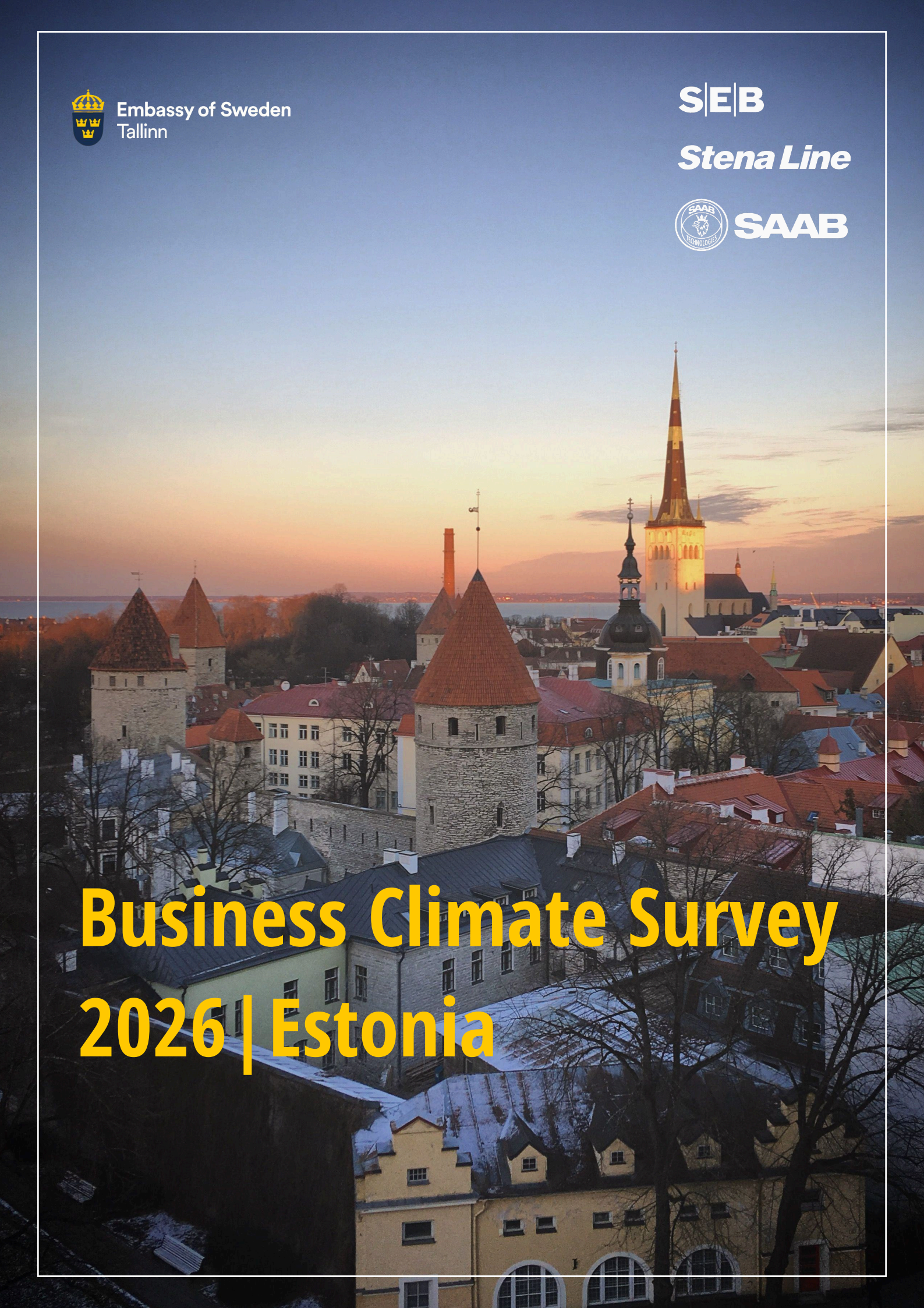
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Introduction

We live in serious times with growing geopolitical uncertainty. Sweden is a driving force in the increasingly important Nordic-Baltic cooperation, which has never been deeper.

The 2026 Baltic Business Climate Survey gives a direct account of how Swedish companies view conditions in Estonia, Latvia and Lithuania. As security, business resilience, and economic growth become ever more interdependent, companies across the Baltic states continue to perform well. Swedish companies remain committed to the Baltic markets.

We hope this report on Estonia supports constructive dialogue between business and government across the region on how the business environment can become yet stronger.

Team Sweden

Methodology

Fieldwork took place from April to June 2026. The questionnaire was distributed online using contact lists held by the Swedish embassies and chambers of commerce, with telephone follow-up. More than 3,000 contacts were approached and more than 300 responses were received.

