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# DEVELOPING OPEN, RULE-BASED, PREDICTABLE, NON-DISCRIMINATORY TRADE RELATIONS WITH PRIORITY ODA RECIPIENTS IN ACCORDANCE WITH THE IMPLEMENTATION OF MDG8A INTERNATIONAL AND NATIONAL TARGETS

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# Table of Contents

**List of Abbreviations** ..... **5**

**1. Introduction** ..... **6**
- 1.1. Presentation of national development assistance policy ..... 6
- 1.2. Current level of official development assistance ..... 9
- 1.3. Bilateral trade as a part of development assistance ..... 12
- 1.4. Methodology of the study ..... 13

**2. Current state of bilateral trade and applied trade regimes** ..... **16**

**3. Other trade related activities in recipient countries** ..... **20**
- 3.1. Investments ..... 20
- 3.2. Infrastructure development ..... 21
- 3.3. Technical assistance for trade policy development ..... 22

**4. Bottlenecks and solutions** ..... **24**
- 4.1. Assessment of the effectiveness of bilateral economic relations and the consistency of national policies to the upholding of an open, equitable, rule-based, predictable and non-discriminatory bilateral trading systems with ODA recipients ..... 24
- 4.2. Problems coming from the applied trade regimes ..... 24
- 4.3. Problems in bilateral economic relations ..... 25
- 4.4. Suggestions for decisions ..... 26

**5. Conclusions** ..... **28**

**6. Recommendations** ..... **29**

**References** ..... **30**

**Appendix 1. Trade dynamics between Estonia and partner countries, 2004-2012 (million euros)** ..... **33**

**Appendix 2. Top 10 Estonian exports and imports with selected countries, 2012 (euros)** ..... **35**

## List of Figures

**Figure 1.** Estonian bilateral development cooperation framework ..... 7
**Figure 2.** Estonian ODA flows, 1998-2012 (euros millions) ..... 10
**Figure 3.** Disbursements of trade supporting bilateral project measures and share in bilateral development cooperation, 2002-2012 (euros) ..... 18
**Figure 4.** Share of infrastructural projects in bilateral development cooperation, 1998-2012 ..... 22

## List of Tables

**Table 1.** Funds allocated for development cooperation and humanitarian aid in the state budget of Estonia through 2010-2015 (Euro million per annum) ..... 11
**Table 2.** Distribution of Estonian ODA by donor, 2006-2011 (euros) ..... 12
**Table 3.** List of countries included in the research ..... 15
**Table 4.** Trade orientation and average annual growth rates for Estonian trade with selected partner countries, 2004-2012 (%) ..... 16

**Table 5.** Selected trade related agreements between Estonia and development assistance countries.....19
**Table 6.** Estonian outward FDI stock in selected countries, 1998-2011 (million euros) .....20
**Table 7.** Estonian outward FDI stock in selected countries by sector, 2010 (million euros).....21

# List of Abbreviations

| | |
|---|---|
| AKÜ | Arengukoostöö Ümarlaud (Estonian Roundtable for Development Cooperation) |
| CIS | Commonwealth of Independent States |
| CSO | Civil society organisation |
| ENP | Eastern Neighbourhood Policy |
| ESSR | Estonian Soviet Socialist Republic |
| EU | European Union |
| FDI | Foreign Direct Investment |
| GNI | Gross National Income |
| MDGs | Millennium Development Goals |
| MFA | Ministry of Foreign Affairs |
| ODA | Official Development Assistance |
| USSR | Union of Soviet Socialist Republics |
| WTO | World Trade Organization |

# 1. Introduction

The aim of this paper is to present Estonia's national development assistance policy and to analyse the development of bilateral trade with Estonia's priority official development assistance (ODA) recipient countries under the applied trade regimes and trade agreements as a powerful engine for economic growth, poverty reduction and sustainable development. Estonian bilateral development assistance is analysed in terms of its impact on aid for trade and effectiveness. Bottlenecks to development assistance are identified and corresponding solutions highlighted. Policy recommendations for different stakeholder representatives are provided.

This paper is based on the findings of research on the role of trade in development effectiveness as part of the project activities within the framework of the European Commission project entitled: *Update of the current status of implementation of international/bilateral trade regimes with ODA recipients and the current role of civil society and private sectors as development actors in the new EU Member states*.

This paper is organised as follows: the first section gives an overview of Estonia's national development assistance policy and the description of the methodology for this study. Thereafter, section 2 outlines the state of bilateral trade an applied trade regimes. This is followed by section 3 which focuses on other trade related activities, including investments. Section 4 presents the bottlenecks to development assistance and corresponding solutions. Finally, the conclusions and policy recommendations will be presented.

## 1.1. Presentation of national development assistance policy

Development cooperation policy in Estonia stretches back to 1998, when as part of accession negotiations with the EU development cooperation was first planned and initial projects were implemented. Around €353,000 was provided for the first voluntary donations to UNICEF and the International Committee of the Red Cross (ICRC) as well as delivering emergency aid to the flood-affected regions of Eastern Europe (Ministry of Foreign Affairs, 1999). The following year Estonia started reporting annually to the OECD Development Assistance Committee (DAC). Since then, Estonia has systematically engaged in providing development assistance to developing countries as an increasingly important foreign policy instrument.

The Government of the Republic Act (Riigikogu, 1995) and the Foreign Relations Act (Riigikogu, 2006) specify the mechanisms of granting development aid in greater detail and the leading role of the Ministry of Finance in planning and implementing development cooperation and in coordinating the respective policy. According to the Foreign Relations Act, the Ministry of Foreign Affairs (MFA) presides at the Development Cooperation Committee[1], whose function is to approve bilateral development cooperation projects, supervise their implementation and ensure their high quality; the usefulness and impact as well as technical feasibility of the projects is assessed by the committee. After adoption of the Government of the Republic regulation "Conditions of and Procedure for Provision of Development Assistance and

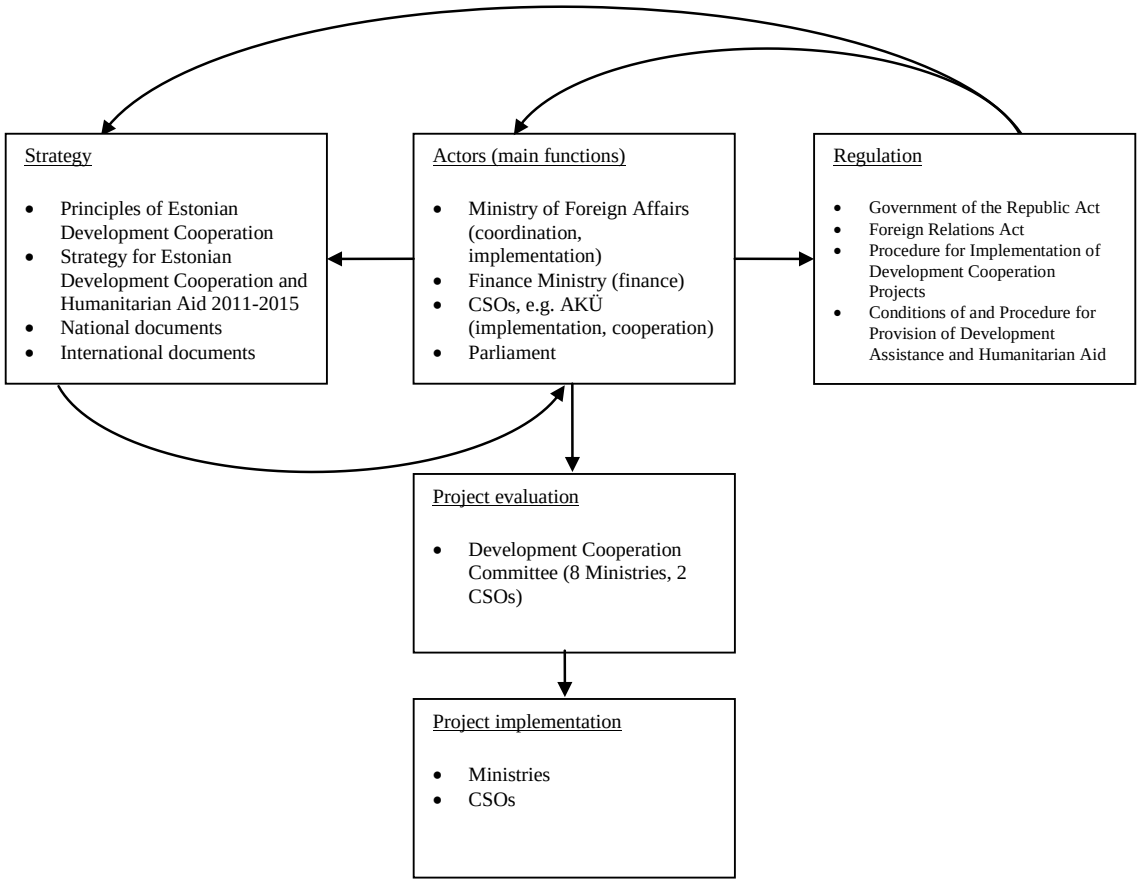
[1] The Development Cooperation Committee is comprised of at least ten members: representatives of ministries (the Ministry of Education and Research, Ministry of Justice, Ministry of the Environment, Ministry of Economic Affairs and Communications, Ministry of Agriculture, Ministry of Finance, Ministry of the Interior and Ministry of Foreign Affairs), and at least two representatives of civil society. The committee may also involve representatives of other institutions as well as other independent experts in the work of the committee (Riigikogu, 2013).

Humanitarian Aid" (Riigikogu, 2013) the implementation of bilateral development cooperation has become more planned and the financing conditions have become clearer. The Conditions of and Procedure for Provision of Development Assistance and Humanitarian Aid provides for organisation of application rounds for finding projects, more detailed terms and conditions of granting aid, limits of aid and self-financing, establishes project assessment criteria, etc. Until the adoption of the regulation, the involvement of non-state actors in the implementation of development cooperation was relatively limited because the grant application procedures were perceived to be ambiguous and based on ad hoc decisions in the MFA (Andrespok & Kasekamp, 2012).

The policy "Principles of Development Cooperation for the Years 1999-2000" (Riigikogu, 1999) was the first document to outline the Estonian stance towards development cooperation. This was subsequently replaced by the "Principles of Estonian Development Cooperation", which was approved by the Riigikogu (Parliament) on 15 January 2003 (Riigikogu, 2003). The document specifies the common goals and priorities of Estonian development cooperation – continuous support for countries and regions striving to achieve consistent economic and social development – and the forms of implementing development cooperation.

In January 2010, the Estonian Government approved another key document, the Strategy for Estonian Development Cooperation and Humanitarian Aid 2011-2015 (Ministry of Foreign Affairs, 2010). It was drawn-up on the basis of the previous strategy for 2006-2010 (Ministry of Foreign Affairs, 2006) and lessons learned from its implementation.

**FIGURE 1.** ESTONIAN BILATERAL DEVELOPMENT COOPERATION FRAMEWORK




*Source: Author's compilation*

At state level there are many actors involved in the coordination of development cooperation, the chief one being the MFA, which is responsible for the strategic planning, implementation and coordinating the activities of different participants of Estonian development cooperation. As such, it has a range of functions, such as:

- jointly with other institutions and organisations, drafting the directions of development cooperation and the Strategy, draws up and submits to the Government of the Republic the Estonian Development Cooperation Implementation Plan on the basis of the goals established in the Strategy for Estonian Development Cooperation and Humanitarian Aid 2011-2015;
- holding an active political dialogue with the partner countries; based on the needs and priorities of the partner country and Estonia's resources, agreed on specific areas of cooperation;
- representing Estonia and its positions on development cooperation at the international level, including in the international organisations falling within the area of responsibility of the MFA as well as in forums and in the media;
- assessing the situation and, if necessary, upgrade the system of implementing bilateral development cooperation;
- communicating with other donors both at the partner country level as well as internationally and prepares bilateral or multilateral cooperation projects with other donors;
- informing relevant institutions, ministries and state authorities, civil associations and the private sector and involves them in the implementation of development cooperation (Ministry of Foreign Affairs, 2010).

Estonian civil society organisations (CSOs), represented by an umbrella organisation, the Estonian Roundtable for Development Cooperation (AKÜ)[2], collaborate with the various ministries and local authorities to help draft, renew and implement the Strategy for Estonian Development Cooperation and Humanitarian Aid. Indeed, there is very close relationship between AKÜ and the MFA's Development Cooperation Division: there is permanent informal contact and common planning of activities (Trialog, 2007, p. 6).

Despite this formal administrative structure and procedure, some actors feel that the reality does not reflect this, and furthermore that the MFA is not the leading and coordinating institution, but rather leads its own projects while other institutions undertake their own projects with little cross-communication and cooperation between the agencies. As such there would certainly be room for further development.

