



SAAREMAA DEVELOPMENT CENTER FOUNDATION

Overview of the Saare County business environment 2020-2022

2023

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Foreword

The goal of the economic analysis

This economic analysis aims to provide a comprehensive and detailed overview of the economic state and developments of Saare County. Unlike conventional generic economic analyses, this document specifically focuses on the economic structure and dynamics of Saare County, highlighting its regional specifics and economic potential.

Methodology and data sources

This analysis relies on available data and assumes their reliability, as the data are sourced from national databases.

The primary data source for this analysis is the Business Register database, which contains the financials of businesses registered in Saare County for the years 2020-2022. Businesses are categorised based on the EMTAK code corresponding to their principal area of activity, providing an overview of areas of activity. Any comparisons of this analysis made with data from Statistics Estonia must consider the fact that Statistics Estonia's data mainly covers businesses with 20 or more employees.

Data published by Statistics Estonia has been used in this analysis to describe factors affecting the business environment, interconnections, and tourism dynamics.

Importantly, this analysis does not cover foundations, non-profits, and sole proprietors.

Data was retrieved from the Business Register on 6.11.2023 and covers the 2020-2022 period.

Analysis limitations and assumptions

The names for the areas of activity align with the EMTAK nomenclature and wording. Certain figures and tables use abbreviations. For instance, "Manufacture of products of wood, cork, straw and plaiting materials" is referred to as "Wood processing" in the overview.

Not all businesses operating in Saare County are registered within the county. Thus, their financials are not included in this overview, e.g. major retail and wholesale chains.

It is important to note that, at the time of analysing annual reports, 2029 entries were lacking an EMTAK classifier. The absence of a classifier meant these data rows could not be categorised by area of activity and were consequently excluded from the following tables and figures:

1. Revenue
2. Number of companies
3. Number of employees
4. Labour cost
5. Operating profit
6. Added value
7. Added value per employee

While there is a large number of companies without an EMTAK code, there was just one with non-zero operating profit/loss, number of employees, labour cost, depreciation of fixed assets and revenue. Statistically, the data rows lacking an EMTAK classifier are not significant for preparing the economic review and structural analysis of the business environment.

1. General description of the county

Saare County is composed of Saaremaa, the largest island in Estonia, and several smaller islands, including Muhu, Ruhnu, Abruca and Vilsandi. As of 2022, Saare County had 31,292 residents, making up 2.4% of the Estonian population.¹

The dominant areas of activity in Saare County are Manufacturing, Retail and wholesale, Construction, Agriculture, forestry and fishing. In terms of employment, Manufacturing is the area with the most impact, as it provides twice as many jobs as Retail and Wholesale. Finland is the largest export destination, followed by Germany and Sweden.

Saaremaa is a significant tourist destination, revisited by 35% of foreign and 95% of domestic tourists. Saaremaa holds several important historical sites, including the Kuressaare Castle.²

Overall, Saare County, particularly Saaremaa, is a culturally and economically important area of Estonia, known for its unique nature and rich historical and cultural heritage.

1.1 POPULATION

During the 2018-2022 period, the overall population of Estonia (Table 1) has clearly increased (3.2%). However, most of this growth was contributed during the second half of 2022, coinciding with the arrival of Ukrainian war refugees. The counties with the most growth were Harju County and Tartu County, with 6.7% and 6.2% growth respectively. Excluding the population increases in Harju and Tartu counties; Estonia's overall population has even declined a bit during the 2018-2022 period. The counties with the largest relative decline were Hiiu, Võru and Põlva. While the population of Saare County remained relatively stable over this period, it decreased significantly between 2021 and 2022 – by more than 1700 residents.

Table 1. Population trends in Estonian counties as of December 31st, during the 2018-2022 period.

Source: Statistics Estonia

	2018	2019	2020	2021	2022	2022-2018 change
Harju County	598,059	605,029	609,515	614,561	638,076	6.7%
Hiiu County	9,387	9,315	9,381	8,497	8,474	-9.7%
Ida-Viru County	136,240	134,259	131,913	132,736	133,358	-2.1%
Jõgeva County	28,734	28,442	28,082	27,857	27,739	-3.5%
Järva County	30,286	30,174	29,817	29,693	30,072	-0.7%
Lääne County	20,507	20,444	20,285	20,227	20,688	0.9%
Lääne-Viru County	59,325	58,862	58,402	58,709	59,608	0.5%
Põlva County	25,006	24,647	24,473	23,989	24,036	-3.9%
Pärnu County	85,938	86,185	85,760	85,705	87,418	1.7%
Rapla County	33,311	33,282	33,116	33,529	34,038	2.2%
Saare County	33,108	33,083	33,032	31,292	31,919	-3.6%
Tartu County	152,977	153,317	153,912	157,758	162,390	6.2%
Valga County	28,370	28,204	27,962	27,650	28,114	-0.9%
Viljandi County	46,371	46,161	45,877	45,411	45,637	-1.6%
Võru County	35,782	35,415	34,898	34,182	34,317	-4.1%
Total	1,323,401	1,326,819	1,326,425	1,331,796	1,365,884	3.2%

¹ Saaremaa - Wikipedia

² Saaremaa - Wikipedia

An important indicator of a county's sustainable development is the number of children (aged 0-19). During the 2019-2022 period, Estonia as a whole exhibited stable growth in the population of this age group, a trend similarly observed in Saare County (Table 2). Additionally, the proportion of children within the total population has also increased along with the number of children (Table 3). During the 2019-2022 period, the share of children aged 0-19 in the population of Saare County increased from 18.7% to 19.9%. The only county in Estonia that experienced a decrease in the share of children is Ida-Viru County.

Table 2. The number of children (aged 0-19) in Estonian counties, and its trend during 2019-2022.

Source: Statistics Estonia

	2019	2020	2021	2022
Harju County	131,042	133,411	134,943	136,281
Hiiu County	1,499	1,494	1,464	1,456
Ida-Viru County	24,966	24,592	23,983	23,873
Jõgeva County	5,317	5,293	5,209	5,259
Järva County	6,010	6,005	5,986	6,018
Lääne County	3,959	4,035	4,064	4,062
Lääne-Viru County	12,367	12,366	12,328	12,326
Põlva County	4,649	4,632	4,666	4,690
Pärnu County	17,940	18,121	18,122	18,062
Rapla County	7,245	7,366	7,354	7,529
Saare County	6,181	6,224	6,261	6,242
Tartu County	35,934	36,630	36,958	37,372
Valga County	5,525	5,475	5,446	5,382
Viljandi County	9,190	9,181	9,225	9,180
Võru County	6,804	6,763	6,686	6,645
Estonia overall	278,628	281,588	282,695	284,377

A more detailed analysis of the population pyramid for Saare County and the dynamics of children aged 0-19 (Figure 1) reveals that the 10-14-year-old bracket is the most populous (1,686). The number of children in the younger age brackets is declining, albeit slightly. This is also confirmed by birth statistics from Statistics Estonia, according to which there was a record number of births in Saare County in 2009-2011. Following this period, there has been a slight decrease and after 2018, the number of births has started to increase again. Overall, this figure fluctuates quite a bit from year to year. In 2020, 2021 and 2022, Saare County witnessed 324, 315 and 314 births, respectively.