The final Baltic sample contains 214 responses with fewer than eight unanswered questions: 85 from Estonia, 73 from Latvia and 56 from Lithuania. The survey covered companies with Swedish capital, local companies with Swedish management and other companies with links to Sweden. Responses were anonymous and analysed in aggregate.

Company-size results refer to local employment. The groups with 500 to 1,000 and more than 1,000 local employees are combined as 500 or more employees. This group contains eight companies and is reported as descriptive. The single company with minority Swedish investment is not shown separately. Industry findings are generally reported where at least five companies responded.

The previous, similar survey in 2021 included 58 companies in Estonia. The surveys are separate cross-sections, and some questions used different scales. Where needed, earlier results have been converted proportionally to the five-point scale used in 2026. The direction of change is more reliable than its exact size.



Tallinn's Skyscrapers

Theme 1: Financial Performance

Profitability is high and losses have fallen

Estonia records a broad improvement in financial performance. Sixty-nine per cent of surveyed companies report a profit in 2025, up from 56 per cent in the previous survey. A further 13 per cent break even, 14 per cent report a loss and 4 per cent cannot answer. The loss share has fallen from 31 per cent, the largest reduction in the Baltic survey.

Larger companies report stronger results. The profitable share is 63 per cent among companies with fewer than 50 local employees, 82 per cent among those with 50 to 249 and 88 per cent among those with 500 or more. Losses are concentrated among companies with fewer than 50 employees.

Subsidiaries and branches of Swedish companies report the strongest financial results: 74 per cent are profitable and 4 per cent report a loss. Among companies with majority Swedish ownership, 68 per cent are profitable and 16 per cent report a loss. Companies with another Swedish connection record 73 per cent profitable and 18 per cent loss.

Financial performance 2025	0–9 (35)	10–49 (20)	50–249 (22)	500+ (8)	Estonia (85)
Profitable	63%	63%	82%	88%	69%
Break-even	17%	21%	5%	0%	13%
Loss	17%	16%	5%	12%	14%
Don't know / not applicable	3%	0%	9%	0%	4%

Industry results are also favourable. Every respondent in Industrial Equipment, Telecommunications, and IT and Electronics reports a profit, while Automotive reaches 88 per cent. Consumer Goods, Transportation, Retail and Wholesale, and Construction and Building report lower profitable shares. These sector figures are based on small groups and should be read as indicative.

Investment intentions lead the region, with more caution than before

Forty-six per cent of Estonian companies plan to increase investment during the next 12 months, the highest share in the Baltic region. A further 35 per cent expect no change, 12 per cent plan to reduce investment and 1 per cent intends to leave the market. The share planning an increase has fallen from 59 per cent in the previous survey.

Companies with 10 to 49 local employees are the most expansionary: 68 per cent plan to invest more and 5 per cent plan to reduce investment. The smallest firms are more cautious, while companies with 50 to 249 employees are more divided, with 45 per cent planning an increase and 23 per cent a reduction.

Recent geopolitical experience is closely linked to investment. Among companies whose business increased after 2022, 62 per cent plan to invest more and 4 per cent plan to invest less. Among companies whose business decreased, 34 per cent plan an increase and 24 per cent a reduction.

Investment plans, next 12 months	Business decreased (29)	No change (23)	Business increased (26)
Increase investments	34%	43%	62%
No change	34%	43%	27%
Reduce investments	24%	9%	4%
Exit the market	3%	0%	0%
Don't know / not applicable	3%	4%	8%

Financial performance in 2025 is less closely linked to investment intentions. Around half of profitable, break-even and loss-making companies plan to invest more. Expected opportunities therefore appear to matter more than the previous year's result.

Competitiveness depends on a wider range of factors

When asked which areas have helped them maintain competitiveness, 64 per cent select cost efficiency, up from 52 per cent in 2021. It remains the leading factor, while several others have gained importance.

Staff development and training rises from 21 to 46 per cent. Product development reaches 38 per cent, collaboration with customers 37 per cent, service development 36 per cent, sales competence 35 per cent and digitalisation and e-commerce 33 per cent. Partnerships and local relationships are selected by 40 per cent.

