

Estonia

1. Industrial Strategy (Including Objectives/Goals)

Estonia's industrial strategy has been shaped by the country's post-independence transformation toward an open-market economy and a digital-first policy ethos. Following the restoration of independence in 1991, Estonia has largely followed a liberal, non-interventionist industrial policy.¹ This approach emerged out of necessity given the country's economic and institutional constraints in the early 1990s. From 1999 onward, a shift is observed towards more strategic planning, increased government involvement, and the development of stronger business support services.² This evolution is attributed not only to internal policy changes but also to external influences such as the EU accession process and the implementation of pre-accession programmes like PHARE.³ There remain tension between Estonia's desire for more active economic development policies and the constraints imposed by monetary policy and commitment to low taxation.⁴

The 'Estonia 2035'⁵ action plan informs the strategic planning which targets coordinated cross-sectoral cooperation within the EU framework for the coordination of economic policies. The integration into the EU Single Market and the later adoption of the euro in 2011 decisively reoriented Estonia's industrial policy through regulatory alignment and access to EU funds.

Estonia has develop its digital position through the rollout of the e-Estonia programme and digital public infrastructure, which became a cornerstone of industrial and SME development policy.⁶ Recent industrial policy documents, including the Estonian Research and Development, Innovation and Entrepreneurship Strategy 2021–2035, set out a strategic vision for green transformation, digital industries, and industrial R&D. Programmes prioritise smart specialisation, the circular economy, and the strengthening of high-value-added sectors such as ICT, electronics, and biotechnology.⁷

Digital (Development) Strategy

¹ Kaarel Kilvits, 'Convergence of Small Open Industry in Estonia' (2002) 1(1) IES Proceedings. 67

² Arvi Kuura, 'Entrepreneurship Policy in Estonia' (MPRA Paper 676, 5 November 2006).

³ European Commission, PHARE <https://nuclear-safety-cooperation.ec.europa.eu/phare_en> accessed 16 August 2025.

⁴ Arvi Kuura, 'Entrepreneurship Policy in Estonia' (MPRA Paper 676, 5 November 2006).

⁵ Estonia 2035' <https://commission.europa.eu/system/files/2022-04/nrp_2022_estonia_en.pdf> accessed 16 August 2025.

⁶ E-Estonia, < <https://e-estonia.com>> accessed 16 August 2025.

⁷ Estonian Research and Development, Innovation and Entrepreneurship Strategy 2021—2035 < https://www.hm.ee/sites/default/files/documents/2022-10/taie_arengukava_kinnitatud_15.07.2021_211109a_en_final.pdf> accessed 16 August 2025.

The main document governing Estonia's digital policy dates from 2021 and is currently under review it is Estonia's Digital Agenda 2030.⁸

Estonia allocates 24% of its total recovery and resilience plan to digital projects and is a member of the Local Digital Twins towards a CitiVERSE European Digital Infrastructure Consortium (EDIC).⁹

Estonia has a National AI Strategy 2022-2023 which is a continuation of Estonia's previous national artificial intelligence strategy implemented in the period of 2019–2021.¹⁰ Artificial intelligence (AI) governance has emerged as a key element of the country's broader digital development agenda, with legislative initiatives aimed at creating a coherent framework for AI deployment.

The 2019–2021 AI Strategy outlined a package of AI specific laws, including a proposed regulation on the effects of algorithmic systems (the 'AI VTK').¹¹ This regulation was intended to identify necessary amendments to existing laws to facilitate the safe and effective integration of AI into public administration and other sectors. However, the European Commission's April 2021 proposal for an EU-wide Artificial Intelligence Act prompted a need to amend national legislative efforts in line with the EU Act. Rather than duplicating EU-level initiatives, the 2022-23 Strategy instead addresses specific regulatory gaps that are specific to Estonia. A notable example is the drafting of an amendment to the Administrative Procedure Act, which sets out the conditions under which automatic administrative acts can be issued and introduces additional formal requirements for processing personal data in administrative proceedings.