In line with the Estonian strategies for development cooperation, a limited number of priority partner countries have been specified. Estonian bilateral development cooperation is primarily aimed at countries to which Estonia can offer added value relying on its own experiences and which are ready to move towards a democratic society built on human rights (Ministry of Foreign Affairs, 2010). Consequently, during the 2006-2010 programming period Afghanistan, Georgia, Moldova and Ukraine were chosen as priority countries, whilst Armenia, Azerbaijan and Belarus were added during the 2011-2015 period. Besides these countries, Estonia is cooperating with other developing countries and partners interested in Estonia's experience in some particular area. The choice of priority partner

[2] http://www.terveilm.ee

countries was discussed and agreed on amongst Estonian development cooperation stakeholders, including the representatives of civil society. The final list of partner countries was approved by the Estonian Government.

Such partners were chosen for a number of reasons. Officially, such countries were selected firstly to ensure that limited financial resources for development cooperation would bring about the highest possible added value in the benefiting countries. Estonia was (and still is) a relatively new donor country. Hence, the idea was to rely on Estonia's own reform and transition experience and contribute to the reforms of the partner countries, as much as possible and taking into account the lessons learnt from Estonia's own similar processes in the past. Secondly, according to the different international agreements of aid effectiveness, Estonia wished to keep the circle of partner countries as limited as possible to ensure higher concentration of its contributions in that area. Cooperating with the same partner countries over a longer period of time serves the same objective – aid effectiveness. Thirdly, such partner countries allow building synergies between Estonia's bilateral donor activities and the work it does in different EU working groups, e.g. in the context of EU development policy and the European Neighbourhood Policy (ENP). In the case of Afghanistan, the rationale behind cooperation is the need to add the civil reconstruction component to the military contribution Estonia is making in the context of the coalition forces based there (Development Cooperation division of the Ministry of Foreign Affairs, email correspondence).

CSOs and other actors, however, have pointed to other reasons for country choice, such as political expediency (Andrespok, 2010), historical ties and cultural ties.[3] In interview, the Ministry of Agriculture also pointed out that the fact that the priority countries are all small countries (similar to Estonia) and with predominantly agrarian-based economies and a similar historical background, being part of the USSR. Therefore, Estonians understand and are familiar with the systems of hierarchy and corruption that play a large role in these developing countries. In any case, when joining the EU and NATO in 2004 Estonia found itself in a policy dilemma: on the one hand aligning itself with the western donor community and being expected to participate in community's efforts as the world's biggest donor, and on the other hand wanting to build up its own bilateral relations with its chosen partner countries, and trying to seek unique expertise or competence in the field (Kuusik, 2006).

## 1.2. Current level of official development assistance

During the socialist period, there was limited support for development assistance by Estonia.[4] As part of the USSR, the Estonian Soviet Socialist Republic (ESSR) did not engage in development assistance as these functions were not undertaken at republic level but rather at the superordinate state level.[5] Nevertheless, the ESSR provided some humanitarian assistance to other Soviet republics; most notably for the 1986 Chernobyl nuclear reactor disaster and the 1988 Armenian earthquake. The ESSR also had strong ties in helping support development Azerbaijan and Georgia. However, these were driven more by political reasons rather than altruistic reasons.

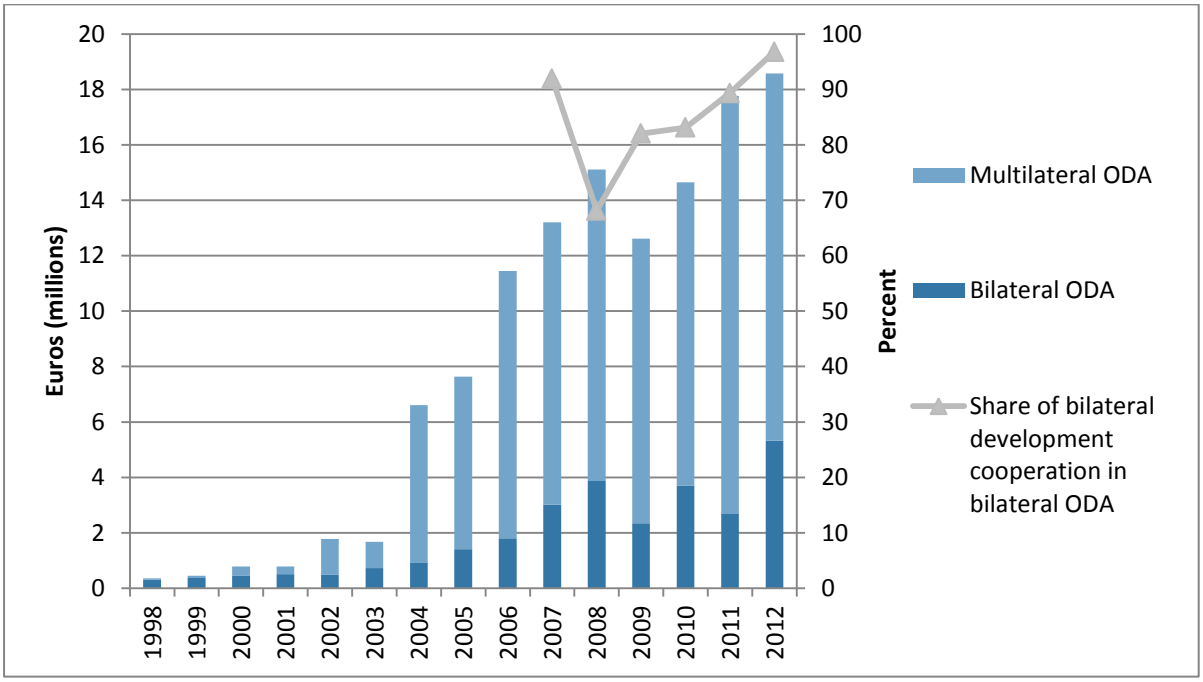
[3] As such, this accords with the four principles on which Estonian development assistance is based, according to the Principles of Estonian Development Cooperation: political, economic, moral and historical (Riigikogu, 2003).

[4] In contrast, other Central and East European countries, such as Czechoslovakia, Bulgaria and Romania, provided much aid bilaterally or via the Council for Mutual Economic Assistance (Horký & Lightfoot, 2012).

[5] For an overview of USSR aid to developing countries, see for example Kanet (1987) or Bach (2003).

The volume of ODA constantly remained at a fairly low level from its first flows in 1998 until 2004 (see figure 2). Since 2004 the MFA has had a separate budget line for development cooperation and humanitarian aid – funds were previously allocated from the Government's financial reserve, which meant that each project had to be approved by the Cabinet (Trialog, 2007). Around the same time the political basis for development cooperation and administrative structures required for implementing legislation and rules had been finalised. These both contributed to a greater volume of disbursements being made. The level of bilateral ODA is much smaller than multilateral ODA, especially since 2004, although this is a consequence and stipulation of joining the EU and other organisations. Furthermore, the share of bilateral development cooperation in total bilateral ODA

**FIGURE 2.** ESTONIAN ODA FLOWS, 1998-2012 (EUROS MILLIONS)




*Note: The figures for bilateral development cooperation represent the total value of each approved project. However, project durations are typically a few years, with disbursements occurring concomitantly.*

*Source: (Ministry of Foreign Affairs)*

The global financial crisis from 2008 precipitated a downturn in the Estonian economy and a consequent scaling back of funding for development cooperation activities. The lack of political will to deal with development issues was further proven by the fact that the majority of the cuts to the MFA's budget were from the resources allocated to development cooperation and humanitarian aid (Andrespok, 2010, p. 105).[6] Nevertheless, in the long term Estonia has managed to avoid donor fatigue which has affected other Central and East European countries.

[6] The desire to cut funding for development cooperation was also echoed in the public. According to a Eurobarometer survey, 29% of respondents felt that given the current economic situation aid should be reduced to developing countries, one of the highest levels in Europe, and much higher than the EU average (18%). Significantly, this level increased 8 percentage points since the same question was asked in 2011 (Eurobarometer, 2012).

In 2010 Estonia achieved the goal established by the Government in May 2005 to raise the development cooperation and humanitarian aid resources to at least 0.1% of the GNI by 2010 (see table 1). In April 2010 the Government set a new goal of achieving the level of at least 0.17% of the GNI by 2015, while still aiming for 0.33% as internationally agreed.

**TABLE 1.** FUNDS ALLOCATED FOR DEVELOPMENT COOPERATION AND HUMANITARIAN AID IN THE STATE BUDGET OF ESTONIA THROUGH 2010-2015 (EURO MILLION PER ANNUM)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| **GNI** | 13,502 | 14,147 | 14,850 | 15,613 | 16,442 | 17,026 |
| **% of GNI (Government proposal 13.05.2010)*** | 0.104 | 0.019 | 0.143 | 0.149 | 0.162 | 0.176 |
| 1. Total official development assistance (development cooperation and humanitarian aid funds) | 14.00 | 16.97 | 21.31 | 23.28 | 26.76 | 30.06 |
| 1.2 Development cooperation funds | 11.63 | 13.74 | 18.75 | 19.58 | 23.13 | 24.95 |
| **1.2.1 Within the budget of the Ministry of Foreign Affairs** | 3.20 | 4.03 | 6.89 | 8.85 | 11.64 | 12.78 |
| **1.2.2 of Estonia's payment to EU budget** | 7.93 | 6.39 | 6.77 | 6.97 | 6.97 | 6.97 |
| **1.2.3 European Development Fund (EDF)** | - | 1.66 | 1.92 | 1.92 | 1.92 | 1.92 |
| **1.2.4 International Development Association (IDA)** | 0.75 | 0.75 | 2.00 | 2.00 | 2.00 | 2.00 |
| **1.2.5 Other ministries and state institutions** | 0.89 | 1.89 | 2.94 | 1.09 | 1.15 | 1.28 |
| 1.3 Humanitarian aid funds | 2.36 | 2.36 | 2.56 | 3.13 | 3.96 | 4.73 |
| **1.3.1 of Estonia's payment to EU budget (18%)** | 1.41 | 1.41 | 1.47 | 1.53 | 1.53 | 1.53 |
| **1.3.2 in the budget of Ministry of Foreign Affairs (25% of development cooperation and humanitarian aid funds)** | 0.96 | 0.96 | 1.09 | 1.60 | 2.43 | 3.52 |

** The percent of the GNI will rise on average by 0.014 percentage points a year.*

*Source: (Ministry of Foreign Affairs, 2010)*

The financing for Estonian official development aid is mostly undertaken by the Ministry of Finance and the MFA, which together account for over 90% of funding (see table 2). Despite that, a number of state organisations and agencies have contributed to Estonian ODA. Some institutions have continually donated significant amounts, such as the Ministry of Defence (primarily linked to its military activities in Afghanistan) and less so the Ministries of Education and Research, Environment, Social Affairs and Agriculture, whilst others have done so on an ad hoc basis tied to specific projects. Some ministries also have separate budget lines for developmental assistance activities, although these are usually rather modest and not included in the MFA reviews.

**TABLE 2.** DISTRIBUTION OF ESTONIAN ODA BY DONOR, 2006-2011 (EUROS)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| **Association of Estonian Cities** | - | - | 64,061 | - | - | - |
| **Eesti Pank** | 3,766 | 1,917 | 1,840 | - | - | - |
| **Association of Municipalities of Estonia** | - | 15,339 | - | - | - | - |
| **Ministry of Education and Research** | 185,514 | 131,215 | 190,670 | 97,455 | 43,633 | 38,049 |
| **Ministry of Justice** | 2,348 | - | - | - | - | - |
| **Ministry of Defence** | 463,693 | 191,799 | 166,560 | 188,196 | 348,863 | 377,967 |
| **Ministry of the Environment** | 36,308 | 47,442 | 38,013 | 72,067 | 175,423 | 924,274 |
| **Estonian Competition Authority** | 3,180 | - | - | - | - | - |
| **Ministry of Culture** | 7,811 | 10,336 | 10,245 | 20,700 | 53,664 | 63,347 |
| **Ministry of Economic Affairs and Communication** | 14,073 | 12,806 | 12,841 | - | 5,195 | 17,830 |
| **Estonian Tax and Customs Board** | 938 | 3,546 | 3,116 | 961 | - | - |
| **Ministry of Agriculture** | 47,329 | 47,611 | 53,224 | 60,530 | 64,370 | 66,675 |
| **Ministry of Finance** | 9,173,069 | 9,151,792 | 9,486,128 | 9,580,606 | 8,702,655 | 10,862,485 |
| **Government Office** | - | - | 2,700 | 3,158 | - | - |
| **Riigikogu** | 65,603 | 9,840 | - | 383 | - | - |
| **National Audit Office** | 224 | 10,482 | 3,788 | 639 | - | - |
| **Ministry of the Interior** | 71,693 | 7,893 | 16,016 | 4,493 | 4,489 | 13,335 |
| **Estonian Academy of Security Services** | - | 4,005 | 26,988 | 2,986 | 21,219 | - |
| **Ministry of Social Affairs** | 31,270 | 38,597 | 79,041 | 51,473 | 220,396 | 252,106 |
| **Ministry of Foreign Affairs** | 1,536,058 | 2,303,141 | 5,293,871 | 3,151,370 | 4,511,427 | 4,916,517 |
| **Estonian Rescue Board** | 5,752 | - | 72,474 | 19,693 | 5,151 | - |
| **Police and Border Guard Board** | - | 2,556 | - | 2,556 | 3,130 | 1,848 |
| **Tartu City Government** | - | - | - | - | 6,392 | - |
| TOTAL | 11,648,630 | 11,990,315 | 15,521,575 | 13,257,268 | 14,166,008 | 17,534,433 |

*Note: Data for 2006-2010 was converted from Estonian kroons to euros on the basis of the official exchange rate: 1 euro = 15.6466 kroons*

*Source: (Ministry of Foreign Affairs; Ministry of Foreign Affairs, 2011)*

## 1.3. Bilateral trade as a part of development assistance

Bilateral trade has long been recognised as a major mechanism for improving the economic growth and welfare of nations, by generating significant revenue and economic activity. However, the link between trade and development assistance (including poverty eradication) has not been so well defined. The linkage was explicitly stated in the United Nations Millenium Development Goal (MDG) target 8A: to develop further an open, rule-based, predictable, non-discriminatory trading and financial system (United

Nations, 2001). The link was again highlighted at the 4th High Level Forum on Aid Effectiveness held in Busan, South Korea in 2011. Paragraphs 9, 10 and 32a of the Busan partnership for effective development co-operation detailed ways in which trade and the private sector could contribute to reducing poverty (OECD, 2011).

