



# ESTONIA

## State of Play – Winter 2017



### MACROECONOMIC SITUATION

#### No imbalances (no In-Depth review)

- Low GDP growth in 2016, but expected to recover to above 2% from 2017
- One of the best performing labour markets, but declining working-age population is a challenge. Declining trend, but wage growth still exceeds productivity growth
- Income inequality remains a challenge
- Declining profitability in manufacturing poses a risk to investment and competitiveness
- Industry still dominated by traditional sectors with low R&D intensity



### PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS

#### Some progress

- on high-quality local social services, including through local government reform
- on public support for private R&D investment, notably through a programme for firms with high growth potential and through incentives for public- and private-sector contract research

#### Limited progress

- on measures to reduce the gender pay gap



### FISCAL SITUATION

- No excessive deficit
- Structural balance at the medium-term budgetary objective in 2016
- Public debt below the 60% of GDP reference value
- Draft Budgetary Plan 2017 assessed as compliant with the rules of the Stability and Growth Pact



### POLICY HIGHLIGHTS

- “Work Ability” reform: offers targeted support for able retirees to return to the labour market
- High performance in international skills survey

More info at

<https://ec.europa.eu/info/strategy/european-semester/european-semester-timeline/analysis-phase>