In general, the current AI Strategy plans to increase the user-friendliness and accessibility of e-services and the efficiency of the state. It does so by abiding by the principles of human-centred and trustworthy AI as set out by the EU. The strategy addresses the introduction of AI solutions in both the public and private sector and in education and research. The current strategy is largely a continuation of the 2019–2021 strategy.¹²

⁸ Estonia's Digital Agenda 2030 < https://www.mkm.ee/sites/default/files/documents/2022-04/Digiühiskonna%20arengukava_ENG.pdf > accessed 29 July 2025

⁹ The initiative operates by leveraging technology such as Data, Digital Twins, Artificial Intelligence, and Augmented/Virtual Reality (AR/VR), it empowers cities to co-develop, share and reuse cutting-edge technologies, improving urban living and sustainability for communities across Europe. See: <<https://digital-strategy.ec.europa.eu/en/factpages/citiverse> accessed 29 July 2025.

¹⁰ Estonia's National Artificial Intelligence Strategy or Kratt Strategy for 2022–2023, <https://www.kratid.ee/en/files/ugd/980182_4434a890f1e64c66b1190b0bd2665dc2.pdf > accessed 29 July 2025.

¹¹ Estonia's National Artificial Intelligence Strategy or Kratt Strategy for 2022–2023, <https://www.kratid.ee/en/files/ugd/980182_4434a890f1e64c66b1190b0bd2665dc2.pdf > accessed 29 July 2025,

39.

¹² Ibid.

2. Main Constitutional Provisions

There is no specific Constitutional provision on industrial policy and industrial development.

3. Main Regulatory Provisions and Policy Developments

Estonia is under an obligation to implement or to adapt and implement EU Regulations and Directives that have an impact on industrial policymaking. However, the EU Court of Justice has incorporated in art. 5(4) of the TFUE from several EU members constitutional traditions, requires the administration to take a measure not exceeding what is appropriate and necessary to achieve the intended purpose. There exists a number of domestic acts that are relevant for digital industrial development some of which are:

- National AI Strategy (2022-2023)¹³
- Estonia Cybersecurity Strategy 2024-2030¹⁴
- Foreign Investment Reliability Assessment Act¹⁵

4. (Regional) Economic Treaties to which Estonia is a Signatory

Estonia is bound by the Treaty on the Functioning of the European Union to observe, and implement, decisions taken by the EU concerning Common Commercial Policy aspects (which includes, among others, trade in goods and services), an exclusive competence of the latter.¹⁶

5. Plurilaterals

France is participating in multiple plurilateral initiatives and agreements. Some of the most relevant ones are:

- the WTO's Government Procurement Agreement,¹⁷
- the Information Technology Agreement,¹⁸

¹³ National AI Strategy 2022-2023 <https://www.kratid.ee/en/_files/ugd/980182_4434a890f1e64c66b1190b0bd2665dc2.pdf> accessed 29 July 2025.

¹⁴ Estonia Cybersecurity Strategy 2024-2030 <<https://www.justdigi.ee/media/5131/download>> accessed 29 July 2025.

¹⁵ Foreign Investment Reliability Assessment Act <<https://www.riigiteataja.ee/akt/110022023003>> accessed 29 July 2025.

¹⁶ Treaty on the Functioning of the European Union, Art. 207.

¹⁷ Revised Agreement on Government Procurement, Mar. 30, 2012, Marrakesh Agreement Establishing the World Trade Organization, Annex 4(b), 1915 U.N.T.S. 103.

¹⁸ WTO, 'Information Technology Agreement – An Explanation' <https://www.wto.org/english/tratop_e/inftec_e/itaintro_e.htm> 16 August 2025.

- the Investment Facilitation for Development Initiative.¹⁹
- the WTO's Joint E-Commerce Initiative.²⁰

6. *Proceedings Initiated Against Estonia, or by It, Before International Fora for the Adoption/Implementation of Industrial Policy Measures (e.g., Before WTO Panels, the WTO's AB)*

Estonia has appeared as a respondent in:

- DS639: European Union and its Member States — Carbon Border Adjustment Mechanism.²¹

Sehrish Javid (last updated 16 August 2025)

¹⁹ Investment Facilitation for Development Agreement, Members Parties
<https://www.wto.org/english/tratop_e/invfac_public_e/invfac_participation_list_e.htm> accessed 16 August 2025.

²⁰ Joint Statement Initiative on Electronic Commerce, INF/ECOM/87 (26 July 2024).

²¹ WTO, DS639: European Union and its Member States — Carbon Border Adjustment Mechanism
<https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds639_e.htm> accessed 16 August 2025.