The World Trade Organization's (WTO) core business is regulating international trade, reducing market barriers and ensuring a level playing field for all its members (World Trade Organization). However, in order to benefit from the WTO agreements, countries need to develop necessary trade-related skills and infrastructure. One such initiative which targets this is the EU Aid for Trade Strategy (Council of the European Union, 2007), which the EU adopted on 15 October 2007, designed to help developing countries build the necessary capacity to trade, and to more effectively use trade in promoting poverty eradication. Trade negotiations to achieve a more open rules-based trade can be important tools for development. The aim is that benefits from free and fair trade should be extended to all, especially the poorest, and are an essential vehicle for speeding up progress towards achieving the MDGs, and specifically target 8A. For the maximum effects of trade on poverty reduction, several elements need to work together in synergy: better national development strategies that integrate trade as a key component; increased and effective international financial and technical assistance for developing production and trade capacities; and a more enabling international trade environment (including applied trade regimes).

## 1.4. Methodology of the study

In order to analyse how Estonia has integrated trade related assistance into its development strategy, different methodological tools were utilised, ranging from the processing of statistical information, focus group discussions, surveys and interviews. The main sources of information used are government documents, statistical information, surveys, focus group feedback and interviews with representatives of both the public sector and private companies.

The time period under consideration is from 1998, when Estonia first started development cooperation, until 2012, although special emphasis will be placed on the period from 2004 onwards when Estonia acceded to the EU.

The country selection underpinning this research is based on the combined outcome of the following four indicators (see table 3). Firstly, the Strategy for Estonian Development Cooperation and Humanitarian Aid 2011-2015 outlines priority partner countries, as noted above. These countries form the core of the country selection list. Secondly, high ranking cumulative total trade (i.e. imports plus export) partners 2004-2012 from developing countries within each continent were chosen. Thirdly, the countries which comprise the largest total net ODA recipients were included. To guard against bias towards humanitarian aid, which are usually ad hoc payments (as in the case of a natural disaster), the cumulative level of ODA for 2004-2011 was taken. This also ensures that countries are selected according to Estonia's long term stance towards development assistance for those countries. Finally, the level of diplomatic relations between each set of countries will be noted as an indicators as to the potential strength of state bilateral development cooperation. The choice of countries was further strengthened by the fact that some countries appear across all three indicators. In total, 15 countries were selected for this research.

During December 2012 a survey was sent out to interested parties connected to development cooperation in Estonia. The survey included 19 questions and was structured according to the following sections: development cooperation, trade relations and cooperation, evaluation of development cooperation and recommendations. In total 34 responses were received, 16 of which were partly filled in.

Several interviews were also undertaken with key representatives of the public and private sectors between December 2012 and January 2013.

**TABLE 3.** LIST OF COUNTRIES INCLUDED IN THE RESEARCH

| Country | Priority partner | Trade | | Official Development Aid | | Diplomatic relations | | |
|---|---|---|---|---|---|---|---|---|
| | | Cumulative total trade, 2004-2012 (€) | Trade rank (out of 216) | Cumulative total net ODA, 2004-2011 (€ million) | ODA Rank (out of 46) | Diplomatic ties established | Estonian diplomatic representation in country | Foreign representation in Estonia |
| **Afghanistan** | Yes | 32,165,970 | 76 | 2.89 | 1 | 1 July 2005 | Special mission (Autumn 2007) | None |
| **Armenia** | Yes | 7,864,444 | 107 | 0.15 | 17 | 23 August 1992 | Honorary consulate | Honorary consulate |
| **Azerbaijan** | Yes | 69,325,802 | 58 | 0.05 | =27 | 20 April 1992 | Ambassador in Ankara | Embassy (2010) |
| **Belarus** | Yes | 1,764,726,220 | 18 | 0.42 | =10 | 6 April 1992 | Embassy (January 2009) | Embassy |
| **Bosnia** | No | 10,725,877 | 104 | 0.46 | 9 | 8 February 1993 | Ambassador in Tallinn (27 September 2005) | Ambassador in Stockholm |
| **Brazil** | No | 343,097,010 | 37 | n/a | n/a | 16 December 1991 | None[7]; Honorary consulate | Ambassador in Helsinki (1994) |
| **China** | No | 3,061,318,110 | 13 | 0* | =42 | 11 September 1991 | Embassy (1997) | Embassy (1992) |
| **Egypt** | No | 191,891,024 | 42 | 0.02 | =36 | 2 January 1992 | Embassy (1 March 2010) | Ambassador in Helsinki |
| **Georgia** | Yes | 28,092,883 | 77 | 2.54 | 2 | 17 June 1992 | Embassy (December 2006) | Embassy (April 2007) |
| **India** | No | 291,180,943 | 39 | 0* | =42 | 2 December 1991 | Office in New Delhi (September 1993); Embassy (February 2013) | Ambassador in Helsinki |
| **Kazakhstan** | No | 659,483,924 | 31 | 0.02 | =36 | 27 May 1992 | Embassy (2011) | Ambassador in Helsinki, Consular office in Tallinn |
| **Moldova** | Yes | 55,499,288 | 63 | 1.18 | 3 | 10 November 1992 | Ambassador in Kiev; Honorary consulate (October 2006) | Embassy |
| **Nigeria** | No | 1,043,930,927 | 25 | n/a | n/a | - | None | None |
| **Turkey** | No | 1,210,436,353 | 23 | 0.14 | =18 | 23 October 1991 | Embassy (February 2001) | Embassy (1 October 2001) |
| **Ukraine** | Yes | 1,753,696,405 | 19 | 1.12 | 4 | 4 January 1992 | Embassy | Embassy |

*Note: * = greater than €0 but less than €10,000*

*Source: based on (Ministry of Foreign Affairs, 2010; Statistics Estonia; OECD.Stat Extracts); Ministry of Foreign Affairs press releases*

[7] In January 2013 an agreement was signed stating that an Estonian diplomat would start working at the Portuguese embassy in Brazil in preparations for the eventual opening of an Estonian embassy.

# 2. Current state of bilateral trade and applied trade regimes

Since Estonia's accession to the EU, the level of trade with the countries under consideration in this study has accelerated somewhat. This has been aided by the inclusion of Estonia into EU agreements and the signing of the WTO agreements which facilitate the movement of free trade. Of the priority countries, Estonia trades the most with Ukraine, followed by Belarus (see appendix 1). However, it is evident that the priority countries rank quite low in terms of Estonia's trading partners, with many other countries being more important, such as China, Turkey, Nigeria and Kazakhstan. Furthermore, it would appear that the effects of joining the EU and adoption of development cooperation legislation have not really boosted trade with the priority countries. Indeed, in the case of Armenia, the growth in Estonian trade actually decreased over the period 2004-2012 (see table 4). Estonia significantly exported over €31 million worth of oil to Afghanistan in 2012, which was six times greater than total exports the year before. Imports from priority countries and other developing countries show a similar pattern. There are virtually no imports from Afghanistan and Nigeria.

**TABLE 4.** TRADE ORIENTATION AND AVERAGE ANNUAL GROWTH RATES FOR ESTONIAN TRADE WITH SELECTED PARTNER COUNTRIES, 2004-2012 (%)

| Country | Trade orientation | Export growth | Import growth | Total trade growth |
|---|---|---|---|---|
| **Priority countries** | Export | 39.6 | 10.6 | 33.1 |
| **Afghanistan** | Export | 170.2 | -29.4 | 144.0 |
| **Armenia** | Export | -3.3 | 28.3 | -1.6 |
| **Azerbaijan** | Export | 24.7 | 20.0 | 24.3 |
| **Belarus** | Import | 18.9 | 10.4 | 11.7 |
| **Georgia** | Export | 57.1 | 26.0 | 39.0 |
| **Moldova** | Export | 9.0 | 11.1 | 9.7 |
| **Ukraine** | Export | 0.7 | 7.8 | 4.9 |
| **Developing countries** | Export | 38.3 | 40.6* | 35.3* |
| **Bosnia and Herzegovina** | Export | 69.3 | 93.1 | 73.4 |
| **Brazil** | Export | 17.8 | 13.2 | 15.4 |
| **China** | Import | 13.9 | 13.3 | 13.4 |
| **Egypt** | Export | 12.5 | 32.2 | 13.6 |
| **India** | Export | 41.6 | 24.1 | 32.3 |
| **Kazakhstan** | Export/import | 39.9 | 17.4 | 26.8 |
| **Nigeria** | Export | 90.8 | 126.4* | 91.8 |
| **Turkey** | Export | 20.7 | 5.1 | 16.0 |
| **All countries** | Export | 38.9 | 26.6* | 34.3* |

*Note: * Estonia had no imports from Nigeria between 2004 and 2006, therefore the calculations for this country for are for the period 2006-2012*

*Source: author's calculations based on (Statistics Estonia) data*

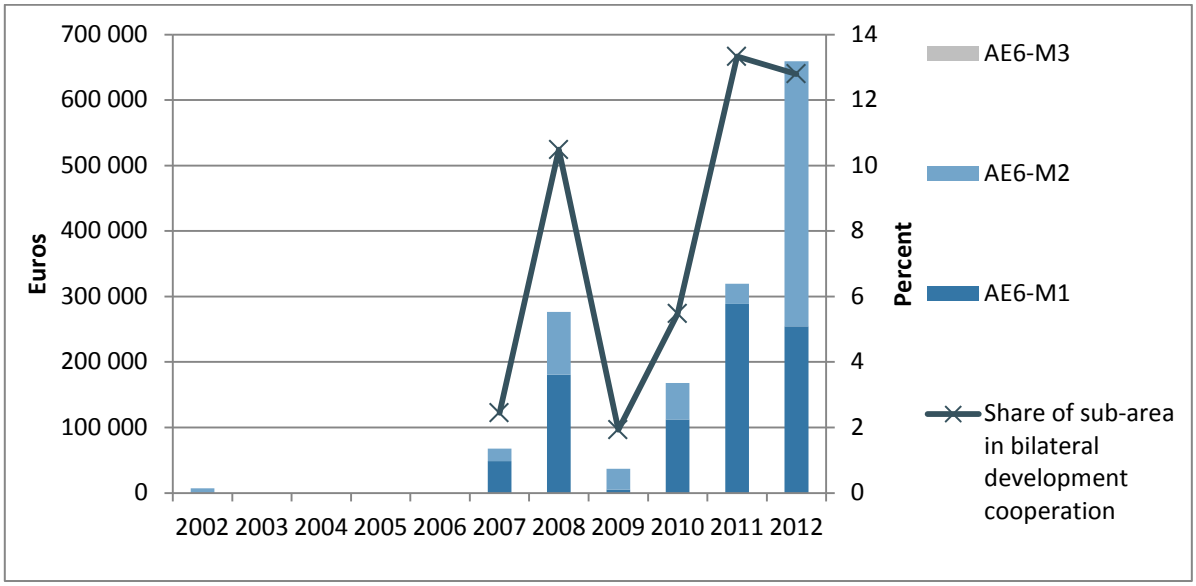
The structure of Estonian trade with the developing countries is mostly based on comparative advantage, with Estonia exporting much of what it naturally produces and importing much of what it cannot naturally produce. The most common significant Estonian exports to the priority countries are frozen fish, and paints and varnishes. The most common imports to Estonia from the priority countries are undenatured ethyl alcohol, petroleum oils and wine of fresh grapes. In the majority of priority countries (Armenia, Azerbaijan, Belarus, Moldova, Ukraine) and other developing countries (Brazil, China, Egypt, India, Kazakhstan, Nigeria) the commodity structure is such that the value of the top import products is much larger than the second or third product, even when they are summed. Furthermore, with many countries, imports are highly concentrated on only a few products (Afghanistan – 3 products; Armenia – 3 products; Azerbaijan – 5 products, Bosnia – 9 products; Nigeria – 5 products). This might point towards a product specialisation. The other countries exhibit a more evenly spread import structure.

