

Electronics

Electronics companies leading the Estonian economy into the future

The beginning of the Estonian electronics industry dates back to 1907 when the first telephone factory was established in Tartu. Today, with over 230 companies and 12 000 employees, the electronics industry is one of the largest industrial sectors in Estonia. Having demonstrated sustainability and growth over the years, it provides a significant contribution to the country's GDP. Success of the sector can be attributed to its level of added value, process efficiency, highly responsive product development capabilities and integration into global value chains.

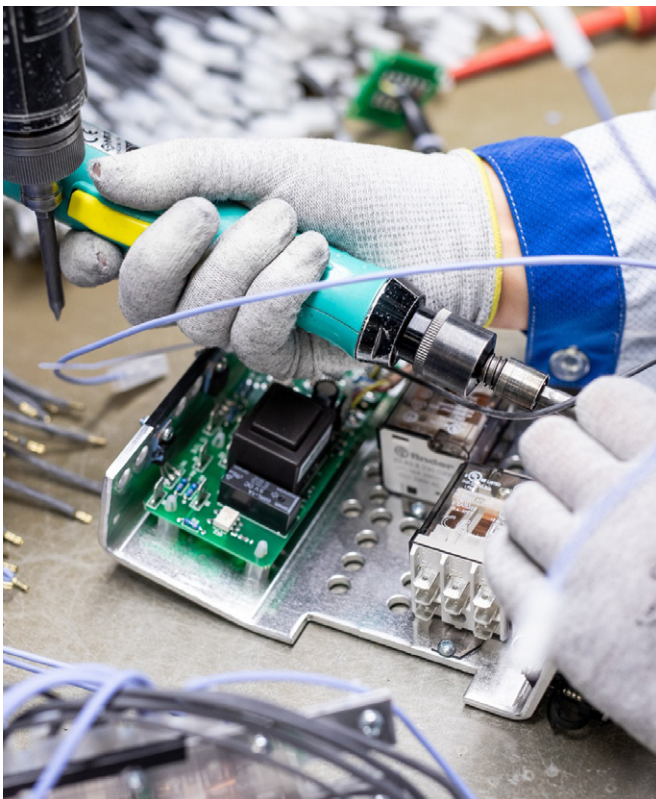
The Estonian electronics industry stands in a powerful position, contributing nearly 2 billion euros annually to the country's exports and covering the whole supply chain. A world class R&D culture and sophisticated engineering skills have led a number of large manufacturers to establish themselves in Estonia, followed by a self-organising network of maintenance and after-sales service enterprises. Almost every imaginable component or consumable is accessible here, thanks to the extensive and competitive network of distributors present in Estonia.

EXPORT-ORIENTED MANUFACTURING

Electronics manufacturing in Estonia is dominated by the local branches of international corporations managing large-scale production for exports. A number of these companies either employ in-house product development teams or use local engineering services. Manufacturing of electronic and electrical equipment in Estonia is divided into two sub-branches and is dominated by the manufacturing of computers, electronic and optical equipment, forming about 75% of the sector's turnover. Activities range from the provision of

Electronics Manufacturing Services (EMS) to producing telecommunications, industrial, medical and automotive equipment and components. Manufacturing of electrical equipment makes up the remaining 25% of the sector.

84% of the Estonian electronics industry output is exported. Main export destinations have traditionally been Sweden and Finland, with a share of 40% of total exports due to the geographical proximity and strong links between foreign companies and their Estonian subsidiaries. Lately, however, Germany and the USA have emerged as key markets, particularly due to original smart postal delivery robots delivered to Walmart by Cleveron.



TRANSFORMING THE ESTONIAN ECONOMY

Such success stories would not exist without a supportive and inspirational educational system that has demonstrated top scores in PISA tests. The curricula of Estonian vocational schools and universities specialising in electronics are under the close scrutiny of the entire industry in order to ensure compliance with the sector's needs and standards, as well as global trends. Not just training, but also design, assembly and production are organised in strict accordance with IPC standards. Interdisciplinary collaboration is the key to helping other sectors into the digital age, as everything shall become increasingly more digital, ie. electronic, in the future. The Estonian electronics industry is determined to transform the Estonian economy to a source of smart and connected products and solutions.

Estonia has become a hotbed for regional tech giants to settle down in: the country is home to some of the most significant electronics tycoons including ABB, Ericsson, Eolane, Stoneridge, Enics and Incap, just to name a few. This has led to a re-adjustment in the sector's export volumes, as the production volumes sold to local integrators have increased at the expense of direct exports. However, the electronics industry in Estonia does not consist only of major international players, as it boasts many companies of variable size serving different clients.

Why has Estonia become such a lucrative destination for electronics companies? The answer is simple: it is really about the people. Estonians stand out for their trustworthiness - honouring agreements, deadlines, confidentiality and intellectual property rights. The country's geographical advantage lies in its location allowing to cover the whole of the Nordics and the Baltics.

AN EXCELLENT BUSINESS ENVIRONMENT

Estonian companies offer R&D and engineering services and are eager to develop innovative products and technologies. Excellent skills, great flexibility and a highly efficient business environment help Estonian companies to stand out as valued cooperation partners. In general, companies established in Estonia benefit from simple tax and labour legislation combined with a conservative economic

policy. Modern e-Government solutions make operating a business extremely quick and convenient, saving time and money. Local value chains work seamlessly, starting with the development of an idea and the manufacturing of prototypes up to the production of serial batches.

The electronics industry in Estonia is widely regarded as a trustworthy supplier to the most recognised names in the global supply chain, ranging from all major luxury car brands to jet airplanes. The future is shining bright for the Estonian smart electronics industry, as the share of electronic components is on the rise everywhere and Estonians have achieved a solid position internationally for their competence. Estonians are not afraid to tackle major projects even with limited resources, and are happy to take on incredibly versatile and challenging projects feeding their constant need to learn and develop.

