As a Member of the European Union, Estonia has managed to modernize its agriculture and promote the development of rural areas.

Estonia acceded to the European Union in 2004 and our experience so far shows that the Common Agricultural Policy (CAP) of the EU and common market have had a beneficial influence on Estonian agriculture, rural life, fisheries and the environment. Estonia has had the chance to use various EU agriculture and rural life supports since 2001 and since then, Estonian rural life has received around 1.7 billion euros of Estonian and EU budgetary funds. The situation of enterprises has improved; possibilities for national and international cooperation have improved. Thanks to the supports, agricultural producers have been able to start using new technologies, production methods, equipment etc., which has helped to increase productivity and the quality of production. Thanks to the CAP, there are around a million hectares of well-maintained agricultural land and valuable semi-natural areas in Estonia. It is very valuable for the country.

Acceding to the European Union economic area and the implementation of the CAP has promoted the development of rural life regarding its diversity, helping to preserve local traditions, folk culture, landscape and nature and giving local people better employment possibilities.

RURAL ENTERPRISE AND EMPLOYMENT

According to the Estonian Rural Development Plan 2007–2013 (RDP), rural areas are the territories of villages, small towns and little market towns, including towns with the population of up to 4000 and towns without municipal status. According to Statistics Estonia, the population of rural municipalities was 472 730 in total, as of 01 January 2012 (35.3% of Estonian population). The average population concentration in rural municipalities was 11 inhabitants per km².

There were 34 973 enterprises belonging to the statistical profile, i.e. active enterprises operating in rural municipalities in 2011, accounting for 33.7% of all Estonian enterprises. Altogether, there were 103 833 active enterprises in Estonia in 2011; 12 773 out of those engage in agriculture, forest management and fishing. Compared to 2005, the total number of enterprises has increased 1.6 times (by 38 471 enterprises), in the field of agriculture, forest management and fishing, the number has increased by 2396 enterprises, i.e. 23%.

Entrepreneurial activity (number of enterprises per 1000 inhabitants) in Estonia in 2011 was around 78 enterprises and in rural areas 74 enterprises per 1000 inhabitants (in 2005, 49 and 42, respectively).

In 2011, there were 177 200 employed persons in rural areas (185 500 in 2008). During 2009–2010, the number of employed people in rural areas decreased by 21 400 persons (-11.5%), but in 2011 increased by 13 100 persons (+8%) due to better state of economy.

In 2011, employment in rural areas decreased by 8300 persons (-4.5%), compared to 2008. Employment mainly decreased in the following fields: processing industry (-4700 persons), construction (-2400), transport and storage (-2700), wholesale and retail business (-2300). The number of people engaged in agriculture, forestry and fishing (primary sector) increased during the same period by 2000 persons (+9.9%) and reached 22 300; this accounted for 12.6% of the employed people in rural areas and 3.7% of all employed people in Estonia.
ECONOMIC INDICATORS OF AGRICULTURE

The flagship of Estonian agriculture continues to be milk production. Estonia’s milk self-supply rate is 160–170% and cereal self-supply rate in recent years has been about 100% (Figure 1). The self-supply rate of meat is around 80% in Estonia, almost 100% in case of pork, 115% in case of beef and 60–70% in case of poultry.

According to the preliminary data of Statistics Estonia, the added value created in the fields of agriculture and hunting was 300 million euros in current prices in 2011, which accounted for 2.2% of total added value created in Estonia (Table 1).

According to the data of the agricultural census carried out by Statistics Estonia in 2010, there were 19,613 agricultural holdings in Estonia that were using at least 1 ha of agricultural land or where agricultural products were mostly produced for selling. Compared to the data of 2003, the number of holdings has almost halved (decreased by 46%), but the usage of agricultural land has increased by 18%. Land usage of a single holding has increased over two times compared to 2003 – from 21.6 hectares in 2003 to 48 hectares in 2010.

The structure of Estonian agricultural holdings is very different – more than half (54%) are holdings with up to 10 ha of land, but they only use 5% of the total agricultural land and their average size is 4.3 hectares. Around a tenth (9%) are holdings with over 100 ha of land and they use 73% of the total agricultural land and their average size is 404 hectares (Figure 2).

Through times, the most important product of Estonian agriculture has been milk, which has also formed around one third of the value of total agricultural production after the accession to the EU (Figure 3). Milk production and cereal growing together account for around a half of the agricultural production in monetary value, in 2011 29% and 17%, respectively.