According to the Strategy for Estonian Development Cooperation and Humanitarian Aid 2011-2015 (Ministry of Foreign Affairs, 2010), one of the main sub-areas of Estonian development cooperation is supporting sustainable economic development. Three measures are in operation to achieve this sub-area:

1. Developing co-operation with partner countries – preparing, funding and implementing bilateral projects for reforming institutions of the partner (measure AE6-M1).
2. Supporting multilateral organisations; contributing to the WTO trust funds (measure AE6-M2).
3. Co-operating with other developing countries – supporting the preparation for the WTO accession of developing countries that are prospective members (measure AE6-M3).

In particular, Estonia has supported the convergence of trade legislation in the ENP countries with the EU acquis. However, it is clear that trade supporting bilateral projects are not the most predominant form of development assistance. There were no flows between 1998 and 2002 and also 2003 to 2007. From 2007 onwards flows have increased, despite a dip in 2009 due to the financial crisis (see figure 3). Significantly, there have been no flows under the third measure (supporting the preparation for the WTO accession), although this can be explained that almost all of the countries to which Estonia conducts development cooperation are already members of the WTO. The corresponding share of trade supporting measures in bilateral development cooperation is fairly low but has been steadily increasing, reaching over 12 per cent since 2011.

**FIGURE 3.** DISBURSEMENTS OF TRADE SUPPORTING BILATERAL PROJECT MEASURES AND SHARE IN BILATERAL DEVELOPMENT COOPERATION, 2002-2012 (EUROS)




*Note: The figures for bilateral development cooperation represent the total value of each approved project. However, project durations are typically a few years, with disbursements occurring concomitantly.*

*Source: (Ministry of Foreign Affairs)*

The legal background for the development of bilateral economic relations has been in place for some time. When Estonia acceded to the EU in 2004 it took on the agreements concluded by the EU with third countries. Today, this includes a number of regulations, such as:

- Partnership and Cooperation Agreements (affecting relations with Russia and the CIS countries: Armenia, Azerbaijan, Georgia, Kazakhstan, Moldova and Ukraine) regulating trade relations.
- Deep and Comprehensive Free Trade Area agreements, which have been concluded with Ukraine and negotiations started with Armenia, Georgia and Moldova in early 2012.
- Generalised Scheme of Preferences (GSPs), a mechanism of reduced tariffs for goods to help developing countries export their products to the EU. Through the additional export revenue which is generated, GSP fosters growth in their income and supports economic growth and job creation.

Estonia also fulfils the WTO agreements on trade. However, a consequence of EU accession has been multilateral trade regimes replacing in most part the bilateral trade regimes. Nonetheless, Estonia has signed free trade agreements with a number of countries. Estonia has signed individual bilateral trade and cooperation agreements with most of the priority countries and some other developing countries (see table 5). Most of these agreements were signed before Estonia joined the EU.

**TABLE 5.** SELECTED TRADE RELATED AGREEMENTS BETWEEN ESTONIA AND DEVELOPMENT ASSISTANCE COUNTRIES

| Country | Agreement | Date |
|---|---|---|
| **Azerbaijan** | Agreement on co-operation in customs matters | 02.03.2000 |
| **Belarus** | Agreement on Commercial and Economic Relations | 30.04.2002 |
| | Agreement on Co-operation and Mutual Assistance in Customs Issues | 11.09.2002 |
| **China** | Agreement on Trade and Economic Co-operation | 14.04.1993 |
| **Georgia** | Agreement on Customs Co-operation and Mutual Assistance | 22.08.2000 |
| | Agreement on Customs Co-operation and Mutual Assistance | 12.07.2005 |
| **India** | Agreement on Trade and Economic Co-operation | 24.08.2004 |
| **Moldova** | Agreement on bilateral co-operation between the Tax and Customs Board of the Republic of Estonia and the Customs Service of the Republic of Moldova | 10.11.2010 |
| **Turkey** | Agreement on Trade and Economic Co-operation | 15.02.1996 |
| | Agreement regarding Mutual Assistance between Customs Administrations | 06.12.1998 |

*Source: based on Ministry of Foreign Affairs webpages*

The state agency Enterprise Estonia, which promotes business and regional development in Estonia, provides assistance in promoting exports as part of its activities. It has offices across the world for dealing with trade and investment issues, including one in China. Until recently, it also maintained an office in Kyiv, although this closed down due to restructuring within Enterprise Estonia and a change of focus towards Asian countries instead.

Bilateral economic relations are further strengthened by the presence of supporting political structures. In particular, the Riigikogu has parliamentary groups which are established to intensify bilateral communication with other states and achieve foreign policy objectives.[8] Furthermore, in recent years the Estonian Chamber of Commerce and Industry, the MFA and Enterprise Estonia jointly put together special delegations to go to various CIS countries and open up political and economic (trade and investment) relations as well as cooperation. These delegations are proving invaluable first step for Estonian businesses to do business in otherwise closed markets. As part of this drive, in 2009 the Estonian Business Association of Ukraine (EBAU), was set up by businesses and individuals to advance and develop economic and trade relations among Estonian and Ukrainian business associations, companies and individuals that are based on the interests of the members and correspond with the legislation and norms of Estonia and Ukraine. Unfortunately, the unstable political climate in Ukraine led to many members suspending their membership, as they decreased or ended their business in Ukraine. So far, this seems to be the only example of Estonia setting up a chamber of commerce in a priority country or developing country.[9] Hence, there is still room for development.

[8] It should be noted though that there are no Estonia-Brazil, Estonia-Egypt or Estonia-Nigeria parliamentary working groups.

[9] It should be noted that Estonia only has business associations in Latvia, Lithuania, Sweden, UK and USA.

# 3. Other trade related activities in recipient countries

## 3.1. Investments

There has been a limited amount of foreign direct investment (FDI) by Estonia into the countries under consideration in this study. The majority of investments have been into Estonia's priority countries, although only the Ukraine and Belarus have experienced significant investment flows, predominantly since 2005 onwards (see table 6). It is notable that Estonia has also experienced high trade intensity with these countries. Estonian investments in other priority countries are virtually non-existent, such as Afghanistan (due to security risks), as well as Armenia. This lack of investment is not confined to the priority countries – there have been no Estonian investments in Bosnia or Nigeria, although equally there are also some exceptions such as Kazakhstan and Brazil. Other countries, such as Georgia, saw a rush for investment before legislation had been made protecting bilateral investments or the implementation of the Lisbon Treaty.

In interviews, private sector representatives gave one cause for the lack of investment as being the hesitance to invest in countries which are deemed to have high risks of potential loss of money. This stems partly from negative personal experiences in investing in these countries.

Of the investments made, much of it has been into specific sectors, with the intention to invest speculatively in projects which would return a high profit (see table 7). Consequently, most countries have invested in real estate, professional, scientific and technical activities, and wholesale and retail trade, although there are still some country specific investment patterns.

**TABLE 6.** ESTONIAN OUTWARD FDI STOCK IN SELECTED COUNTRIES, 1998-2011 (MILLION EUROS)

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Afghanistan** | - | - | - | - | - | - | - | - | - | - | x | x | x | - |
| **Armenia** | - | - | - | - | - | - | - | - | - | - | x | - | - | x |
| **Azerbaijan** | - | - | - | - | - | - | - | x | 0.2 | 14.2 | 20.2 | 3.8 | 3.7 | 3.3 |
| **Belarus** | 0.2 | 0.3 | 0.1 | 0.1 | 0.1 | 0.3 | 2.0 | 31.8 | 52.0 | 62.0 | 50.5 | 61.6 | 82.7 | 75.0 |
| **Brazil** | - | - | - | - | - | - | - | - | - | 0.6 | 0.6 | 7.0 | 4.2 | 5.8 |
| **China** | - | - | - | - | - | - | - | x | 0.3 | 5 | 4.7 | 4.7 | 0.5 | 2.2 |
| **Egypt** | - | - | - | - | - | - | x | x | 0.2 | 0.4 | 0.9 | 0.1 | 0.1 | x |
| **Georgia** | - | - | - | - | - | - | x | x | 0.4 | 2.0 | 2.0 | 2.4 | 2.1 | 2.0 |
| **India** | - | - | - | - | - | - | - | - | - | - | - | x | x | 0.1 |
| **Kazakhstan** | - | - | - | - | x | x | 3.6 | 0.3 | 0.4 | 0.7 | 1.7 | 1.1 | 3.0 | 8.1 |
| **Moldova** | - | - | - | - | - | - | x | x | x | x | 0.2 | 2.7 | 6.1 | 8.1 |
| **Turkey** | - | - | - | - | - | - | - | 0.3 | 1.2 | 1.8 | 2.5 | 2.4 | 2.3 | 2.0 |
| **Ukraine** | 5.2 | 5.8 | 5 | 6.9 | 12.4 | 21.8 | 28.2 | 56.8 | 66.2 | 108.1 | 190.6 | 177.6 | 148.8 | 190.2 |

*Note: - = no investment made; x = confidential data (1 or 2 enterprises)*

*Source: (Eesti Pank)*

**TABLE 7.** ESTONIAN OUTWARD FDI STOCK IN SELECTED COUNTRIES BY SECTOR, 2010 (MILLION EUROS)

| | AFG | AZB | BEL | BRA | CHN | EGY | GEO | IND | KAZ | MOL | TUR | UKR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Agriculture, forestry and fishing** | - | - | - | - | - | - | - | - | - | - | - | x |
| **Manufacturing** | - | - | x | - | x | - | - | - | - | - | - | 6.6 |
| **Water supply; sewerage, waste management and remediation activities** | - | - | - | - | - | - | - | - | - | - | - | x |
| **Construction** | - | - | 0.4 | - | - | - | - | - | - | x | - | 12.8 |
| **Wholesale and retail trade; repair of motor vehicles and motorcycles** | - | x | 17.2 | - | - | x | x | - | 0.1 | x | x | 33.9 |
| **Transportation and storage** | - | - | 0.2 | - | - | x | x | - | - | - | - | 9.2 |
| **Information and communication** | - | x | x | - | - | - | - | - | - | x | - | 1.8 |
| **Financial and insurance activities** | x | - | 1.1 | x | - | - | - | - | x | x | - | 68.8 |
| **Real estate activities** | - | x | 0.4 | x | x | -0.2 | 0.3 | x | x | x | 1.8 | 3.7 |
| **Professional, scientific and technical activities** | - | x | 37.1 | - | x | x | x | x | x | x | - | 1.8 |
| **Administrative and support service activities** | - | x | - | - | - | - | - | - | x | - | - | 0.8 |
| **Education** | - | - | - | - | - | - | - | - | - | - | - | x |
| **Activities of households as employers; undifferentiated goods and services producing activities of households for own use** | - | - | x | - | - | - | - | - | - | - | x | x |
| **Not classified** | - | - | x | - | - | - | x | - | - | - | - | x |

*Note: AFG = Afghanistan; AZB = Azerbaijan; BEL = Belarus; BRA = Brazil; CHN = China; EGY = Egypt; GEO = Georgia; IND = India; KAZ = Kazakhstan; MOL = Moldova; TUR = Turkey; UKR = Ukraine; - = no investment made; x = confidential data (1 or 2 enterprises)*

*Source: (Eesti Pank)*

## 3.2. Infrastructure development

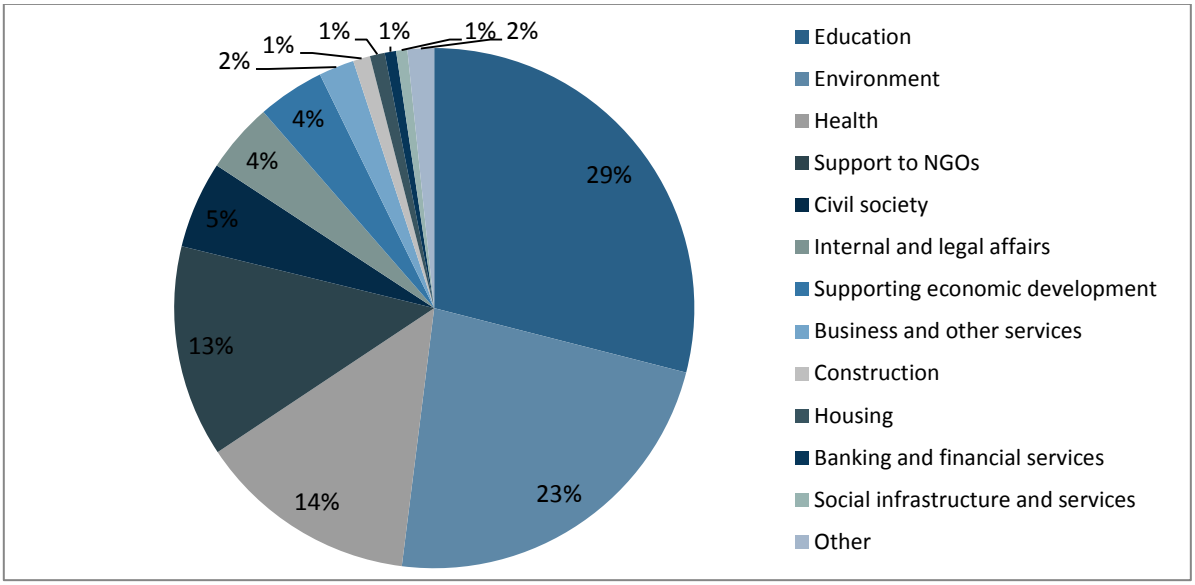
In Estonia, the desire to share transition experiences was one of the driving factors behind the support for development assistance. This is not unique to Estonia. Indeed, it has been a part of official EU discourse since the 2004 enlargement, enshrined for example in Article 33 of the European Consensus on Development: 'the EU will capitalise on new Member States' experience (such as

transition management) and help strengthen the role of these countries as new donors' (Horký, 2012). However, in addition to sharing its experience of transition, Estonia has also emphasised its wish to use its experience of development assistance cooperation in Georgia, Ukraine, Moldova and Afghanistan to help other developing countries (Praxis, 2007).