Women

Figure 1. Saare County 2022 population pyramid. Source: Statistics Estonia

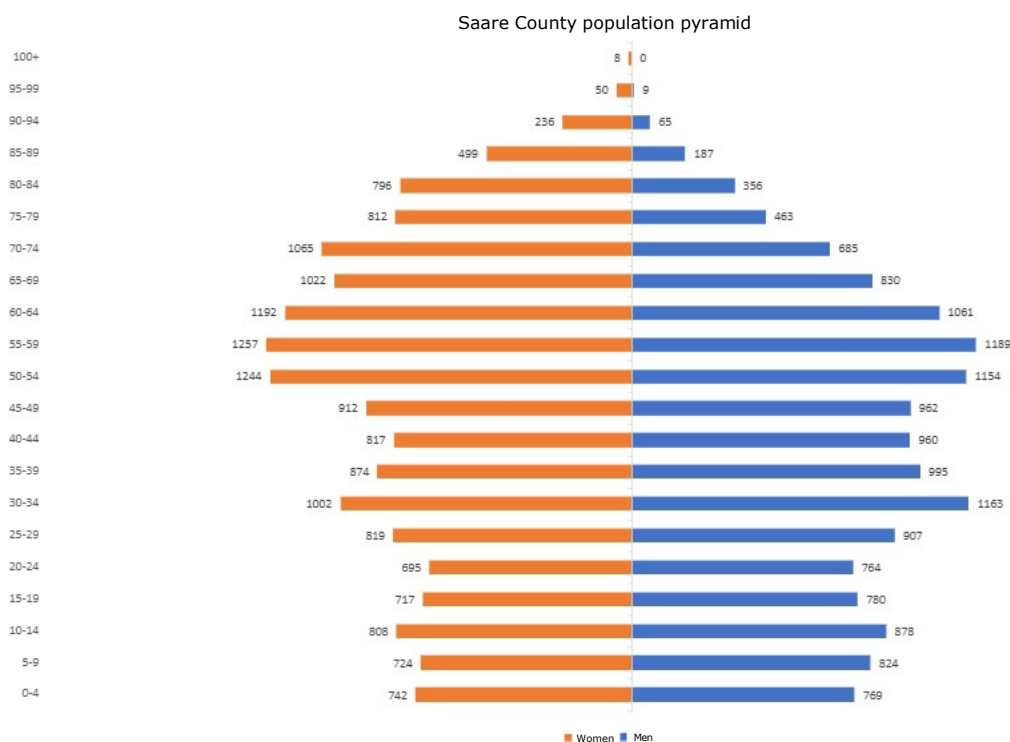


Table 3. The share of children (aged 0-19) in the total population of Estonian counties, and its trend during 2019-2022. Source: Statistics Estonia

	2019	2020	2021	2022
Harju County	21.9%	22.1%	22.1%	22.2%
Hiiu County	16.0%	16.0%	15.6%	17.1%
Ida-Viru County	18.3%	18.3%	18.2%	18.0%
Jõgeva County	18.5%	18.6%	18.5%	18.9%
Järva County	19.8%	19.9%	20.1%	20.3%
Lääne County	19.3%	19.7%	20.0%	20.1%
Lääne-Viru County	20.8%	21.0%	21.1%	21.0%
Põlva County	18.6%	18.8%	19.1%	19.6%
Pärnu County	20.9%	21.0%	21.1%	21.1%
Rapla County	21.7%	22.1%	22.2%	22.5%
Saare County	18.7%	18.8%	19.0%	19.9%
Tartu County	23.5%	23.9%	24.0%	23.7%
Valga County	19.5%	19.4%	19.5%	19.5%
Viljandi County	19.8%	19.9%	20.1%	20.2%
Võru County	19.0%	19.1%	19.2%	19.4%
Estonia overall	21.1%	21.2%	21.3%	21.4%

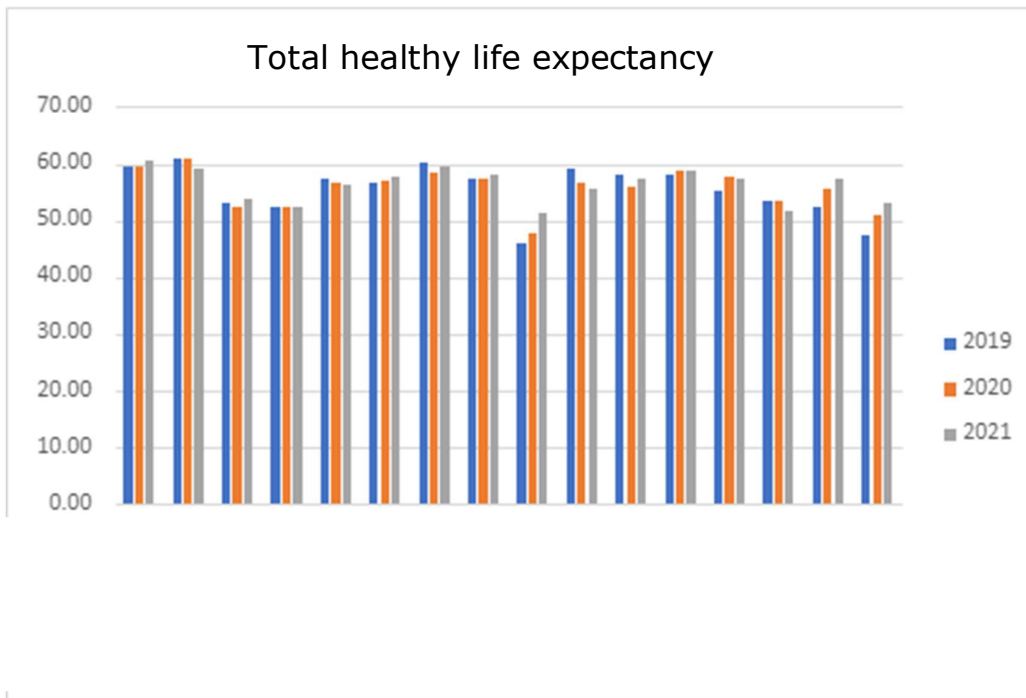
1.2 HEALTHY LIFE EXPECTANCY

Healthy life expectancy represents the average number of years an individual is expected to live without disability, assuming current patterns in mortality and disability remain constant.³

The indicator is derived from survey data, focusing on respondents' reports of whether they experienced limitations in their daily activities due to health problems in the past six months. Only responses indicating no health-related limitations are considered in the calculation.

Healthy life expectancy is an important indicator of the business environment, reflecting the general health and well-being of a population in the area. A healthier population translates to fewer sick days and increased productivity. In an era of ageing and declining populations, business owners need to understand the expected availability of labour. This metric is equally important information for municipalities, as a less healthy population demands more healthcare and other public services. This means the region will have a reduced capacity for investment. From the perspective of attracting investments, the dynamics of healthy life expectancy are also important. They can be used in value propositions, influencing investment decisions by highlighting the potential for sustainable labour productivity.

Figure 2. Healthy life expectancy at birth. Source: Statistics Estonia



The trend of healthy life expectancy is marginally positive (1.4%) in Estonia as a whole. On the other hand, between 2019 and 2021, the indicator has shown very different developments for different counties (Figure 2). The indicator grew by over 10% in the Southern Estonian Põlva, Võru and Viljandi counties, for example. This is understandable, given that these counties still had the lowest level and therefore the greatest potential for growth throughout the specified period. Healthy life expectancy has decreased the most in Pärnu County - by 5.7%.