**Figure 1.** Self-supply rate in Estonia in the years 2003–2011 (%)

**Figure 2.** Agricultural holdings and their agricultural land usage in different size classes of agricultural land in the years 2001–2010 (%)

Source: Ministry of Agriculture

Source: Statistics Estonia
**Figure 3.** The structure of the value of agricultural production in the years 2005–2011 (%)

**Sources:** Statistics Estonia, Ministry of Agriculture

**Table 1. Relevance of agriculture in added value and employment in the years 2005–2011**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Added value of agriculture</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and hunting in current prices</td>
<td>215</td>
<td>239</td>
<td>298</td>
<td>233</td>
<td>178</td>
<td>249</td>
<td>300</td>
</tr>
<tr>
<td>(million euros)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Percentage in added value</strong></td>
<td>2.2</td>
<td>2.0</td>
<td>2.2</td>
<td>1.6</td>
<td>1.5</td>
<td>2.0</td>
<td>2.2</td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Engaged in agriculture and</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>hunting (thousand)</td>
<td>22.6</td>
<td>22.6</td>
<td>20.4</td>
<td>17.2</td>
<td>17.4</td>
<td>17.2</td>
<td>19.4</td>
</tr>
<tr>
<td><strong>Percentage in employment</strong></td>
<td>3.7</td>
<td>3.5</td>
<td>3.1</td>
<td>2.6</td>
<td>2.9</td>
<td>3.0</td>
<td>3.2</td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Statistics Estonia
PLANT PRODUCTION

According to the data of the 2010 agricultural census, there are 940,930 hectares of used agricultural land in Estonia, this accounts for 21% of the country’s total territory. According to Statistics Estonia, the area of cultivation of arable crops was 585,283 ha in 2011, 50.7% out of which was formed by the area of cultivation of cereal; this was followed by fodder crops (30.3%) and industrial crops (15.4%) (Figure 4). Wheat was grown on 21.9% of the area of cultivation, barely on 20.2% and oat on 4.8%.

The area of cultivation of wheat in 2011 had increased by 64% compared to 2004. At the same time, the area of cultivation of barley had decreased and the area of cultivation of wheat exceeded the area of barley for the first time in 2010 (Table 2).

![Figure 4. Division of areas of cultivation of arable crops in 2011 (%)](image)

<table>
<thead>
<tr>
<th>Crops</th>
<th>Area of cultivation (thousand ha)</th>
<th>Harvest (thousand tons)</th>
<th>Yield (kg/ha)</th>
<th>Area of cultivation (thousand ha)</th>
<th>Harvest (thousand tons)</th>
<th>Yield (kg/ha)</th>
<th>Area of cultivation (thousand ha)</th>
<th>Harvest (thousand tons)</th>
<th>Yield (kg/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereal in total, incl.</td>
<td>316.4</td>
<td>873.5</td>
<td>2,761</td>
<td>275.3</td>
<td>678.4</td>
<td>2,464</td>
<td>297.0</td>
<td>771.6</td>
<td>2,598</td>
</tr>
<tr>
<td>Rye</td>
<td>15.3</td>
<td>39.1</td>
<td>2,555</td>
<td>12.6</td>
<td>25.0</td>
<td>1,983</td>
<td>13.3</td>
<td>31.0</td>
<td>2,325</td>
</tr>
<tr>
<td>Winter wheat</td>
<td>45.0</td>
<td>144.6</td>
<td>3,216</td>
<td>50.6</td>
<td>148.5</td>
<td>2,934</td>
<td>52.8</td>
<td>159.0</td>
<td>3,013</td>
</tr>
<tr>
<td>Summer wheat</td>
<td>68.6</td>
<td>197.9</td>
<td>2,883</td>
<td>68.7</td>
<td>179.1</td>
<td>2,604</td>
<td>75.6</td>
<td>201.2</td>
<td>2,659</td>
</tr>
<tr>
<td>Oat</td>
<td>36.1</td>
<td>86.5</td>
<td>2,394</td>
<td>30.4</td>
<td>54.5</td>
<td>1,790</td>
<td>28.4</td>
<td>62.8</td>
<td>2,211</td>
</tr>
<tr>
<td>Barley</td>
<td>139.3</td>
<td>373.6</td>
<td>2,683</td>
<td>103.8</td>
<td>252.7</td>
<td>2,433</td>
<td>118.3</td>
<td>295.0</td>
<td>2,494</td>
</tr>
<tr>
<td>Legumes</td>
<td>4.9</td>
<td>7.6</td>
<td>1,547</td>
<td>7.3</td>
<td>12.6</td>
<td>1,713</td>
<td>8.5</td>
<td>15.5</td>
<td>1,811</td>
</tr>
<tr>
<td>Rape</td>
<td>82.1</td>
<td>136.0</td>
<td>1,657</td>
<td>98.2</td>
<td>131.0</td>
<td>1,334</td>
<td>89.0</td>
<td>144.2</td>
<td>1,620</td>
</tr>
<tr>
<td>Oil flax</td>
<td>0.2</td>
<td>0.2</td>
<td>742</td>
<td>0.2</td>
<td>0.2</td>
<td>908</td>
<td>0.1</td>
<td>0.1</td>
<td>878</td>
</tr>
<tr>
<td>Potato</td>
<td>9.1</td>
<td>139.1</td>
<td>15,275</td>
<td>9.4</td>
<td>163.4</td>
<td>17,456</td>
<td>9.2</td>
<td>164.7</td>
<td>17,836</td>
</tr>
<tr>
<td>Open field vegetables</td>
<td>2.8</td>
<td>59.1</td>
<td>21,446</td>
<td>2.8</td>
<td>59.2</td>
<td>21,166</td>
<td>3.0</td>
<td>74.1</td>
<td>24,865</td>
</tr>
<tr>
<td>Fodder crops</td>
<td>150.0</td>
<td>1,917.4</td>
<td>13,126</td>
<td>207.9</td>
<td>2,339.0</td>
<td>11,430</td>
<td>177.5</td>
<td>2,152.4</td>
<td>12,286</td>
</tr>
<tr>
<td>Arable crops in total</td>
<td>566.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Statistics Estonia
LIVESTOCK FARMING