Much of the form this knowledge sharing has taken has been through infrastructure development directed towards public administration reform and environmental protection, privatisation and EU integration, ICT and civil society support (see also figure 4). Of these, perhaps the most successful development has been the e-Governance Academy. Started as a pilot in 2002, this organisation aims to create and transfer knowledge concerning e-governance, e-democracy and the development of civil society. To date it has shared its experience with many developing and priority countries.

Equally, there has also been much development cooperation in projects related to the environment. For example, in 2012 the Ministry of Environment donated over €1.6 million to the United Nations Environment Programme for Strengthening Climate Change Adaption in Rural Communities for Agriculture and Environmental Management in Afghanistan within the UNEP project Environmental Cooperation for Peace building-Phase III.

**FIGURE 4.** SHARE OF INFRASTRUCTURAL PROJECTS IN BILATERAL DEVELOPMENT COOPERATION, 1998-2012




*Source: Author's calculations based on (Ministry of Foreign Affairs)*

## 3.3. Technical assistance for trade policy development

Estonia has based its technical assistance on the interests and development strategies of its partner countries, but there is no concrete mechanism for coordinating this assistance with the partners or other international donors. Furthermore, most of Estonia's technical assistance is short-term and not based on the long-term bilateral agreements, which are considered as critical prerequisites for aid effectiveness. Consequently, it has been put forward that technical assistance should be decreased while its effectiveness increased (Andrespok, 2010, p. 120).

The survey found that only a few respondents are involved in offering technical assistance in trade agreements (15%); a much larger number are, however, involved in trade facilitation, developing

bilateral trade agreements and developing multilateral trade agreements (each 27%). This would seem to point to an area in which more could be achieved.

# 4. Bottlenecks and solutions

## 4.1. Assessment of the effectiveness of bilateral economic relations and the consistency of national policies to the upholding of an open, equitable, rule-based, predictable and non-discriminatory bilateral trading systems with ODA recipients

Although the Estonian system of development assistance is fairly well structured and regulated, the efforts to strengthen trade relations have shown some weaknesses which should be addressed.

Better coordination and cooperation between Estonian ministries and other development assistance agencies would make the situation clearer to all parties and would help to bring in new people, institutions and cooperation projects.[10] In other words, more information should be available. Furthermore, contacts of who does what and where should be collected and updated regularly.

It is often larger, wealthier countries which can provide more extras to development countries as they have the power to influence international organisations (EU, OSCE, World Bank, IMF, etc.), to grant funds for their private sector companies to get better trade opportunities and to undertake development assistance projects in recipient countries. In other words, private sector companies and the public sector work together to lobby for their own good. Even if Estonian diplomatic relations and the political elite have done everything in their power to foster bilateral cooperation in development assistance and business, the results have not been as fruitful as wished, due to the relative lack of lobbying power, resources and personnel. There are no Estonian lobbying groups in any international organisations and there is a lack of personnel to actually execute any large projects. Therefore, this is outsourced to other parties to ensure the project is won. In comparison, for example, USA's companies are large enough to show (at least on paper) that they have sufficient personnel to undertake the project, however, in reality they often outsource as well. These two points are important in getting internationally funded projects, as well as recipient country's public sector procurement projects.

It should be noted though that the effectiveness of the bilateral economic relations does also depend on the partner receiving the assistance. For example, Estonia conducts a lot of trade and development assistance with Georgia, although Estonian officials noted during interviews that the Georgians are not too keen on Estonian paperwork, which they view as overly excessive and bureaucratic. Consequently, Estonian officials are not the favourite partners in Georgia, despite their projects being considered very effective.

## 4.2. Problems coming from the applied trade regimes

Survey respondents found that the main problems concerning bilateral trade relations with priority recipient development aid countries come from customs procedures (29% of respondents). Although

[10] This is a wider problem in the sphere of CEE development assistance. The understanding of development aid by other members of the cabinet might be diametrically different from that of MFA officials, not to mention the CSOs, among which the understanding of aid as charity is still widespread, making policy coherence for development almost irrelevant (Horký & Lightfoot, 2012).

this is an Estonian problem, in effect it is also a problem for other EU countries, given all directives stem from the EU. Indeed, the survey respondents also raised the problem that the EU has been slow to develop trade relations with Estonia's priority (i.e. the Eastern Partnership) countries. The least problematic aspect of relations concerned the tariff measures, which is to be expected.

At the same time, the largest non-tariff barriers mentioned by the majority of survey respondents were administrative and bureaucratic delays at the entrance (32%), followed by quotas as well as standards (both 18%). Foreign exchange restrictions and controls were not considered a problem.

In interview, officials from the Ministry of Agriculture reinforced the point about delays at borders, stating their concerns about time sensitive goods (such as perishable agricultural produce) needing low customs impediments, which is often not the case in the priority countries. Procedural delays such as customs clearance and cargo handling often cause unnecessary problems.

## 4.3. Problems in bilateral economic relations

One of the main criticisms that Estonian CSOs have with Estonian bilateral economic relations is that they are being driven primarily by foreign policy agendas. For example, after the 2008 war between Russia and Georgia, Estonia significantly increased its development assistance to Georgia and gave a notable amount of humanitarian aid. Moreover, one can also observe the increases of development activities in Afghanistan in 2009 when both the Estonians and the international community at large started expressing discontent with military actions there (Andrespok, 2010, p. 106).

Another criticism levelled by several Estonian CSOs has been the unwillingness of the country to allocate the largest part of ODA to the least developed regions, primarily Sub-Saharan Africa (Andrespok, 2010; Andrespok & Kasekamp, 2012). Despite this, the 2011-2015 Strategy states that it aims to develop bilateral cooperation with this region in the future (Ministry of Foreign Affairs, 2010, p. 19). As far back as 2008, an MFA survey found that general public opinion was overwhelmingly for Estonia rendering more development assistance to Africa (48% of respondents) rather than the CIS (20% of respondents), although for opinion leaders the CIS was a larger priority (73%) compared to Africa (40%) (Ministry of Foreign Affairs, 2008).[11] Thus, it would appear that the policy makers' views are at odds with CSOs and the general public as to where the development assistance should be directed.

The official mechanism for financing development assistance has also been criticised by various CSOs and policy makers for being available only through the MFA and always based on short-term projects. Therefore, projects with a duration of only one year are usually insufficient in terms of aims and objectives and can undermine the effectiveness of CSOs and other active participants involved in the projects. It would be better to engage in more long term projects, with which better development results could be achieved.

Besides the issues related to development assistance allocation, the overwhelming majority of survey respondents indicated the significant problem of too little (or no) public articulation and campaigning of development cooperation and aid for trade activities (41%). It should be noted that the problem of awareness raising is not confined solely to the public sector.

[11] This would seem to be a prevailing trend in Estonia. In 2011, a Eurobarometer survey reported that 51% of Estonian respondents thought that Sub-Saharan Africa is in most need of development aid, compared to 19% for Eastern Europe outside the EU (Eurobarometer, 2011).

Crucially, although there are some issues with the national system for development assistance, a significant problem is found with funding from multilateral institutions. Estonia does not have World Bank backing for project financing. The World Bank always chooses companies from other developed countries such as the USA for projects. It has been reported that Georgia favours Estonia to undertake certain projects, although the World Bank overrides such decisions, saying that the USA should do it as Estonia does not have the capacity to undertake the projects.

## 4.4. Suggestions for decisions

Survey respondents gave several suggestions for improving the position of development cooperation in Estonia. The main suggestions involved the other development actors – the CSOs and the private sector representatives. Indeed, the survey found that respondents consider both the CSO and private sectors to be very important in the formation of developmental aid issues in Estonia (32% and 44% respectively), although importantly respondents mostly consider that CSOs and the private sector have only partly been involved in the planning of development aid and aid for trade programmes. Therefore, both better (i.e. more constructive) input and more public information about the input of these actors would be the greatest contribution. Furthermore, survey respondents feel that the Estonian media could play a larger role in publishing more success stories of companies which are involved in development aid projects. These two points would seem to reinforce the findings that communication seems to be somewhat lacking in the development cooperation sphere and should be improved.

Focused information for specific working groups and target groups, national working groups and consultation for those in need would be an improvement. More specific projects, which would include entrepreneurs and private capital, as well as information and consultation, would be welcome.

Survey respondents also gave suggestions specifically aimed at the government. Firstly, there should be better media coverage and larger civil society involvement. Secondly, the public sector should do more to engage actively in trade related issues. Currently, the private sector plays a larger role. Survey respondents feel that if they have an interest in extending their business to a developing country where they face administrative barriers, there should be a clear mechanism to be able to express their concerns to the Estonian public sector, which can then try to fix it or find a solution to the problem. Currently, such arbitration mechanisms are in place through the MFA and Enterprise Estonia, therefore this would point to an awareness and communication issue between the private and public sectors.

Estonia does not have special business representatives in many of the priority countries who would ease market entry, therefore it is quite difficult or even impossible for many Estonian companies to enter to some CIS markets. Interviewees suggested creating business consul positions to achieve this.

There should be more information and public awareness building, so that entrepreneurs would know all their available options. Enterprise Estonia could work more vigorously to promote trade relations in the private sector. Furthermore, as many Estonian companies do business with public sectors in the recipient countries (this is a strong trend), more case-based workshops and trainings/consultations for businesses about recipient countries' markets, cultures and laws is necessary. This finding would seem to concur with a main outcome of the 2007 Praxis/AKÜ debate on development cooperation, which stated that the resources for development education should be increased from 0.33% to 3% of ODA as proposed by the UNDP (Praxis, 2007).

In many ways, trade relations can improve only when the public sector understands that business and diplomatic relations should grow hand in hand in dealing with Estonia's partner countries. Also, the private sector should be able to provide sufficient information about business and trade conditions to potential import-orientated companies. Exports from the developing countries should also be publicly promoted and supported in Estonia. Campaigns and public lectures and events would be useful. There should be better coordination between ministries and other development assistance agencies. There should be more people working towards business diplomacy, both from the ministries, as well as the private sector.

# 5. Conclusions

Since starting to provide official development assistance in 1998, Estonia has continually been working towards setting up a strong national framework for regulating this activity. The historical legacy of being part of the USSR is still a key yet unspoken determinant of Estonia's foreign policy. In line with this, Estonia has latched onto ENP as a vehicle for its bilateral development cooperation. In doing so, it has reconciled the need to develop bilateral development cooperation while maintaining relations with its historical partners.

In spite of the politicisation of development assistance, Estonia has gone a long way towards fostering and Europeanising its development cooperation since joining the EU. The policy framework for undertaking bilateral trade has been in place for a long time, and Estonia has adopted all relevant legislation and setting up administrative structures to effectively harness the flow of aid and help support development assistance.

However, due to the small size of Estonia trade volumes are not as large as other countries. This can potentially limit the effectiveness of trade as a mechanism for bilateral development assistance. Trade is concentrated on a few key products, highlighting the shallowness of trade linkages with the partner countries. Furthermore, the trade focus has not been so much on the priority countries, with other developing countries experiencing an equally large growth in trade with Estonia.

Other trade supporting measures have seen an increasing amount of activity by Estonian actors, especially in direct investments and building up infrastructure. These important activities have helped compensate for the lower level of direct trade and have certainly had an impact through development cooperation.

Currently, there seem to be a few key bottlenecks to expanding the role of trade within development cooperation. The most significant of these relates to customs procedures, which can hinder the ease of doing trade. Nevertheless, these types of bottlenecks are to be expected and are not the most significant problem. Of greater concern is the relatively little public articulation and campaigning of trade related development cooperation activities. This would point to a number of challenges, such as the greater inclusion and engagement of both CSO and private sector representatives. Greater coordination between the three actors (public sector, CSOs and private sector) would certainly foster greater possibilities for trade and development cooperation.

# 6. Recommendations

On the basis of the analysis presented above, recommendations may be given for different groups of stakeholders.