³ [Healthy life years | Statistics Estonia](#)

For Saare County, healthy life expectancy remains quite stable and above the Estonian average (Table 4).

Looking at the healthy life expectancy dynamics for men and women separately reveals that, on average, women's healthy life expectancy is 3 years higher than men's. However, men's healthy life expectancy is increasing at a faster rate than women's (3.0% and 1.3% respectively). For the men of Saare County, the healthy life expectancy aligns with the Estonian average, exhibiting the same growth rate (Table 5). Conversely, women in Saare County enjoy a higher healthy life expectancy than the Estonian average. Yet somewhat unexpectedly, it has been declining steadily between 2019-2021, decreasing by a total of 1 year during this period (see Table 6). This trend merits further investigation, which is beyond the scope of this analysis. Here, the public sector could contribute by organising public health campaigns targeted at women.

Table 4. Healthy life expectancy, Saaremaa compared to the Estonian average. Source: Statistics Estonia

	2019	2020	2021
Estonian average	55.44	55.70	56.23
Saare County	58.09	58.84	58.68
Saare County compared to Estonia	4.8%	5.6%	4.4%

Table 5. The healthy life expectancy of men by county. Source: Statistics Estonia

	2019	2020	2021	2021-2019 change
Harju County	57.79	57.88	59.21	2.5%
Hiiu County	59.74	60.22	57.16	-4.3%
Ida-Viru County	52.04	51.61	53.68	3.2%
Jõgeva County	47.96	49.41	51.94	8.3%
Järva County	55.02	53.39	52.82	-4.0%
Lääne County	56.20	56.33	59.42	5.7%
Lääne-Viru County	55.13	54.70	56.34	2.2%
Pärnu County	57.92	55.15	53.36	-7.9%
Rapla County	53.42	51.75	54.17	1.4%
Saare County	55.00	56.84	56.85	3.4%
Tartu County	53.45	56.01	56.28	5.3%
Valga County	51.65	50.67	49.58	-4.0%
Viljandi County	51.02	53.93	55.75	9.3%
Võru County	46.08	49.92	51.27	11.3%
Estonia overall	54.74	55.19	56.36	3.0%

Table 6. Healthy life expectancy of women by county. Source: Statistics Estonia

	2019	2020	2021	2021-2019 change
Harju County	60.74	60.89	61.83	1.8%
Hiiu County	61.24	61.14	61.19	-0.1%
Ida-Viru County	54.09	52.92	54.00	-0.2%
Jõgeva County	57.33	55.78	52.52	-8.4%
Järva County	60.22	60.70	60.19	0.0%
Lääne County	64.68	60.58	59.40	-8.2%
Lääne-Viru County	59.88	60.64	59.72	-0.3%
Põlva County	51.82	50.19	53.43	3.1%
Pärnu County	60.32	58.13	57.95	-3.9%
Rapla County	62.95	60.27	61.16	-2.8%
Saare County	61.66	61.07	60.44	-2.0%
Tartu County	56.90	59.18	58.02	2.0%
Valga County	55.69	56.33	53.79	-3.4%
Viljandi County	53.83	57.24	58.90	9.4%
Estonia overall	58.50	58.72	59.26	1.3%

2. Factors influencing the business environment

2.1 WORKFORCE

The number of persons engaged experienced a constant decline in Estonia until 2022, with the arrival of Ukrainian refugees. These extraordinary circumstances led to an overall increase in the number of persons engaged by 0,9% between 2019-2022 (Table 7). However, In Saare County, the number of persons engaged decreased by 3.7% during the same period, remaining at a relatively average level. This decline correlates with the overall population decrease in the county (-3.6%).

During this period, the counties with the largest increase in the number of persons engaged were Viljandi County (10.2%) and Lääne County (8,4%) and those with the largest decrease were Valga County (-18.5%) and Jõgeva County (-11.1%).

The employment rate (Table 8) reflects the above trends. The dynamics of this indicator reveal that certain counties have reached maximum engagement, with essentially the entire working-aged and capable-of-work population being employed. An employment rate of 70% is considered exceptionally high, and Saare County reached this level by 2022 as well. The only counties with significant room for growth are Valga County (53.8%), Ida-Viru County (54.9%), and Põlva County (58.2%).

Table 7. Number of persons engaged by county, 2019-2022. Source: Statistics Estonia

	2019	2020	2021	2022	2022-2019 change
Number of persons engaged, thousands	671.4	656.9	650.6	677.3	0.9%
Harju County	332.4	323.9	320.4	339.7	2.2%
Hiiu County	4.7	4.6	5.2	4.4	-6.4%
Ida-Viru County	59.1	55.5	56.3	54.6	-7.6%
Jõgeva County	13.5	13.3	12.2	12	-11.1%
Järva County	14.2	14	13.2	14	-1.4%
Lääne County	9.5	9.7	9.3	10.3	8.4%
Lääne-Viru County	27.1	26.8	26.1	25.3	-6.6%
Põlva County	10.3	9.7	10.2	10.1	-1.9%
Pärnu County	40.4	40.5	42.5	42.4	5.0%
Rapla County	16.3	16.5	14.7	16	-1.8%
Saare County	16.3	17.3	15.4	15.7	-3.7%
Tartu County	77.1	75.6	75.9	82.3	6.7%
Valga County	13	12.9	12.2	10.6	-18.5%
Viljandi County	21.6	21	20.9	23.8	10.2%
Võru County	15.9	15.6	16.1	16.1	1.3%

Table 8. Employment rate by county, 2019-2022. Source: Statistics Estonia

	2019	2020	2021	2022	2022-2019 change
Employment rate, %					
Harju County	74.8	71.9	71.5	74.3	-0.7%
Hiiu County	63	62.2	71.6	70.8	12.4%
Ida-Viru County	57.6	54.6	56.1	54.9	-4.7%

Jõgeva County	62.9	62.7	61.2	60.7	-3.5%
Järva County	63.2	62.6	60	64.9	2.7%
Lääne County	62.1	64	63.8	70.5	13.5%
Lääne-Viru County	61.6	61.5	62.2	60.7	-1.5%
Põlva County	54.9	52.6	56.2	58.2	6.0%
Pärnu County	64.3	64.5	67.7	70.7	10.0%
Rapla County	66.1	67	61.6	66.3	0.3%
Saare County	65.5	69.6	63.7	70.5	7.6%
Tartu County	69.8	68.4	67.9	71.5	2.4%
Valga County	61.8	61.5	56.9	53.8	-12.9%
Viljandi County	63.1	61.5	62.8	70.4	11.6%
Võru County	59.4	59	61.3	63.3	6.6%

2.2 GROSS SALARY AND REAL ESTATE PRICE

During the 2019-2022 period, the average gross monthly salary in Estonia showed stable growth, increasing by 14.2% (Table 9). Most counties experienced similar growth rates, including Saare County (15.2%). Some outliers with a lower growth rate included Hiiu County (4.8%), Järva County (6.6%), and Valga County (7.1%). The county with the highest growth of average salary in 2019-2022 was Pärnu County (22.9%). A more detailed analysis of the trend of average gross monthly salary in Saare County reveals a positive trend, with the average salary in Saare County growing at a faster pace compared to the Estonian average (Table 10). In 2019, the average salary in Saare County was 91.8% of the Estonian average, but by 2022, this ratio had increased to 95.4%.

