention Bureau.

The overall budget for tourism development for the period of the National Tourism Development Plan 2014-2020 is EUR 116 million, of which EUR 47 million is for destination promotion and product development, and EUR 67 million is for investment in new visitor attractions and international events. The majority of tourism development is financed via the Estonian Tourist Board, and evaluated based on a pre-defined set of indicators.

The main sources of funding for tourism development are EU structural funds and the State budget. Local municipalities and businesses as well as major ports of entry, such as the Port of Tallinn and Tallinn Airport, also invest in tourism infrastructure and services development. Additional funding opportunities are available under the Regional Development Strategy and the Rural Development Strategy.

Estonia: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Economic Affairs and Communications, 2020.

Tourism policies and programmes

The current National Tourism Development Plan 2014-20, and its Implementation Plan, is coming to an end. Preparatory work is now being undertaken with the private sector and other partners on the next programme which will run from 2021-2024. Government policy is to reduce the number of national development plans significantly. The new Tourism Programme 2021-24 will include an agreed longer term vision. The four year period will make it more flexible and adaptable as and when there is a need to react to market trends and other developments.

The Programme will have direct links to the Estonia 2035 strategy, the new 2030 Transport and Mobility Strategy, and a number of other key future policies, including rural development and culture. As the tourism sector is so interlinked with other policy areas, it remains a government objective to co-operate between different ministries and secure a fully co-ordinated policy response. Private sector stakeholders are regularly consulted in this policy planning process.

Some of the policy priorities for the future strategy are likely to include:

- Supporting the development of new business models for tourism SMEs, focusing on adding value through business competitiveness and extending tourism growth across the regions.

- Increasing the uptake of digital technologies, solutions and competences to support innovation and create a competitive edge, with activity particularly directed towards SMEs.
- Promoting effective data management for both businesses and public authorities.
- Strengthening destinations, and destination management organisations, to support the conservation and creation of a valuable and attractive environment, and to underpin activity with sustainable development principles.
- Improving the diversity of the offer, to increase the attractiveness to international visitors of destinations beyond Tallinn, by creating quality products and services across the country.
- Securing better direct flight connections to Estonia, improving connectivity and diversifying markets away from a current over-reliance on Finland and Russia.
- Continuing to focus on development of the meeting, incentive, conference and events (MICE) sector, including likely investment of a major conference centre in Tallinn via the regeneration of an existing concert hall.
- Simplifying regulations connected to the accommodation sector and reducing the reporting requirements for businesses. The policy objective is to have similar requirements for both traditional accommodation providers and those operating in the sharing economy.

The number and function of regional co-ordinating structures is under review. One of the key issues for the coming years will be to strengthen the capacity of destination management organisations (DMOs), moving them from tourism marketing and information providers to a role in destination management. Strong DMOs are seen as key to fostering sustainable and integrated tourism development. Ideally, the DMO of the future will be increasingly responsible for: strategic development; product and customer journey development; community, business and local government co-operation; quality development; tourism information services; and communications.

Looking ahead, digital visitor registration is being developed with an online information system to be operating in all accommodation establishments by 2021-22. Better and more up-to-date data will also enable the Government to make informed decisions on the development of policy. The expected benefits for both tourism businesses and government include: a faster solution that reduces the administrative burden relating to registration and the handling of paper based data; simplified communication with the Government and Statistics Estonia; better quality data for monitoring and analysis to assist with destination management, marketing decisions and tourism flow management; and tourism businesses will receive updated data on tourist traffic and accommodation capacities, as well as detailed analyses to assist business decisions and improve competitiveness.

In order to have better and more accurate tourism data, Estonia now uses mobile positioning big data to inform official tourism statistics. The Bank of Estonia uses international travel statistics to calculate the import and export of travel services for Balance of Payments. Data are calculated by statistical models, using input data on passenger travel over the Estonian border, based on anonymous mobile positioning. This is supported by an Estonian company, Positium, which has provided a number of innovative solutions including measuring demand and impacts of major international events on tourism destinations.

Statistical Profile

Estonia: Domestic, inbound and outbound tourism

	2014	2015	2016	2017	2018
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	..	10 259	..	..	12 616
Overnight visitors (tourists)	2 572	2 704	3 254	3 277	4 399
Same-day visitors (excursionists)	..	7 555	..	..	8 217
Nights in all types of accommodation	1 291	1 649	2 163	2 245	2 709
Hotels and similar establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Inbound tourism¹					
Total international arrivals	6 193	5 729	5 964	6 147	6 033
Overnight visitors (tourists)	2 918	2 989	3 147	3 245	3 226
Same-day visitors (excursionists)	3 276	2 740	2 817	2 902	2 807
Top markets					
Finland	916	1 234	1 280	1 223	1 145
Russian Federation	275	388	412	460	464
Latvia	113	246	265	292	298
Germany	113	211	221	220	245
Sweden	72	117	121	121	119
Nights in all types of accommodation	3 919	3 770	4 015	4 150	4 175
Hotels and similar establishments	3 919	3 770	4 015	4 150	4 164
Other collective establishments	..	..	..	..	11
Private accommodation	..	..	..	..	..
Outbound tourism					
Total international departures	3 841	3 596	3 564	3 606	3 607
Overnight visitors (tourists)	2 712	3 078	3 053	3 137	3 088
Same-day visitors (excursionists)	1 129	518	512	469	520
Top destinations					
Finland	576	566	574	561	520
Latvia	247	358	347	351	301
Russian Federation	233	214	219	220	255
Sweden	164	217	237	240	219
Germany	139	223	221	230	213
TOURISM RECEIPTS AND EXPENDITURE, MILLION EUR					
Inbound tourism					
Total international receipts	1 714	1 697	1 727	1 874	1 979
International travel receipts	1 401	1 347	1 390	1 465	1 516
International passenger transport receipts	313	350	337	409	464
Outbound tourism					
Total international expenditure	1 014	1 054	1 174	1 236	1 400
International travel expenditure	890	925	1 050	1 106	1 246
International passenger transport expenditure	124	129	123	130	155

.. Not available; | Break in series

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

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934076647>

Estonia: Enterprises and employment in tourism

	Number of establishments ²	Number of persons employed				
	2017	2014	2015	2016	2017	2018
Total
Tourism industries
Accommodation services for visitors ¹	1 500	6 500	6 900	7 200	7 300	..
Hotels and similar establishments
Food and beverage serving industry	2 248	16 100	17 000	17 600	19 100	..
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	442	1 600	1 600	1 600	1 800	..
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  <http://dx.doi.org/10.1787/888934076666>

Estonia: Internal tourism consumption

Million EUR

	2014		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
Total	..	..	..
Consumption products	203	1 489	2 007
Tourism characteristic products	170	960	1 420
Accommodation services for visitors	38	299	447
Food and beverage serving services	35	311	346
Passenger transport services	45	236	445
Air passenger transport services	21	42	123
Railways passenger transport services	1	1	7
Road passenger transport services	11	27	56
Water passenger transport services	11	155	221
Passenger transport supporting services	..	7	7
Transport equipment rental services	0	5	31
Travel agencies and other reservation services industry	45	43	98
Cultural services	3	52	55
Sports and recreation services	2	9	10
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	3	10	19
Other consumption products	33	529	587
Tourism connected products	15	50	79
Non-tourism related consumption products	18	479	507
Non-consumption products	..	..	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934076685>



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