For expanding the trade role for recipient country development, recommendations include:

- The capacity for developing and promoting aid for trade as an integral part of ODA exists, there are strong state structures, and private sector representatives who are connected. Yet the coordination between them is still below potential. Stronger linkages between the public sector, CSOs and the private sector in promoting trade awareness and issues would certainly help strengthen trade.
- Private sector businesses could work more towards setting up chambers of commerce in the priority and developing countries to facilitate trade and business.
- To date there has been much focus on development assistance for the Eastern Partnership countries, which while beneficial there, comes at the expense of Sub-Saharan Africa, Asia and Latin America. Therefore, greater focus on African and other Asian countries with which Estonia conducts much trade, but for which there are very few political and economic bilateral links, would be worthwhile.

Recommendations for the partner countries include:

- Encouraging them follow the lead of Estonia, and implement the best practice.
- Making sure they follow the bureaucratic procedures which ensure the greatest effectiveness of the assistance given.

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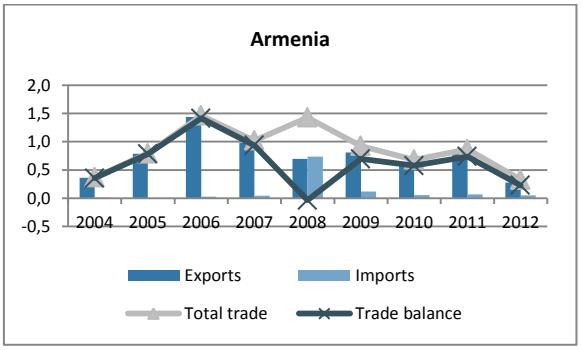
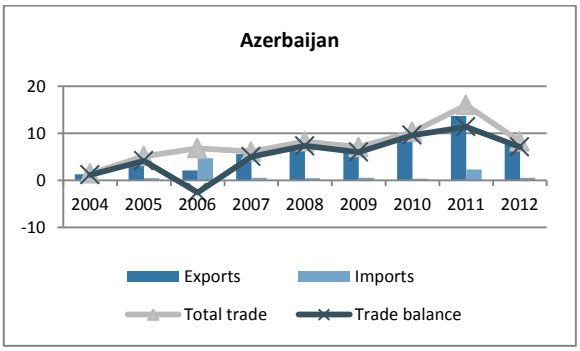
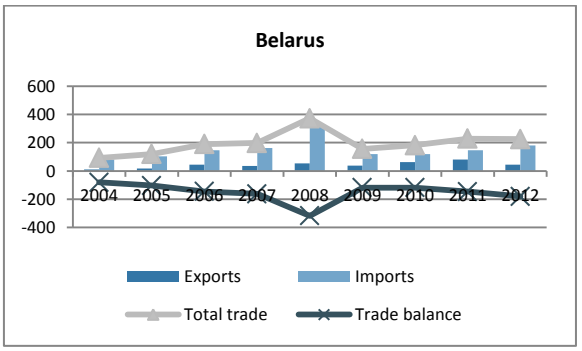
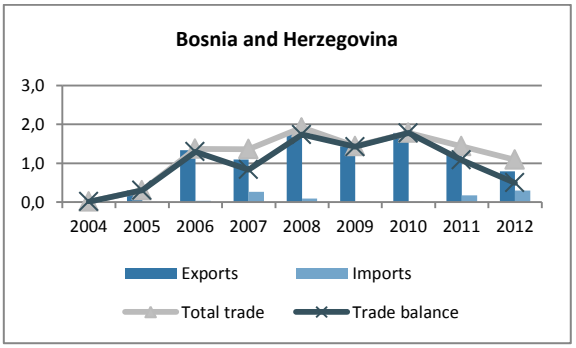
# APPENDICES

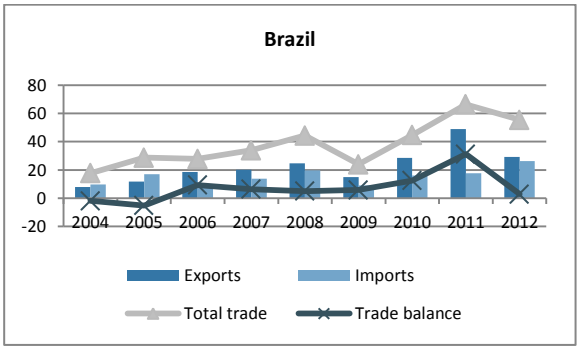
# Appendix 1. Trade dynamics between Estonia and partner countries, 2004-2012 (million euros)

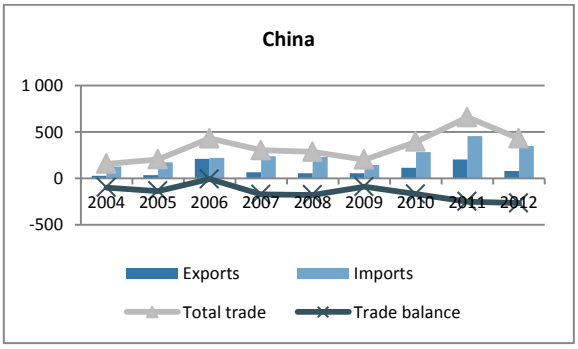


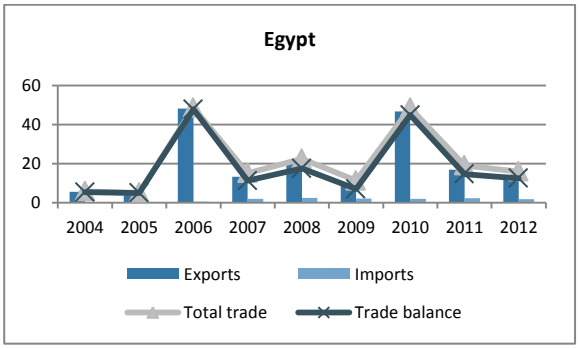



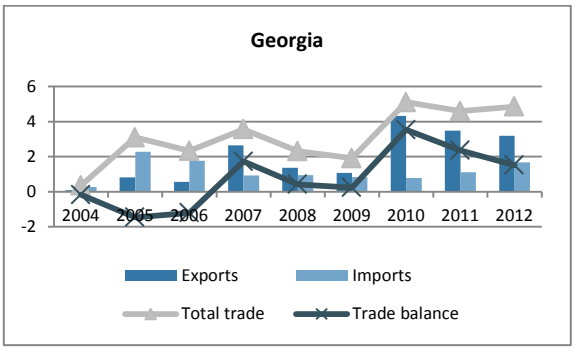



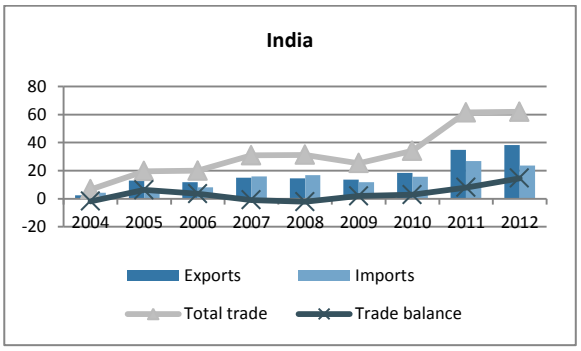



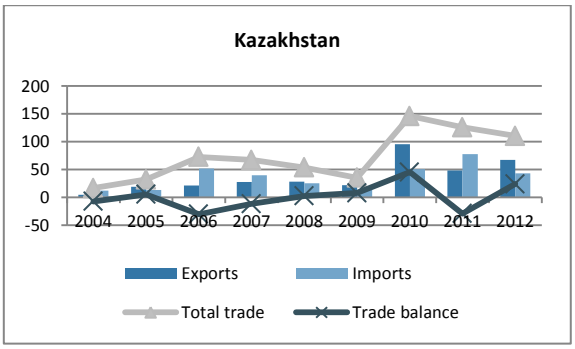



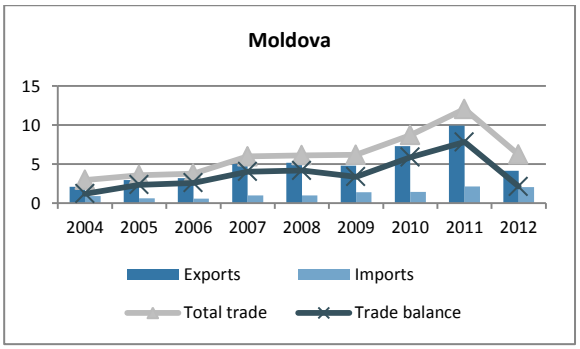



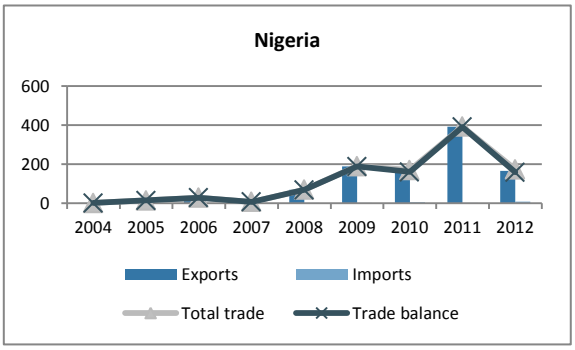



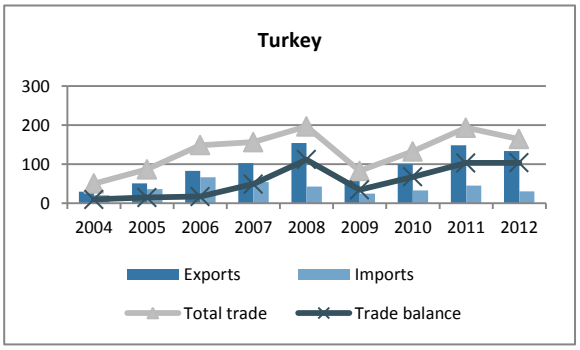


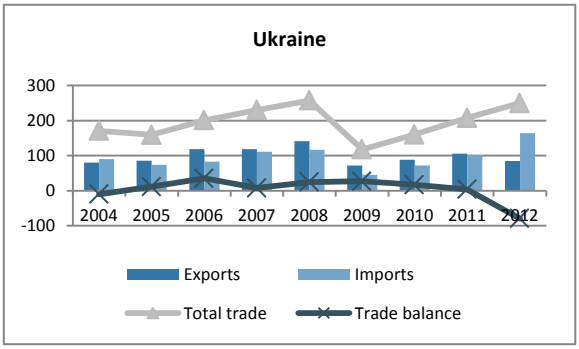




*Source: (Statistics Estonia)*

# Appendix 2. Top 10 Estonian exports and imports with selected countries, 2012 (euros)

Afghanistan

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude | 31,446,778 | 96.8 |
| 2 | 0402 Milk and cream, concentrated or containing added sugar or other sweetening matter | 376,896 | 1.2 |
| 3 | 8704 Motor vehicles for the transport of goods | 297,800 | 0.9 |
| 4 | 9306 Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof | 112,000 | 0.3 |
| 5 | 8802 Other aircraft (for example, helicopters, aeroplanes); spacecraft (including satellites) | 89,007 | 0.3 |
| 6 | 0404 Whey, whether or not concentrated or containing added sugar or other sweetening matter | 48,939 | 0.2 |
| 7 | 9027 Instruments and apparatus for physical or chemical analysis (for example, polarimeters) | 34,907 | 0.1 |
| 8 | 8419 Machinery, plant or laboratory equipment, whether or not electrically heated | 18,407 | 0.1 |
| 9 | 9031 Measuring or checking instruments, appliances and machines, not specified or included elsewhere | 17,715 | 0.1 |
| 10 | 8701 Tractors (other than tractors of heading 8709) | 17,000 | 0.1 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 9022 Apparatus based on the use of X-rays or of alpha, beta or gamma radiations | 358 | 43.9 |
| 2 | 9029 Revolution counters, production counters, taximeters, milometers, pedometers and the like | 358 | 43.9 |
| 3 | 8484 Gaskets and similar joints of metal sheeting combined with other material or of two or more layers | 100 | 12.3 |

Armenia

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 3208 Paints and varnishes (including enamels and lacquers) based on synthetic polymers | 103,047 | 28.5 |
| 2 | 3209 Paints and varnishes (including enamels and lacquers) based on synthetic polymers | 43,281 | 12.0 |
| 3 | 2106 Food preparations not elsewhere specified or included | 36,291 | 10.0 |
| 4 | 8702 Motor vehicles for the transport of ten or more persons, including the driver | 27,000 | 7.5 |
| 5 | 4409 Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped | 21,979 | 6.1 |
| 6 | 9027 Instruments and apparatus for physical or chemical analysis (for example, polarimeters) | 13,226 | 3.7 |
| 7 | 3105 Mineral or chemical fertilisers containing two or three of the fertilising elements nitrogen | 12,695 | 3.5 |
| 8 | 8468 Machinery and apparatus for soldering, brazing or welding | 11,420 | 3.2 |
| 9 | 9403 Other furniture and parts thereof | 11,253 | 3.1 |
| 10 | 9401 Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof | 10,598 | 2.9 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 2208 Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol | 50,371 | 81.3 |
| 2 | 9905 Personal property belonging to natural persons (migrants) | 10,768 | 17.4 |
| 3 | 2204 Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009 | 783 | 1.3 |