Table 9. Employment gross monthly salary by county, 2019-2022. Source: Statistics Estonia

	2019	2020	2021	2022	2022-2019 change
Average gross monthly salary in euros	1179 €	1213 €	1298 €	1386 €	14.2%
Harju County	1531 €	1588 €	1694 €	1834 €	15.5%
Hiiu County	993 €	1063 €	1194 €	1114 €	4.8%
Ida-Viru County	1147 €	1161 €	1202 €	1387 €	19.5%
Jõgeva County	1066 €	1145 €	1241 €	1295 €	13.1%
Järva County	1192 €	1282 €	1340 €	1367 €	6.6%
Lääne County	1274 €	1155 €	1308 €	1329 €	15.1%
Lääne-Viru County	1095 €	1181 €	1256 €	1395 €	18.1%
Põlva County	1140 €	1229 €	1207 €	1374 €	11.8%
Pärnu County	1172 €	1147 €	1280 €	1410 €	22.9%
Rapla County	1200 €	1199 €	1277 €	1376 €	14.8%
Saare County	1082 €	1148 €	1247 €	1322 €	15.2%
Tartu County	1426 €	1447 €	1550 €	1690 €	16.8%
Valga County	1058 €	1106 €	1205 €	1185 €	7.1%
Viljandi County	1201 €	1188 €	1285 €	1418 €	19.4%
Võru County	1113 €	1169 €	1192 €	1295 €	10.8%

Table 10. The average salary in Saare County compared to the Estonian average in 2019-2022. Source: Statistics Estonia

	2019	2020	2021	2022
Average gross monthly salary in Saare County, % of the Estonian average	91.8%	94.6%	96.0%	95.4%

Table 11 represents the ratio of the average apartment sale price per square meter and the average gross monthly salary by county. More specifically, this ratio illustrates what portion of the gross salary is required to purchase 1 square meter of apartment, i.e. how affordable are apartments in the area compared to the average gross salary. The ratio of apartment prices to salaries is highest in Harju, Tartu, and Pärnu counties. These counties are also the only ones where the average monthly gross salary is insufficient to buy an average square meter of an apartment. With the ongoing real estate inflation, this ratio has exhibited stable growth across all of Estonia during 2020-2022. Counties experiencing the fastest growth in this indicator are Hiiu (69%), Rapla (52%), Järva (52%), and Jõgeva (51%). The inflation of apartment prices compared to average salary has been slowest in Ida-Viru (11%), Tartu (16%), Saare (18%), and Harju (19%) counties. Among these, Harju, Tartu, and Saare are also among the four counties with the highest average apartment sale price per square meter (Table 12). This explains the slower price growth in these countries. Here, the slow growth of prices in Ida-Viru County is an exception. Considering the average gross monthly salary in different counties (Table 9), Saare County has a significantly higher apartment price level compared to other counties with similar salary levels. This indicates the above-average attractiveness of the area and robust demand for apartments in Saare County, driving prices upwards.

Table 11. The ratio of the average apartment sale price and average gross monthly salary in different counties, 2020-2022. Source: Statistics Estonia and Land Board

Square meter price / gross monthly salary	2020	2021	2022
Harju County	1.24	1.29	1.46
Hiiu County	0.37	0.39	0.62
Ida-Viru County	0.23	0.25	0.25
Jõgeva County	0.19	0.25	0.29
Järva County	0.24	0.28	0.37
Lääne County	0.51	0.62	0.73
Lääne-Viru County	0.31	0.36	0.39
Põlva County	0.26	0.32	0.38
Pärnu County	0.91	0.96	1.12
Rapla County	0.40	0.44	0.60
Saare County	0.68	0.78	0.80
Tartu County	1.04	1.09	1.20
Valga County	0.21	0.26	0.29
Viljandi County	0.44	0.51	0.67
Võru County	0.35	0.45	0.49
Overall average	0.52	0.58	0.68

Table 12. Average apartment sale price per square meter by county, 2020-2022. Source: Land Board

Sale price per square meter, euros	2020	2021	2022
Harju County	1963	2177	2685
Hiiu County	390	465	693
Ida-Viru County	264	303	351
Jõgeva County	222	311	380
Järva County	310	376	501
Lääne County	594	813	970
Lääne-Viru County	365	457	548
Põlva County	317	389	517
Pärnu County	1044	1226	1574
Rapla County	474	564	825
Saare County	776	966	1053
Tartu County	1498	1691	2035
Valga County	229	317	339
Viljandi County	526	657	943
Võru County	407	541	632
Overall average	625	750	937

2.3 OTHER MAJOR ECONOMIC INDICATORS

Gross domestic product (GDP) per capita serves as a crucial macroeconomic indicator for comparing regional economic development. Over the 2019-2021 period, the GDP per capita in Estonian counties has remained fairly stable (Table 13). Here, Harju County is far above the rest of Estonia, with only Tartu County approaching the Estonian average (95.1%). For all Western Estonian counties, this indicator is around 60%, with Hiiu County recording the highest rate (65.6%) and Lääne County the lowest (60.4%).

Table 13. GDP per capita by county, 2019-2021. Source: Statistics Estonia

GDP per capita, % of the Estonian average	2019	2020	2021
Harju County	136.3	137	137.3
Hiiu County	57.5	60.0	65.6
Ida-Viru County	64.2	58.3	58.0
Jõgeva County	57.0	59.9	58.9
Järva County	74.0	70.6	70.2
Lääne County	61.5	61.7	60.4
Lääne-Viru County	68.9	64.7	63.6
Põlva County	49.6	48.8	48.4
Pärnu County	66.4	63.9	63.7
Rapla County	57.8	58.8	57.3
Saare County	59.5	59.6	62.1
Tartu County	95.1	97.4	95.1
Valga County	54.1	56.5	56.0
Viljandi County	69.6	68.1	68.0
Võru County	55.6	56.0	56.8

2.4 EDUCATION

The number of individuals possessing upper secondary education (high school or secondary specialized education at a minimum) is a crucial indicator of economic and regional development. It reflects the level of skills and competencies within a population, with a higher proportion of better-educated individuals offering innovation potential.

Between 2020-2022, the number of people with upper secondary education in Estonia increased by 2% (Table 14). Harju and Tartu counties made the most significant contribution to this growth. In most other counties, this indicator has experienced only marginal changes. However, the number of people with upper secondary education has seen the most significant decreases in Hiiu (-10%) and Saare (-4%) counties. This negative trend correlates with the overall population decrease in both counties (Table 1).

The dynamics of education level distribution in Saare County reveal the following trends (Table 15). During the 2019-2021 period, the number of individuals with different education levels remained relatively stable. However, in 2022, there was a notable decline across most education levels, consistent with the overall population decrease in the county during that year. This decline was most significant among individuals with tertiary education, with nearly 700 individuals recorded. Most of this decrease comprised individuals with master's degrees, accounting for 481 individuals. The causes of this change are subject to debate, but data from the previous year suggests that the decline may be temporary, as the number of individuals with tertiary education rebounded by nearly 300 in early 2023.