Important for maintaining competitiveness	2026	2021	Change
Cost efficiency	64%	52%	+12
Staff development/training	46%	21%	+25
Partnerships/local relationships	40%	31%	+9
Product development/adaptation	38%	12%	+26
Collaboration with/feedback from customers	37%	26%	+11
Service development/adaptation	36%	21%	+15
Sales competence	35%	7%	+28
Digitalisation & e-commerce	33%	14%	+19
Brand awareness	29%	9%	+20
Public affairs/relations with government	17%	9%	+8

Company size shapes these priorities. Cost efficiency rises from 54 per cent among the smallest firms to 88 per cent among companies with 500 or more employees. Product development also rises with size. Partnerships and local relationships are selected by 40 to 47 per cent of companies below 500 employees, compared with 12 per cent of the largest group.

Smaller companies rely more on local relationships. Larger companies place greater weight on cost control, product development and engagement with government.



Flag of Estonia

Theme 2: Relations with Government

Taxation and administration are clear strengths

Companies were asked how fully taxation, licences and regulation meet their business needs, on a five-point scale from 1, “not at all”, to 5, “fully”. Corporate taxation receives the highest average rating, at 4.1. Licences, permits and approvals receive 4.0, while regulation receives 3.9.

These ratings are among the strongest in the Baltic survey. Corporate taxation is broadly unchanged from 4.0 in the previous survey, while licences and permits improve from 3.6. Ratings also vary little by company size. No size group rates any of the three conditions below 3.8.

Corruption has little reported effect

Companies were asked how much corruption affects their business, from 1, “not at all”, to 5, “to a great extent”. The average rating is 1.4, down from 1.6 in the previous survey and the lowest in the Baltic region.

The result is consistent across company sizes and types of connection to Sweden. Open responses also cite low corruption, transparency and predictable treatment by public authorities as strengths. Concerns about government focus mainly on the pace and frequency of legislative change.

Estonia’s institutional environment gives companies a clear advantage. Preserving predictability will be important as tax and regulatory changes continue.

Theme 3: Market Conditions

Digitalisation leads a broadly favourable operating environment

Companies rated how fully eight parts of the operating environment meet their business needs, from 1, “not at all”, to 5, “fully”. Every condition receives an average rating of at least 3.8, and all have improved since the previous survey.

Digitalisation receives the highest rating, at 4.5. The financial system follows at 4.2, while market access and access to service providers receive 4.1. Work culture and business mindset, physical infrastructure, and access to suppliers and distributors each receive 4.0.

How well the operating environment meets business needs	2026	2021
Level of digitalisation	4.5	4.2
Financial system	4.2	3.6
Market access	4.1	3.8
Access to service providers	4.1	3.7
Work culture and business mindset	4.0	3.4
Physical infrastructure	4.0	3.6
Access to suppliers and distributors	4.0	3.7
Access to specialists and key personnel	3.8	3.2

Access to specialists and key personnel remains the lowest-rated condition, at 3.8. The rating falls from 4.0 among companies with 0 to 9 local employees to 3.5 among companies with 500 or more. Physical infrastructure moves in the opposite direction, rising from 3.6 to 4.4.

Estonia’s systems and infrastructure support growth. The main constraint is the supply of skilled employees as companies expand.

Swedish brand

Companies rated how much the Swedish brand contributes to their business, from 1, “not at all”, to 5, “to a great extent”. The average rating is 3.3, close to 3.2 in the previous survey and below the 3.7 recorded in Latvia and Lithuania.

Subsidiaries and branches value the Swedish brand most, at 3.8. Companies with majority Swedish ownership rate it at 3.2, while companies with another Swedish connection give 2.8. The brand is most useful to companies that are clearly identified with Sweden.

Theme 4: Geopolitics

Gains and losses are close to balance

Estonia is the most evenly divided Baltic market in its response to geopolitical change since 2022. Thirty-five per cent report a decrease in business, 31 per cent an increase and 27 per cent no change.

Effect of geopolitical change since 2022	0–9 (35)	10–49 (19)	50–249 (22)	500+ (8)
Business has decreased	40%	21%	32%	50%
No change	37%	26%	18%	12.5%
Business has increased	14%	53%	41%	25%
Don't know / not applicable	9%	0%	9%	12.5%

Company size matters. Among companies with 10 to 49 local employees, 53 per cent report increased business and 21 per cent a decrease. Companies with 50 to 249 employees also show a positive balance. The smallest companies and those with 500 or more employees report more decreases than increases, although the largest group contains only eight companies.

Industry differences are wider. Half of Automotive companies report increased business, followed by Industrial Equipment at 44 per cent and IT and Electronics at 40 per cent. Consumer Goods and Telecommunications report higher shares of decreased business.

Raw materials, demand and supply chains are the main channels

Among companies whose business changed, 60 per cent cite raw-material costs. Customer demand and investment plans and energy prices are each selected by 55 per cent, followed by supply chains at 51 per cent, tariffs and trade barriers at 36 per cent and security concerns at 27 per cent.