Azerbaijan

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 8429 Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators | 4,444,583 | 48.5 |
| 2 | 7308 Structures (excluding prefabricated buildings of heading 9406) and parts of structures | 638,522 | 7.0 |
| 3 | 4810 Paper and paperboard, coated on one or both sides with kaolin (China clay) | 537,994 | 5.9 |
| 4 | 9406 Prefabricated buildings | 316,708 | 3.5 |
| 5 | 7210 Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated | 281,841 | 3.1 |
| 6 | 8537 Boards, panels, consoles, desks, cabinets and other bases | 255,440 | 2.8 |
| 7 | 4409 Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped | 236,483 | 2.6 |
| 8 | 0303 Fish, frozen, excluding fish fillets and other fish meat of heading 0304 | 235,250 | 2.6 |
| 9 | 8528 Monitors and projectors, not incorporating television reception apparatus | 225,493 | 2.5 |
| 10 | 3105 Mineral or chemical fertilisers containing two or three of the fertilising elements nitrogen | 222,355 | 2.4 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 7204 Ferrous waste and scrap; remelting scrap ingots of iron or steel | 450,119 | 64.8 |
| 2 | 2009 Fruit juices (including grape must) and vegetable juices | 240,906 | 34.7 |
| 3 | 2202 Waters, including mineral waters and aerated waters, containing sugar or flavoured | 2,966 | 0.4 |
| 4 | 2103 Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard | 793 | 0.1 |
| 5 | 6303 Curtains (including drapes) and interior blinds; curtain or bed valances | 95 | 0.0 |

Belarus

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 7210 Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated | 6,762,381 | 11.8 |
| 2 | 8703 Motor cars and other motor vehicles principally designed for the transport of persons | 4,360,754 | 7.6 |
| 3 | 4814 Wallpaper and similar wallcoverings; window transparencies of paper | 3,760,382 | 6.5 |
| 4 | 0303 Fish, frozen, excluding fish fillets and other fish meat of heading 0304 | 3,702,407 | 6.4 |
| 5 | 3214 Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics | 3,138,251 | 5.5 |
| 6 | 3208 Paints and varnishes (including enamels and lacquers) based on synthetic polymers | 1,823,927 | 3.2 |
| 7 | 3812 Prepared rubber accelerators; compound plasticisers for rubber or plastics | 1,565,508 | 2.7 |
| 8 | 8502 Electric generating sets and rotary converters | 1,247,913 | 2.2 |
| 9 | 8409 Parts suitable for use solely or principally with the engines of heading 8407 or 8408 | 1,136,018 | 2.0 |
| 10 | 8706 Chassis fitted with engines, for the motor vehicles of headings 8701 to 8705 | 1,072,225 | 1.9 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude | 139,546,207 | 69.1 |
| 2 | 2707 Oils and other products of the distillation of high temperature coal tar | 12,667,406 | 6.3 |
| 3 | 7214 Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled | 7,247,036 | 3.6 |
| 4 | 2713 Petroleum coke, petroleum bitumen and other residues of petroleum oils | 5,280,895 | 2.6 |
| 5 | 7304 Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel | 4,784,525 | 2.4 |
| 6 | 4407 Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed | 3,437,650 | 1.7 |
| 7 | 8704 Motor vehicles for the transport of goods | 2,039,225 | 1.0 |
| 8 | 5309 Woven fabrics of flax | 1,963,522 | 1.0 |
| 9 | 2306 Oilcake and other solid residues, whether or not ground or in the form of pellets | 1,876,744 | 0.9 |
| 10 | 8701 Tractors (other than tractors of heading 8709) | 1,871,363 | 0.9 |

Bosnia

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 1604 Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs | 201,581 | 14.6 |
| 2 | 4408 Sheets for veneering (including those obtained by slicing laminated wood), for plywood | 186,771 | 13.6 |
| 3 | 8702 Motor vehicles for the transport of ten or more persons, including the driver | 150,000 | 10.9 |
| 4 | 3909 Amino-resins, phenolic resins and polyurethanes, in primary forms | 139,964 | 10.2 |
| 5 | 8536 Electrical apparatus for switching or protecting electrical circuits | 112,480 | 8.2 |
| 6 | 3214 Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics | 100,911 | 7.3 |
| 7 | 1605 Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved | 99,184 | 7.2 |
| 8 | 8437 Machines for cleaning, sorting or grading seed, grain or dried leguminous vegetables; | 80,750 | 5.9 |
| 9 | 8302 Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases | 63,742 | 4.6 |
| 10 | 8538 Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537 | 37,406 | 2.7 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 8445 Machines for preparing textile fibres; spinning, doubling or twisting machines and other machinery | 189,170 | 45.8 |
| 2 | 9401 Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof | 149,776 | 36.2 |
| 3 | 4407 Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed | 54,021 | 13.1 |
| 4 | 7306 Other tubes, pipes and hollow profiles (for example, open seam or welded) | 16,264 | 3.9 |
| 5 | 9403 Other furniture and parts thereof | 3,046 | 0.7 |
| 6 | 9404 Mattress supports; articles of bedding and similar furnishing (for example, mattresses) | 440 | 0.1 |
| 7 | 8479 Machines and mechanical appliances having individual functions, not specified or included elsewhere | 264 | 0.1 |
| 8 | 8448 Auxiliary machinery for use with machines of heading 8444, 8445, 8446 or 8447 | 187 | 0.0 |
| 9 | 8536 Electrical apparatus for switching or protecting electrical circuits | 85 | 0.0 |

Brazil

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 8517 Telephone sets, including telephones for cellular networks or for other wireless networks | 11,471,466 | 30.8 |
| 2 | 8538 Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537 | 2,702,479 | 7.2 |
| 3 | 8544 Insulated (including enamelled or anodised) wire, cable (including coaxial cable) | 2,435,888 | 6.5 |
| 4 | 8536 Electrical apparatus for switching or protecting electrical circuits | 2,328,090 | 6.2 |
| 5 | 9026 Instruments and apparatus for measuring or checking the flow, level, pressure or other variables | 1,909,138 | 5.1 |
| 6 | 8439 Machinery for making pulp of fibrous cellulosic material or for making or finishing paper | 1,681,600 | 4.5 |
| 7 | 3909 Amino-resins, phenolic resins and polyurethanes, in primary forms | 1,539,702 | 4.1 |
| 8 | 9025 Hydrometers and similar floating instruments, thermometers, pyrometers, barometers, hygrometers | 1,421,658 | 3.8 |
| 9 | 2916 Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides | 1,379,424 | 3.7 |
| 10 | 9030 Oscilloscopes, spectrum analysers and other instruments and apparatus for measuring or checking | 941,187 | 2.5 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 9306 Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof | 18,410,281 | 49.1 |
| 2 | 7202 Ferro-alloys | 6,567,650 | 17.5 |
| 3 | 8517 Telephone sets, including telephones for cellular networks or for other wireless networks | 6,243,781 | 16.7 |
| 4 | 4412 Plywood, veneered panels and similar laminated wood | 1,159,103 | 3.1 |
| 5 | 8542 Electronic integrated circuits | 708,379 | 1.9 |
| 6 | 8534 Printed circuits | 684,536 | 1.8 |
| 7 | 8541 Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices | 528,810 | 1.4 |
| 8 | 8504 Electrical transformers, static converters (for example, rectifiers) and inductors | 452,658 | 1.2 |
| 9 | 0801 Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled | 347,219 | 0.9 |
| 10 | 8429 Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators | 292,328 | 0.8 |

China

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 8517 Telephone sets, including telephones for cellular networks or for other wireless networks | 27,746,361 | 27.4 |
| 2 | 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude | 9,486,404 | 9.4 |
| 3 | 7404 Copper waste and scrap | 6,130,392 | 6.1 |
| 4 | 0811 Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen | 5,205,241 | 5.1 |
| 5 | 9030 Oscilloscopes, spectrum analysers and other instruments and apparatus for measuring or checking | 3,368,700 | 3.3 |
| 6 | 2846 Compounds, inorganic or organic, of rare-earth metals | 3,065,601 | 3.0 |
| 7 | 8536 Electrical apparatus for switching or protecting electrical circuits | 2,671,875 | 2.6 |
| 8 | 3915 Waste, parings and scrap, of plastics | 2,478,617 | 2.4 |
| 9 | 8431 Parts suitable for use solely or principally with the machinery of headings 8425 to 8430 | 2,429,923 | 2.4 |
| 10 | 8534 Printed circuits | 2,406,423 | 2.4 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 8517 Telephone sets, including telephones for cellular networks or for other wireless networks | 154,451,465 | 32.2 |
| 2 | 8504 Electrical transformers, static converters (for example, rectifiers) and inductors | 28,793,880 | 6.0 |
| 3 | 8467 Tools for working in the hand, pneumatic, hydraulic | 25,022,399 | 5.2 |
| 4 | 5516 Woven fabrics of artificial staple fibres | 19,182,230 | 4.0 |
| 5 | 8419 Machinery, plant or laboratory equipment, whether or not electrically heated | 10,895,223 | 2.3 |
| 6 | 6307 Other made-up articles, including dress patterns | 8,457,737 | 1.8 |
| 7 | 5513 Woven fabrics of synthetic staple fibres, containing less than 85 % by weight of such fibres, mixed | 8,409,329 | 1.8 |
| 8 | 8503 Parts suitable for use solely or principally with the machines of heading 8501 or 8502 | 8,375,163 | 1.7 |
| 9 | 8534 Printed circuits | 7,021,604 | 1.5 |
| 10 | 8537 Boards, panels, consoles, desks, cabinets and other bases | 6,993,786 | 1.5 |

Egypt

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 4804 Uncoated kraft paper and paperboard, in rolls or sheets, other than that of heading 4802 or 4803 | 10,037,508 | 58.4 |
| 2 | 8431 Parts suitable for use solely or principally with the machinery of headings 8425 to 8430 | 1,958,059 | 11.4 |
| 3 | 4407 Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed | 1,767,115 | 10.3 |
| 4 | 7801 Unwrought lead | 1,554,651 | 9.0 |
| 5 | 8535 Electrical apparatus for switching or protecting electrical circuits | 479,968 | 2.8 |
| 6 | 8422 Dishwashing machines; machinery for cleaning or drying bottles or other containers | 448,546 | 2.6 |
| 7 | 4410 Particle board, oriented strand board (OSB) and similar board (for example, waferboard) of wood | 175,965 | 1.0 |
| 8 | 8537 Boards, panels, consoles, desks, cabinets and other bases | 142,577 | 0.8 |
| 9 | 8538 Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537 | 100,878 | 0.6 |
| 10 | 8409 Parts suitable for use solely or principally with the engines of heading 8407 or 8408 | 67,472 | 0.4 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 7326 Other articles of iron or steel | 808,814 | 37.3 |
| 2 | 3901 Polymers of ethylene, in primary forms | 277,418 | 12.8 |
| 3 | 0805 Citrus fruit, fresh or dried | 253,084 | 11.7 |
| 4 | 8516 Electric instantaneous or storage water heaters and immersion heaters | 218,780 | 10.1 |
| 5 | 4803 Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household | 186,111 | 8.6 |
| 6 | 8481 Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like | 117,820 | 5.4 |
| 7 | 3926 Other articles of plastics and articles of other materials of headings 3901 to 3914 | 71,672 | 3.3 |
| 8 | 1211 Plants and parts of plants (incl. seeds and fruits), of a kind used primarily in perfumery, pharmacy | 59,116 | 2.7 |
| 9 | 7005 Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent | 43,368 | 2.0 |
| 10 | 0712 Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared | 35,402 | 1.6 |

Georgia

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 8504 Electrical transformers, static converters (for example, rectifiers) and inductors | 900,491 | 20.0 |
| 2 | 8607 Parts of railway or tramway locomotives or rolling stock | 822,292 | 18.2 |
| 3 | 4415 Packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets | 624,372 | 13.8 |
| 4 | 8483 Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings | 223,687 | 5.0 |
| 5 | 8703 Motor cars and other motor vehicles principally designed for the transport of persons | 207,242 | 4.6 |
| 6 | 8482 Ball or roller bearings | 200,348 | 4.4 |
| 7 | 9031 Measuring or checking instruments, appliances and machines, not specified or included elsewhere | 131,826 | 2.9 |
| 8 | 8537 Boards, panels, consoles, desks, cabinets and other bases | 106,108 | 2.4 |
| 9 | 7016 Paving blocks, slabs, bricks, squares, tiles and other articles of pressed or moulded glass | 73,943 | 1.6 |
| 10 | 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude | 65,033 | 1.4 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 2204 Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009 | 710,142 | 31.3 |
| 2 | 0802 Other nuts, fresh or dried, whether or not shelled or peeled | 652,068 | 28.7 |
| 3 | 7108 Gold (including gold plated with platinum), unwrought or in semi-manufactured forms | 564,188 | 24.9 |
| 4 | 8108 Titanium and articles thereof, including waste and scrap | 146,781 | 6.5 |
| 5 | 0902 Tea, whether or not flavoured | 65,564 | 2.9 |
| 6 | 2208 Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol | 42,016 | 1.9 |
| 7 | 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude | 20,460 | 0.9 |
| 8 | 2202 Waters, including mineral waters and aerated waters, containing sugar or flavoured | 13,561 | 0.6 |
| 9 | 9101 Wristwatches, pocket-watches and other watches, including stopwatches | 13,054 | 0.6 |
| 10 | 2106 Food preparations not elsewhere specified or included | 8,424 | 0.4 |