Table 14. Number of people with upper secondary education by county. Source: Statistics Estonia

	2020	2021	2022	2022-2020 change
Harju County	409,934	417,833	421,651	3%
Hiiu County	5,858	6,036	5,284	-10%
Ida-Viru County	93,257	92,547	94,200	1%
Jõgeva County	16,770	16,743	16,534	-1%
Järva County	17,197	17,119	17,133	0%
Lääne County	11,930	11,891	11,938	0%
Lääne-Viru County	34,228	34,260	34,726	1%
Põlva County	14,649	14,623	14,343	-2%
Pärnu County	51,748	52,119	52,604	2%
Rapla County	18,951	19,009	19,451	3%
Saare County	19,473	19,872	18,640	-4%
Tartu County	95,643	97,001	100,686	5%
Valga County	16,853	16,887	16,735	-1%
Viljandi County	27,076	27,117	27,087	0%
Võru County	21,705	21,694	21,214	-2%

Table 15. Population distribution by highest level of education obtained in Saare county. Source: Statistics Estonia

	2019	2020	2021	2022	2023
Total	28334	28271	28200	26547	26969
Primary education or lower	8250	8103	7842	7474	7497
No education, preschool	63	74	71	53	50

Primary education, current 6 grades of basic school, vocational education for persons without basic education	1232	1219	1171	1124	1097
Basic education	4626	4543	4394	4214	4334
Vocational basic education and vocational education after basic education	2329	2267	2206	2083	2016
Secondary education or vocational education after secondary education	12219	12215	12315	11782	12046
General secondary education	4112	4120	4144	4033	4263
Vocational secondary education	5626	5620	5636	5344	5334
Vocational education after secondary education	2481	2475	2535	2405	2449
Higher education or secondary specialised education after secondary education	7183	7258	7557	6858	7115
Secondary specialised education after secondary education	1564	1550	1617	1565	1646
Bachelor's or equivalent level, professional higher education	1999	2035	2150	2015	2083
Master's	3521	3569	3665	3184	3294
Doctorate	99	104	125	94	92
Education unknown	682	695	486	433	311

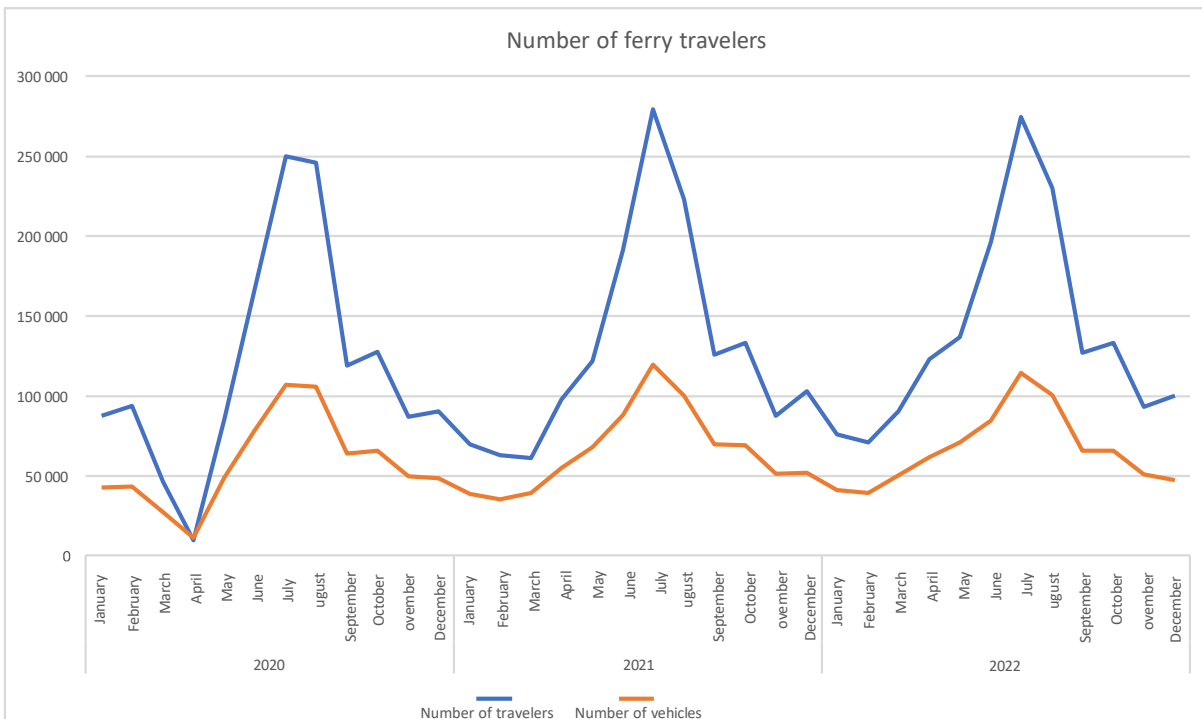
3. Connections and tourism

Compared to most other counties in Estonia, Saare County is unique in that it is entirely composed of islands and therefore dependent on the reliant movement of individuals and goods for its economy to function. Saare County has marine and air connections to mainland Estonia.

3.1 FERRY STATISTICS

The main connection between Saare County and mainland Estonia is the Virtsu-Kuivastu ferry route, operated by TS Laevad OÜ. Following the record year of 2019, during which 1.77 million people were transported between the mainland and Muhu island (including Saaremaa), there was a significant decrease in 2020 due to the COVID-19 pandemic, with the number of passengers dropping to 1.41 million. 2021 and 2022 have witnessed a gradual recovery, with passenger and vehicle numbers stabilising and approaching levels similar to those before the crisis. In 2022, the Virtsu-Kuivastu route carried 1.65 million passengers and 792,000 vehicles. Figure 3 illustrates the number of ferry travellers by month, with June-August being the busiest month over the years. Consequently, the ferry operator increased departure frequency in the summer of 2022 to accommodate this peak demand. July 24th, 2022 marked a record day on the Virtsu-Kuivastu route, with 13,976 passengers carried - more than three times the average daily number of passengers. As per the ferry operator, they managed to provide service without major issues or queues despite the large number of passengers and vehicles⁴. Notably, departures delayed by five or more minutes accounted for just 0.7% of all departures in 2022. As of the preparation of this analysis, most of the 2023 ferry travel statistics have been published, demonstrating ongoing growth in the number of both passengers and vehicles carried.

Figure 3. 2020-2022 passenger statistics on the Virtsu-Kuivastu ferry route Source: TS Laevad OÜ

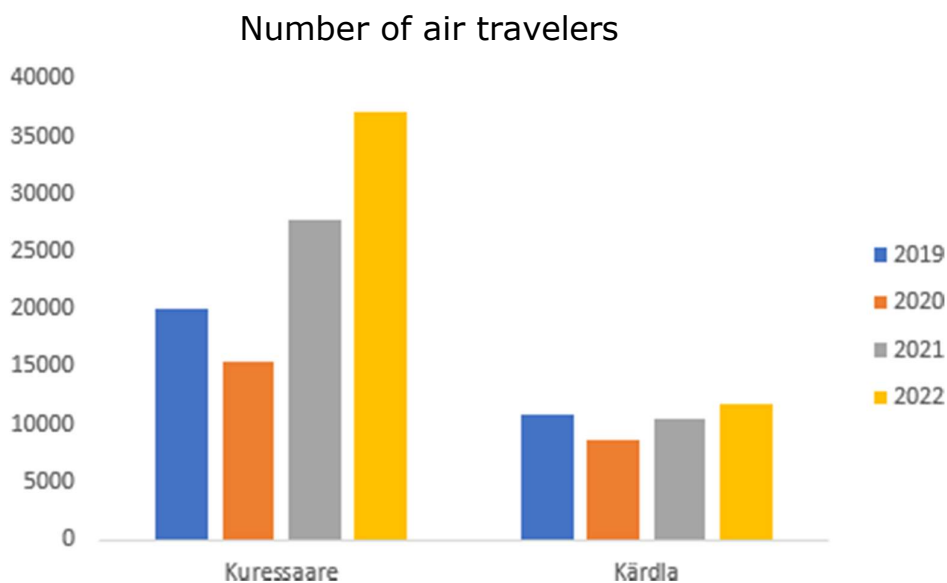


⁴ Yearbook 2022 (praamid.ee)