According to Statistics Estonia, there were over 238 thousand bovine animals in Estonia, as of 31 December 2011, including 96 thousand dairy cows, and around 366 thousand pigs, 88 thousand sheep and goats (Figure 5). The number of poultry, as of 31 December 2011, was 2.032 million.

Even though the number of dairy cows has decreased year after year, the total production of milk has stayed stable thanks to the increase in the productivity of cows (Figure 6). In 2011, 642.3 thousand tons of milk with the average content of 4.0% fat and 3.4% protein were sold to the dairy industry. 60% of the milk sold belonged to the elite class.

In 2011, 118.5 thousand tons (live weight) of animals and poultry were sold to meat processing enterprises or slaughtered in holdings, out of which 59% was formed by pork, 19% by beef, 20% by poultry and 1% by sheep and goat meat (Figure 7).

183.8 million eggs were produced in Estonia in 2011. Average egg production per hen was 268 eggs.

Source: Statistics Estonia
Figure 6. Main indicators of milk production in the years 2005–2011

Source: Statistics Estonia

Figure 7. Live weight of slaughtered animals and poultry in the years 2004–2010 (thousand tons)

Source: Statistics Estonia
ORGANIC FARMING

Organic plant production and livestock farming has expanded quickly in Estonia. This is facilitated by the support of Estonian Organic Farming Development Plan 2007–2013 and Rural Development Plan 2007–2013.

The area of organic agriculture (incl. land in transition) has grown around 7 times compared to 2001 (Figure 8). The total area of organic farming in 2011 was 134 057 hectares, i.e. around 14% of the total agricultural land, and there were 1431 organic farmers. Moreover, 31 enterprises used 1040 ha of natural gathering areas for picking plants and mushrooms. Organic cereal was grown on 20 493 hectares. 79% of organic land is formed by grassland. The big percentage of grasslands is favourable for developing organic livestock farming. The average organic land area of enterprises has grown year by year, accounting for 94 hectares in 2011. The area of the six biggest organic enterprises in Estonia is more than 1000 hectares.

Around two thirds of organic farmers engaged in livestock farming in 2011 (899 producers). Mostly sheep (46 496 animals, i.e. 55% of the total number of sheep) and bovine animals (28 701, i.e. 12% of the total number of bovine animals) were farmed. Compared to 2010, rabbit farming expanded and the number of organic beehives increased remarkably in 2011 (30% and 27%, respectively).

The fulfilment of the requirements of organic farming is thoroughly controlled. Agricultural producers in Estonia are controlled by the Agricultural Board and the processors, marketers and caterers of organic food are controlled by the Veterinary and Food Board.

Figure 8. Organic land, incl. the area of land in transition (thousand ha) and number of organic producers in the years 2001–2011

Source: Ministry of Agriculture
SUPPORT FOR AGRICULTURE AND RURAL ECONOMY

The total sum of support targeted to agriculture and the rural economy has increased from 115 million euros in 2004 to 275.7 million euros in 2011, i.e. 2.4 times (Figure 9). Most of the support for agriculture and rural economy is financed with the help of the Common Agricultural Policy of the European Union (CAP).

CAP supports have been implemented in Estonia since the accession to the European Union in May 2004. In the framework of the CAP Pillar 1, market organisation measures and direct support are implemented. In Estonia, the direct support from the EU budget is paid as single area payment scheme and specific support in dairy sector. Regarding direct support, Estonia implements the Single Area Payment Scheme, where the amount of support is calculated in the following way: the total sum for direct support allocated from EU budgetary resources is divided with the number of support-eligible hectares of land in good agricultural and environmental conditions in the year of application. Beginning from 2010, specific support in dairy sector has been paid from the EU budget. The support rate paid from the resources of the EU has been calculated based on the support valid in the EU on 30 April 2004 and the support eligibility designated for the country; this rate will increase every year, reaching 100% by 2013.