India

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 4701 Mechanical wood pulp | 13,055,648 | 24.0 |
| 2 | 8517 Telephone sets, including telephones for cellular networks or for other wireless networks | 10,008,409 | 18.4 |
| 3 | 7204 Ferrous waste and scrap; remelting scrap ingots of iron or steel | 8,401,173 | 15.4 |
| 4 | 8422 Dishwashing machines; machinery for cleaning or drying bottles or other containers | 6,006,681 | 11.0 |
| 5 | 4104 Tanned or crust hides and skins of bovine (including buffalo) or equine animals, without hair on | 2,273,569 | 4.2 |
| 6 | 8428 Other lifting, handling, loading or unloading machinery (for example, lifts, escalators) | 1,889,300 | 3.5 |
| 7 | 9030 Oscilloscopes, spectrum analysers and other instruments and apparatus for measuring or checking | 1,855,183 | 3.4 |
| 8 | 8537 Boards, panels, consoles, desks, cabinets and other bases | 1,409,123 | 2.6 |
| 9 | 7602 Aluminium waste and scrap | 1,176,751 | 2.2 |
| 10 | 4409 Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped | 1,051,978 | 1.9 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 8517 Telephone sets, including telephones for cellular networks or for other wireless networks | 12,610,825 | 39.6 |
| 2 | 7210 Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated | 3,666,231 | 11.5 |
| 3 | 3301 Essential oils (terpeneless or not), including concretes and absolutes; resinoids | 1,975,266 | 6.2 |
| 4 | 6802 Worked monumental or building stone (except slate) and articles thereof | 1,129,825 | 3.5 |
| 5 | 0712 Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared | 670,528 | 2.1 |
| 6 | 5903 Textile fabrics impregnated, coated, covered or laminated with plastics | 654,217 | 2.1 |
| 7 | 4011 New pneumatic tyres, of rubber | 627,738 | 2.0 |
| 8 | 0904 Pepper of the genus Piper; dried or crushed ground fruits of genus Capsicum or Pimenta | 551,501 | 1.7 |
| 9 | 2101 Extracts, essences and concentrates, of coffee, tea or maté and preparations of these products | 546,534 | 1.7 |
| 10 | 3921 Other plates, sheets, film, foil and strip, of plastics | 448,903 | 1.4 |

Kazakhstan

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 8430 Other moving, grading, levelling, scraping, excavating, tamping, compacting, extracting | 34,052,939 | 39.5 |
| 2 | 8429 Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators | 9,761,513 | 11.3 |
| 3 | 2208 Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol | 5,906,196 | 6.9 |
| 4 | 8421 Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus | 4,914,357 | 5.7 |
| 5 | 8504 Electrical transformers, static converters (for example, rectifiers) and inductors | 4,258,137 | 4.9 |
| 6 | 8537 Boards, panels, consoles, desks, cabinets and other bases | 1,762,314 | 2.0 |
| 7 | 9026 Instruments and apparatus for measuring or checking the flow, level, pressure or other variables | 1,621,125 | 1.9 |
| 8 | 3214 Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics | 1,536,419 | 1.8 |
| 9 | 8705 Special purpose motor vehicles, other than those principally designed for the transport of persons | 1,281,128 | 1.5 |
| 10 | 8704 Motor vehicles for the transport of goods | 1,206,452 | 1.4 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude | 46,661,631 | 97.9 |
| 2 | 1205 Rape or colza seeds, whether or not broken | 564,420 | 1.2 |
| 3 | 4011 New pneumatic tyres, of rubber | 182,578 | 0.4 |
| 4 | 7209 Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled | 68,647 | 0.1 |
| 5 | 0304 Fish fillets and other fish meat (whether or not minced) | 60,753 | 0.1 |
| 6 | 2833 Sulphates; alums; peroxosulphates (persulphates) | 37,935 | 0.1 |
| 7 | 2701 Coal; briquettes, ovoids and similar solid fuels manufactured from coal | 27,666 | 0.1 |
| 8 | 0305 Fish, dried, salted or in brine; smoked fish, flour fit for human consumption | 19,000 | 0.0 |
| 9 | 8481 Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like | 12,786 | 0.0 |
| 10 | 1001 Wheat and meslin | 8,013 | 0.0 |

Moldova

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 0303 Fish, frozen, excluding fish fillets and other fish meat of heading 0304 | 1,370,752 | 23.5 |
| 2 | 8528 Monitors and projectors, not incorporating television reception apparatus | 976,074 | 16.7 |
| 3 | 8708 Parts and accessories of the motor vehicles of headings 8701 to 8705 | 531,559 | 9.1 |
| 4 | 0306 Crustaceans, live, chilled, frozen, dried, salted, smoked, cooked; meals and pellets of crustaceans | 382,732 | 6.6 |
| 5 | 2907 Phenols; phenol-alcohols | 357,079 | 6.1 |
| 6 | 1604 Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs | 314,396 | 5.4 |
| 7 | 3208 Paints and varnishes (including enamels and lacquers) based on synthetic polymers | 252,097 | 4.3 |
| 8 | 3209 Paints and varnishes (including enamels and lacquers) based on synthetic polymers | 228,029 | 3.9 |
| 9 | 8703 Motor cars and other motor vehicles principally designed for the transport of persons | 160,583 | 2.8 |
| 10 | 3909 Amino-resins, phenolic resins and polyurethanes, in primary forms | 132,307 | 2.3 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 9028 Gas, liquid or electricity supply or production meters, including calibrating meters | 821,954 | 29.9 |
| 2 | 2208 Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol | 371,097 | 13.5 |
| 3 | 8606 Railway or tramway goods vans and wagons, not self-propelled | 324,939 | 11.8 |
| 4 | 3921 Other plates, sheets, film, foil and strip, of plastics | 293,252 | 10.7 |
| 5 | 1704 Sugar confectionery (including white chocolate), not containing cocoa | 156,848 | 5.7 |
| 6 | 1905 Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa | 153,096 | 5.6 |
| 7 | 8517 Telephone sets, including telephones for cellular networks or for other wireless networks | 140,054 | 5.1 |
| 8 | 2204 Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009 | 98,320 | 3.6 |
| 9 | 2202 Waters, including mineral waters and aerated waters, containing sugar or flavoured | 93,076 | 3.4 |
| 10 | 8803 Parts of goods of heading 8801 or 8802 | 48,763 | 1.8 |

Nigeria

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude | 140,545,279 | 79.4 |
| 2 | 2707 Oils and other products of the distillation of high temperature coal tar | 35,188,945 | 19.9 |
| 3 | 8471 Automatic data-processing machines and units thereof; magnetic or optical readers | 367,827 | 0.2 |
| 4 | 2102 Yeasts (active or inactive); other single-cell micro-organisms, dead | 351,845 | 0.2 |
| 5 | 8905 Light-vessels, fire-floats, dredgers, floating cranes, and other vessels the navigability | 291,099 | 0.2 |
| 6 | 3811 Anti-knock preparations, oxidation inhibitors, gum inhibitors, viscosity improvers | 88,496 | 0.0 |
| 7 | 8408 Compression-ignition internal combustion piston engines (diesel or semi-diesel engines) | 55,540 | 0.0 |
| 8 | 0402 Milk and cream, concentrated or containing added sugar or other sweetening matter | 50,000 | 0.0 |
| 9 | 8704 Motor vehicles for the transport of goods | 24,445 | 0.0 |
| 10 | 9026 Instruments and apparatus for measuring or checking the flow, level, pressure or other variables | 17,206 | 0.0 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 2615 Niobium, tantalum, vanadium or zirconium ores and concentrates | 10,806,164 | 99.5 |
| 2 | 1801 Cocoa beans, whole or broken, raw or roasted | 50,963 | 0.5 |
| 3 | 8525 Transmission apparatus for radio-broadcasting or television | 119 | 0.0 |
| 4 | 9026 Instruments and apparatus for measuring or checking the flow, level, pressure or other variables | 50 | 0.0 |
| 5 | 3002 Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses | 39 | 0.0 |

Turkey

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 7204 Ferrous waste and scrap; remelting scrap ingots of iron or steel | 135,569,823 | 84.3 |
| 2 | 4302 Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings) | 5,426,417 | 3.4 |
| 3 | 7112 Waste and scrap of precious metal or of metal clad with precious metal | 4,931,237 | 3.1 |
| 4 | 0102 Live bovine animals | 2,706,888 | 1.7 |
| 5 | 4412 Plywood, veneered panels and similar laminated wood | 1,848,746 | 1.2 |
| 6 | 8439 Machinery for making pulp of fibrous cellulosic material or for making or finishing paper | 1,160,000 | 0.7 |
| 7 | 7302 Railway or tramway track construction material of iron or steel | 1,035,670 | 0.6 |
| 8 | 2916 Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides | 919,465 | 0.6 |
| 9 | 3812 Prepared rubber accelerators; compound plasticisers for rubber or plastics | 857,438 | 0.5 |
| 10 | 8708 Parts and accessories of the motor vehicles of headings 8701 to 8705 | 782,336 | 0.5 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 7614 Stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated | 3,785,214 | 8.9 |
| 2 | 5801 Woven pile fabrics and chenille fabrics, other than fabrics of heading 5802 or 5806 | 3,404,466 | 8.0 |
| 3 | 7113 Articles of jewellery and parts thereof, of precious metal | 2,670,666 | 6.3 |
| 4 | 8703 Motor cars and other motor vehicles principally designed for the transport of persons | 2,164,914 | 5.1 |
| 5 | 8462 Machine tools (including presses) for working metal by forging, hammering or die-stamping | 1,456,445 | 3.4 |
| 6 | 5407 Woven fabrics of synthetic filament yarn | 1,295,850 | 3.0 |
| 7 | 5503 Synthetic staple fibres, not carded, combed or otherwise processed for spinning | 1,277,863 | 3.0 |
| 8 | 6908 Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes | 1,062,299 | 2.5 |
| 9 | 8504 Electrical transformers, static converters (for example, rectifiers) and inductors | 1,056,393 | 2.5 |
| 10 | 8528 Monitors and projectors, not incorporating television reception apparatus | 1,052,969 | 2.5 |

Ukraine

Exports

| Rank | Product (CN4 classification) | Value (euros) | Share of total exports (%) |
|---|---|---|---|
| 1 | 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude | 13,505,963 | 11.4 |
| 2 | 0303 Fish, frozen, excluding fish fillets and other fish meat of heading 0304 | 8,876,942 | 7.5 |
| 3 | 3105 Mineral or chemical fertilisers containing two or three of the fertilising elements nitrogen | 7,455,648 | 6.3 |
| 4 | 3214 Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics | 6,462,853 | 5.4 |
| 5 | 2708 Pitch and pitch coke, obtained from coal tar or from other mineral tars | 4,863,075 | 4.1 |
| 6 | 1604 Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs | 4,262,258 | 3.6 |
| 7 | 3209 Paints and varnishes (including enamels and lacquers) based on synthetic polymers | 4,159,154 | 3.5 |
| 8 | 3208 Paints and varnishes (including enamels and lacquers) based on synthetic polymers | 3,628,056 | 3.1 |
| 9 | 2707 Oils and other products of the distillation of high temperature coal tar | 3,408,686 | 2.9 |
| 10 | 8504 Electrical transformers, static converters (for example, rectifiers) and inductors | 2,893,760 | 2.4 |

Imports

| Rank | Product (CN4 classification) | Value (euros) | Share of total imports (%) |
|---|---|---|---|
| 1 | 8606 Railway or tramway goods vans and wagons, not self-propelled | 110,836,407 | 56.3 |
| 2 | 7208 Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled | 29,471,716 | 15.0 |
| 3 | 2707 Oils and other products of the distillation of high temperature coal tar | 9,655,140 | 4.9 |
| 4 | 7306 Other tubes, pipes and hollow profiles (for example, open seam or welded) | 4,163,234 | 2.1 |
| 5 | 4407 Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed | 3,029,601 | 1.5 |
| 6 | 4811 Paper, paperboard, cellulose wadding and webs of cellulose fibres, coated, impregnated, covered | 2,741,659 | 1.4 |
| 7 | 8443 Printing machinery used for printing by means of plates, cylinders and other printing components | 2,269,516 | 1.2 |
| 8 | 4402 Wood charcoal (including shell or nut charcoal), whether or not agglomerated | 1,949,876 | 1.0 |
| 9 | 2208 Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol | 1,845,789 | 0.9 |
| 10 | 1005 Maize (corn) | 1,503,290 | 0.8 |

*Source: (Statistics Estonia)*