3.2 FLIGHT STATISTICS

Regular flight connections are crucial for Saare County for various reasons, and we are pleased to note a rapid and consistent growth in the number of passengers carried on the Kuressaare-Tallinn flight route between 2019-2022 (Figure 4). The minor drop in 2020 is understandable considering the COVID-19 pandemic restrictions; however, these restrictions impacted the number of passengers carried on Kuressaare and Kärdla routes much less compared to international routes. In 2020, there was a nearly four-fold decrease in the number of passengers passing through Tallinn Airport compared to 2019⁵. During the same period, Kuressaare Airport experienced only a 23% decrease in the number of passengers. The trend continued during the 2021-2022 recovery of flight routes and passenger numbers. While Tallinn Airport reached 83% of its pre-crisis passenger volume in 2022, Kuressaare Airport reached 184%, with the number of passengers nearly doubling compared to 2019. For a more objective comparison of domestic routes, we should also consider Kärdla Airport. Figure 4 illustrates that, during the same period, the number of passengers carried on the Kärdla route experienced a more modest increase of just 8%.

Figure 4. Number of passengers using Kuressaare and Kärdla airports in 2019-2022. Source: AS Tallinna Lennujaam

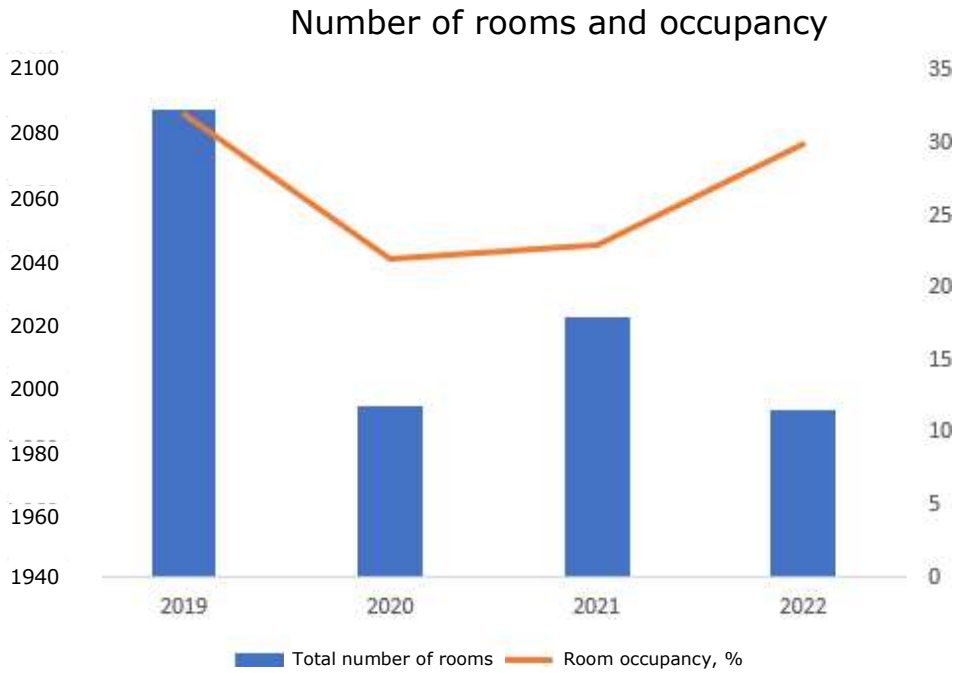


3.3 ACCOMMODATION STATISTICS

Accommodation statistics were significantly impacted by COVID-19 restrictions, resulting in major fluctuations during the 2019-2022 period (Tables 16-18). While the number of accommodation establishments and rooms experienced a slight decline in Estonia as a whole, Saare County ranked among the top three for both these indicators. However, these statistics also indicate the seasonal nature of Saare County tourism, with the average occupancy relatively low compared to other counties - an annual average of just 27% (Figure 5). Room occupancies of other counties are included in Table 18. The strong seasonality is evident, with 90% of all nights spent in Saare County being for holidays. This is the highest proportion in Estonia, followed by Hiiu, Pärnu and Valga counties with levels near 80%.

⁵ [Statistics - Tallinn Airport \(tallinn-airport.ee\)](https://tallinn-airport.ee)

Figure 5. Number and occupancy of rooms in Saare County accommodation establishments, 2019-2022.
Source: Statistics Estonia



Seasonality and the resulting low average occupancy are understandably not desirable. A comparison with Ida-Viru County may provide some insight. In 2022, Ida-Viru County had 19% fewer rooms available. The average occupancy was 30% in Saare County and 41% in Ida-Viru County. The average nightly cost was essentially the same in both counties. Accommodation establishments had a total revenue of 15.5 million euros in Ida-Viru County and 11.7 million euros in Saare County - nearly a quarter less. The greatest difference between these two counties lies in the share of leisure and work travel. Just 60% of the nights spent in Ida-Viru County are for leisure, and because work travel is more consistent throughout the year, this results in higher average occupancy.

Table 16. Number of accommodation establishments by county, 2019-2022. Source: Statistics Estonia

	2019	2020	2021	2022
Harju County	242	223	207	227
Saare County	206	186	182	175
Pärnu County	194	182	182	176
Tartu County	118	112	113	111
Valga County	85	82	80	80
Lääne County	85	80	82	78
Lääne-Viru County	85	76	78	76
Võru County	75	71	75	77
Ida-Viru County	66	68	69	71
Viljandi County	62	60	54	59
Hiiu County	62	51	58	62
Põlva County	41	41	44	49
Jõgeva County	37	38	44	43

Järva County	41	36	35	33
Rapla County	25	21	21	20

Table 17. Number of rooms by county, 2019-2022. Source: Statistics Estonia

	2019	2020	2021	2022
Harju County	10,181	9,567	9,117	10,296
Pärnu County	3,397	3,422	3,744	3,494
Saare County	2,088	1,994	2,022	1,993
Tartu County	1,831	1,825	1,708	1,723
Ida-Viru County	1,514	1,598	1,588	1,613
Lääne-Viru County	1,117	1,154	1,170	1,154
Valga County	918	926	923	904
Lääne County	884	889	984	893
Võru County	789	773	759	765
Viljandi County	644	643	612	645
Jõgeva County	434	397	475	452
Hiiu County	425	411	429	474
Järva County	362	360	354	397
Põlva County	306	322	336	361
Rapla County	278	275	268	251

Figure 6. Number of nights and average cost of nights spent in Saare County accommodation establishments, 2019-2022. Source: Statistics Estonia