In addition, complementary direct payments are paid from the resources of the Estonian state budget. Complementary direct payments and the rates of these payments were determined by the European Commission up to 2012 in 2010. Nationally, Estonia implements the substitute support, training support, insurance support, market development support, animal breeding support of agricultural producers.
### Table 3. Financing plan of the Estonian Rural Development Plan 2007–2013 according to axes

<table>
<thead>
<tr>
<th>Axis</th>
<th>Public sector in total, euros</th>
<th>EAFRD co-financing rate, %</th>
<th>EAFRD sum, euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis 1</td>
<td>351 305 822</td>
<td>75</td>
<td>264 033 730</td>
</tr>
<tr>
<td>Axis 2</td>
<td>334 460 344</td>
<td>80</td>
<td>267 568 275</td>
</tr>
<tr>
<td>Axis 3</td>
<td>125 310 145</td>
<td>75</td>
<td>94 941 246</td>
</tr>
<tr>
<td>Axis 4</td>
<td>85 759 063</td>
<td>80</td>
<td>68 607 250</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>38 115 139</td>
<td>75</td>
<td>28 586 354</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>934 950 513</strong></td>
<td><strong>77.27</strong></td>
<td><strong>723 736 855</strong></td>
</tr>
</tbody>
</table>

*Source: Estonian Rural Development Plan 2007–2013*
In the framework of CAP Pillar 2, the development of Estonian agriculture and rural life is supported through different supports. Starting from 2007, CAP Pillar 2 supports are implemented in the framework of the four axes of the Estonian RDP 2007–2013. Balanced development of rural areas is the general goal of the RDP. In the framework of the RDP, it is possible to target around 935 million euros of public sector’s money to the development of different supports necessary for the development of Estonian rural areas and preservation of the agricultural environment, around 724 million euros come from the European Agricultural Fund for Rural Development (EAFRD) (Table 3, Figure 10).

RDP Pillar 1 measures are targeted to improve the competitiveness of agriculture and forestry, including the improving the environment and animal welfare.

The goal of the measures of Pillar 2 is to promote the implementation of such agricultural production measures that ensures stable environmental conditions and land usage. In the framework of Pillar 2, attention is given to biological diversity and preserving traditional agricultural landscapes, ensuring water quality and alleviating climate change.

Measures of Pillar 3 are targeted to improve the quality of life and diversify economic activities in rural areas.

The goal of Pillar 4 – the LEADER measure – is to promote local initiative and help to achieve the fulfilment of the goals of Pillars 1, 2 and 3 through the better use of internal development possibilities of rural areas.

Read more about the RDP www.agri.ee/rdp/.

Figure 10. The usage of Estonian Rural Development Plan 2007–2013 financial resources, as of 31 March 2012 (million euros)

- Still to be used
- Designated, but not paid out
- Paid out

Source: Ministry of Agriculture
Facts about the Republic of Estonia

**Location:** In Northern Europe, common land border with the Republic of Latvia and the Russian Federation, sea border with the Republic of Finland and Kingdom of Sweden.

**Total area:** 45,227 km². 1521 Baltic Sea islands belong to Estonia; the biggest of these are Saaremaa (2671 km²), Hiiumaa (989 km²) and Muhu (198 km²). There are around 1150 lakes in the Estonian territory. The biggest lakes are Lake Peipus (3555 km² together with the part that belongs to Russia) and Lake Võrtsjärv (271 km²). Marshes account for around a quarter and forest for around half of the land area.

**Population:** 1.34 million; 33% of the population lives in rural areas (01 January 2012).

**Population density:** 31 inhabitants per km² (Estonian land area is the basis).

**Climate:** Estonia has a temperate climate, transitional between the continental and the maritime climates. With the influence of the sea, Estonian climate is significantly milder from areas with continental climate in the same latitude. Annual average temperature is +7 °C, the average in January is –3.5 °C and in July +20.3 °C (2011). Annual average rainfall is 550–800 mm and average air humidity is around 80%.

**Total agricultural land in usage:** 940,930 ha (2010); covers ca. 21% of the country’s territory.

**Area of cultivation of field crops:** 585,283 ha (2011).

**Rate of agriculture, forestry and fishing in employment:** 4.4% (2011).

**Current GDP:** 15.973 billion euros (2011).

**Rate of agriculture, forestry and fishing in GDP:** 3.2% (2011).

**Sources:** Statistics Estonia, Estonian Meteorological and Hydrological Institute

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**LEADER ACTION GROUPS IN ESTONIA**

*Source: Rural Economy Research Center (2012)*

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