Customer demand is the only major factor cited more often by companies whose business decreased. Raw materials, energy, supply chains and tariffs feature strongly among companies reporting gains as well as losses.

Estonian companies cite supply-chain disruption and tariffs more often than companies in Latvia or Lithuania. Strong international links create opportunities and also increase exposure to external change.



Tallinn's Urban Landscape

Theme 5: CSR

Company size shapes climate and labour priorities

Companies rated the importance of climate and environmental responsibility and labour rights for their business, from 1, “not at all”, to 5, “to a great extent”. Both receive an average rating of 4.0.

Country differences are small, while company-size differences are pronounced. The labour-rights rating rises from 3.4 among companies with 0 to 9 local employees to 4.6 among companies with 500 or more. Climate responsibility rises from 3.6 to 4.9 across the same groups.

Subsidiaries and branches give the highest ratings for both issues, at 4.4. Larger companies appear more likely to manage climate and labour issues through formal policies and reporting.

Gender equality

Equal pay for equal work is the most frequently selected priority, chosen by 49 per cent of respondents. Work-life balance follows at 31 per cent, gender balance in leadership at 23 per cent, gender balance in recruitment at 22 per cent and career progression at 19 per cent.

Twenty-seven per cent select none of the listed issues. Among companies with 500 or more local employees, 88 per cent select equal pay, 75 per cent career progression, 63 per cent work-life balance and leadership balance, and 50 per cent recruitment balance. None select none of the listed issues, although this group contains eight companies.

Selecting none of the listed issues may reflect a view that no current problem exists, that other issues have priority, or that the company has not formalised its approach.

Most important gender equality issue to address	0–9 (32)	10–49 (19)	50–249 (22)	500+ (8)	Estonia (81)
Equal pay for equal work	47%	42%	45%	88%	49%
Work-life balance and caregiving	38%	21%	18%	63%	31%
Gender balance in leadership	12%	16%	32%	63%	23%
Gender balance in recruitment	16%	11%	32%	50%	22%
Career progression and promotion	12%	16%	9%	75%	19%
Sexual harassment at work	12%	11%	0%	12%	9%
Retention of women employees	0%	11%	14%	12%	7%
None of these	22%	37%	36%	0%	27%

Business Climate

What makes the business climate attractive

Taxation is the most frequently cited strength. Companies describe the system as simple, clear and comparatively low, and repeatedly mention the treatment of retained and reinvested profit.

Digitalisation is the second main advantage. Respondents value e-government, digital public services and the ability to manage a company online. Regulation forms a third cluster, with references to low bureaucracy, transparency, a familiar EU framework and approachable authorities.

Companies also value a skilled, educated and multilingual workforce, proximity to Sweden and Finland, and access to the EU single market. Low corruption and political and economic stability appear throughout the comments.



What practical measures would improve the business climate

Companies mainly ask for more predictable taxation, simpler reporting and faster permits. Some raise specific constraints affecting construction in Tallinn's old town and telecommunications projects.

Several respondents mention uneven treatment between local and foreign-owned businesses, including additional know-your-customer and anti-money-laundering requirements from banks.

Labour supply is another recurring concern. Companies want more engineers, stronger vocational training and easier access to foreign workers. Lower energy and electricity costs and greater energy independence also feature in the responses.

> "More long-term decisions on taxation. For non-Estonians, it is difficult to keep track of changes back and forth, as legislation changes happen faster here than in Scandinavia." (Estonia; 10–49 local employees; other link to Sweden; Business Services.)



Estonian Countryside

Conclusions

Estonia combines high profitability with the strongest investment intentions in the Baltic region. Sixty-nine per cent report a profit, while 46 per cent plan to increase investment. The fall from 59 per cent in the previous survey shows a more cautious outlook.

Taxation, digitalisation and low reported corruption are clear strengths. Access to specialists remains the main weakness, especially as companies grow. Competitiveness also depends on a broader range of factors, including staff development, products, services and sales competence.

Geopolitical developments have produced both gains and losses. Estonia's international integration supports growth and increases exposure to supply chains, tariffs and external demand.

The findings identify four practical priorities:

1. More stable tax and regulatory rules.
2. Simpler reporting and faster permits.
3. More technical and vocational skills, together with easier access to foreign labour.
4. Lower energy costs and greater energy independence.

Estonia offers companies with Swedish links a favourable combination of digital services, predictable institutions and access to European markets. Further growth will depend on preserving these strengths and improving access to skilled labour.

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The report was authored by Kata Fredheim.

Embassy of Sweden
Tallinn