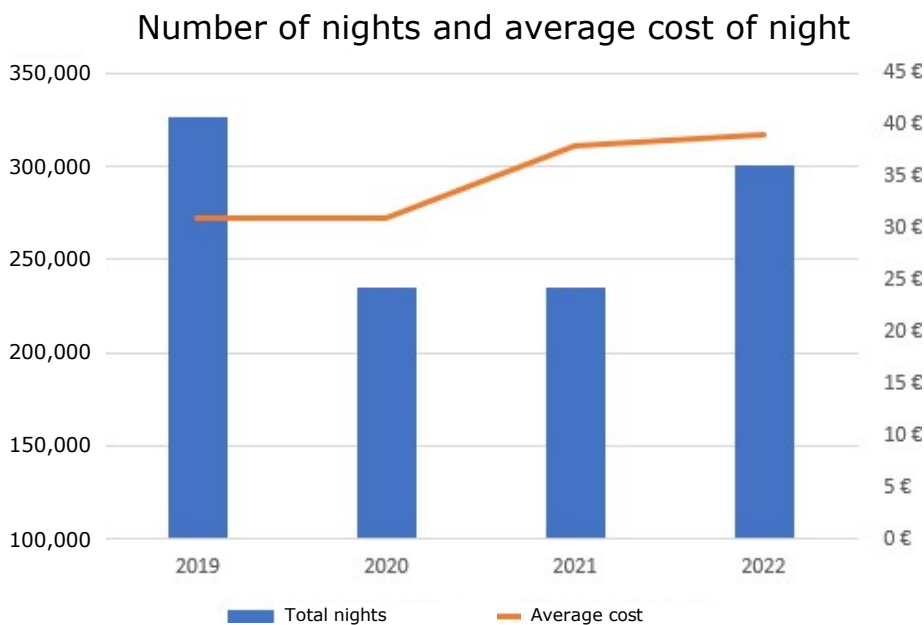


Table 18. Occupancy percentage of rooms by county, 2020-2022. Source: Statistics Estonia

	2020	2021	2022	Average
Harju County	25	34	53	43
Tartu County	30	37	47	41
Ida-Viru County	31	30	41	38
Pärnu County	28	27	42	36
Võru County	29	31	35	32
Lääne County	25	26	34	31
Valga County	23	27	29	28
Lääne-Viru County	23	25	29	28
Viljandi County	24	27	31	27
Saare County	22	23	30	27
Hiiu County	16	20	20	19
Jõgeva County	17	16	21	18
Põlva County	15	13	19	17
Rapla County	9	14	26	16
Järva County	10	16	25	16

Based on ferry and flight statistics, a total of 2.02 million travellers visited Saaremaa in 2022. Considering that a total of 166,000 people were accommodated during the same period (with each person spending on average two nights), 8% of all travellers used accommodation services in 2022. While this is by no means a complete picture of tourists visiting Saare County, it characterises the overall distribution of plane and ferry travellers.

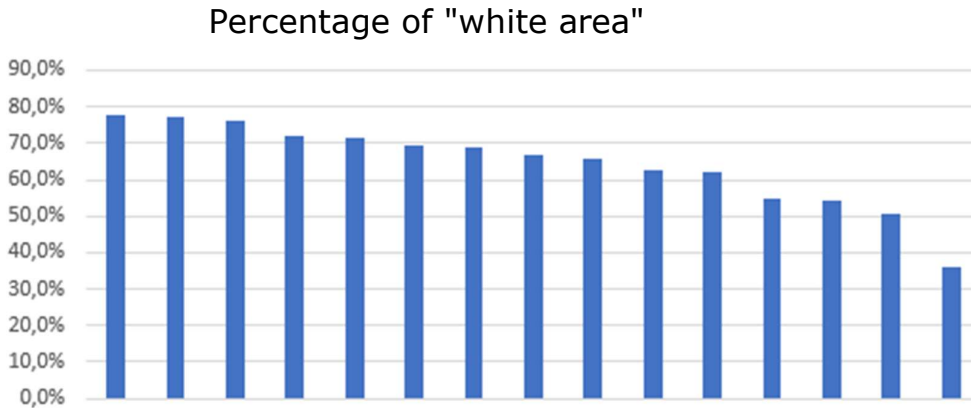
3.4 HOUSEHOLDS CONNECTED TO FIBRE OPTIC BROADBAND

Society is increasingly reliant on modern technology, automation and opportunities provided by the Internet. In 2020, remote work became the new norm for many people, with video calling becoming commonplace for work, school and hobbies. Within the next decades, self-driving cars, buses and other vehicles will become commonplace on our roads, and many everyday tasks will be automated using robots⁶. All this requires increasingly faster and more reliable connections to provide high-quality human and machine communication. Estonia has set a goal for 2030 to make 100 Mbps broadband available to all Estonian people and businesses, with the option of increased speeds up to 1 Gbps⁷. As of 2023, we are still far from achieving this ambitious goal. Figures 7 and 8 indicate by county, the proportion of "white areas" with no access to fibre optic or copper pair-based 30 Mbps or higher broadband. Harju County is the only county where over half of all households have access to broadband internet (Figure 7). In Tartu and Pärnu counties, both with a relatively high proportion of urban households, close to half of all households have broadband access. In Saare County, just 3858 of all 17,370 addresses have access to broadband with speeds above 30Mbps - this means the county has a white area of 77%. This relatively high level is due to many of the addresses in the county being located in rural areas, where the share of white areas is even higher, over 81% (Figure 8).

⁶ [Estonian broadband strategy 2021-2030, Ministry of Economic Affairs and Communications](#)

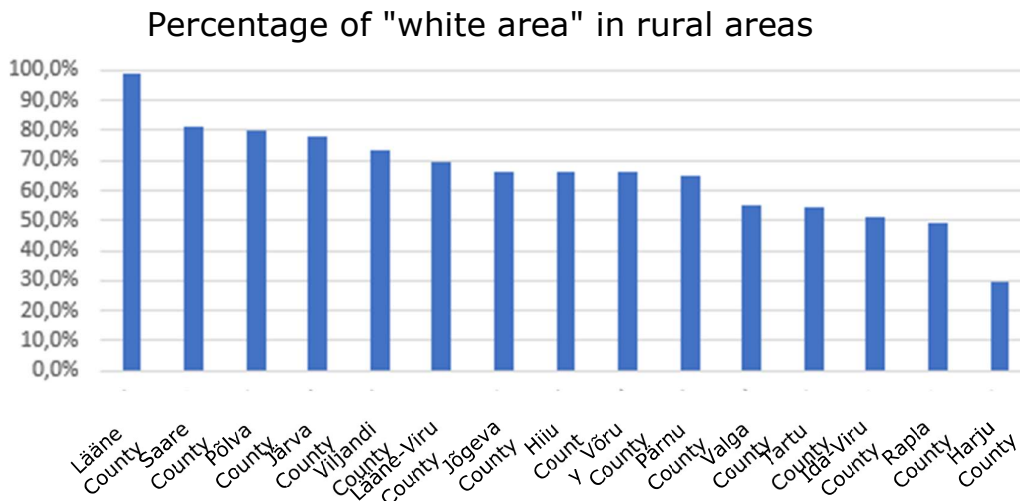
⁷ [Estonian broadband strategy 2021-2030, Ministry of Economic Affairs and Communications](#)

Figure 7. Share of addresses without access to 30Mbps connection in the county. Source: Ministry of Economic Affairs and Communication



Saare County as a whole is one of the least broadband-covered counties in Estonia. Based on calculations by Ministry of Economic Affairs and Communication⁸, providing broadband coverage to the entire Saare County would cost between 9 and 23.5 million euros depending on the choice between wireless and fibre optic connection. As per the "Estonian broadband strategy 2021-2030"⁹, proportionally more funds will be invested in new coverage in counties with more "white areas". As per the strategy, 4.7 million euros will be invested in new coverage in Saare County by 2025.

Figure 8. Share of rural addresses without access to 30Mbps connection in the county. Source: Ministry of Economic Affairs and Communication



⁸ Estonian broadband strategy 2021-2030, Ministry of Economic Affairs and Communications

⁹ Estonian broadband strategy 2021-2030, Ministry of Economic Affairs and Communications

4. Business environment indicators

To understand the factors impacting the business environment, it is important to analyse various areas based on data from the Business Register. We focus on the 2020-2022 period.

A summary of 2022 trends:

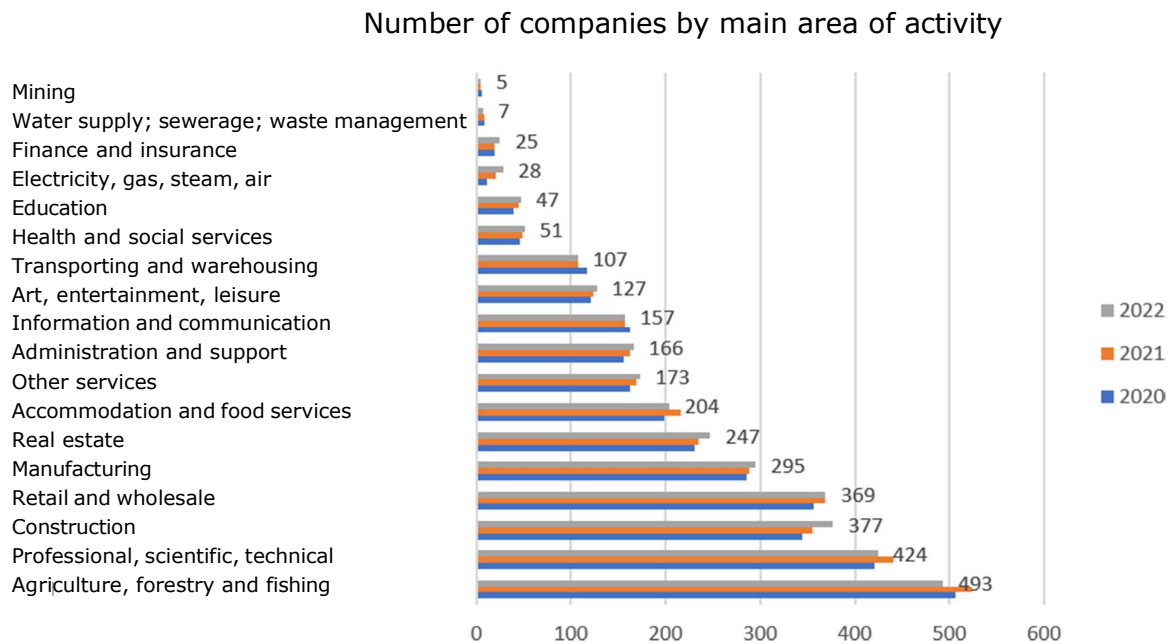
- The number of companies shows slow but steady growth, while the number of workers remains stable.
- Wage growth continues, with the average gross monthly wage in the county increasing by 12%.
- Revenue growth is evident across all sectors, with Construction and Accommodation and food service leading the trend.
- Operating profit has increased by 33% on average, primarily contributed by Electricity, gas, steam and air conditioning supply and Retail and wholesale sectors.
- The added value per employee increased by 23.9%.
- The main export destination countries include Finland, Germany and Sweden. The war in Ukraine has had an indirect impact on exports.

4.1 NUMBER OF COMPANIES

The number of companies serves as an important indicator for this economic analysis, as it reflects the economic activity, job opportunities and economic growth potential in the county. A larger number of companies may indicate higher employment, more investments and more competition, which in turn motivates companies to focus on quality and innovation. The number of companies by sector reflects economic diversity, aiding in identifying sectors which are thriving and those requiring development assistance.

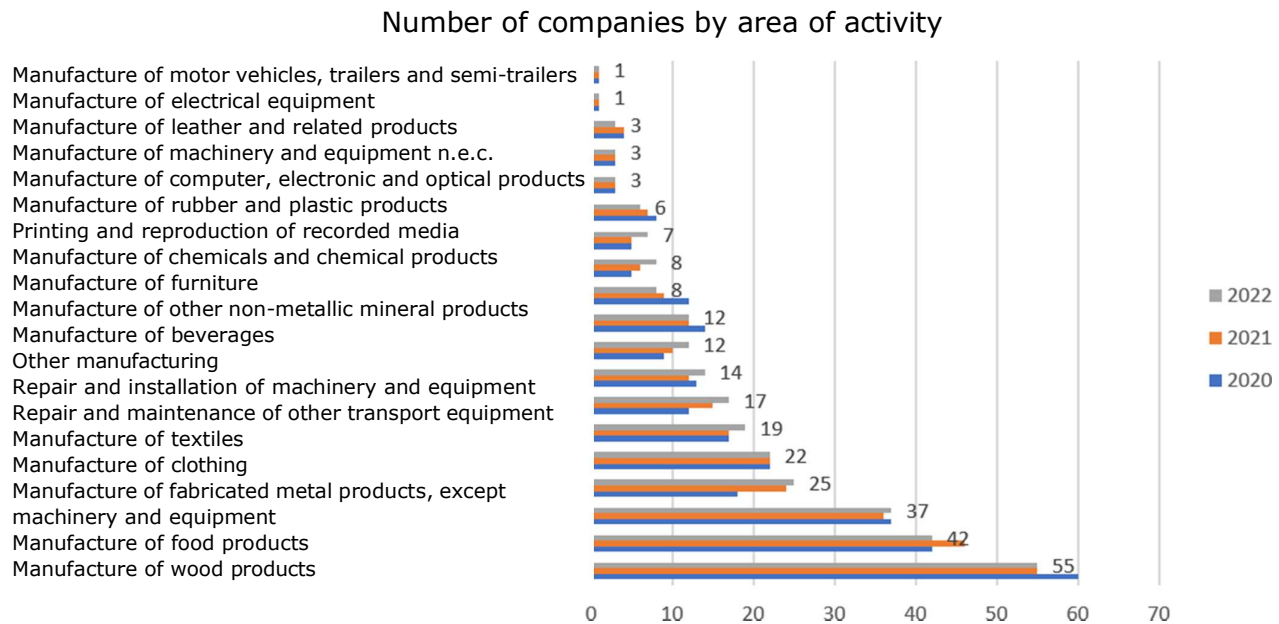
In Saare County, the highest number of companies is in the Agriculture, forestry and fishing sectors, followed by Professional, scientific and technical activities, Retail and wholesale, and Construction (Figure 9). During 2020-2022, the number of companies in Saare County grew steadily. The most important contributors to this growth were the Construction and Real estate sectors. None of the sectors show a significant decline in the number of companies in Saare County.

Figure 9. Number of companies by main area of activity in Saare County, 2020-2022 (2022 numbers marked on the figure). Source: Analysis of data from the Business Register



For Manufacturing, the manufacture of wood products represented the area with the most companies in Saare County. The minor decline of 2021 did not persist in 2022. Wood was followed by Food, Metal, Clothing and Fabrics manufacturing. Generally, the number of companies in the Manufacturing sector has remained stable during 2020-2022 (Figure 10).

Figure 10. Number of companies engaged in manufacturing in Saare County, 2020-2022. Source: Data from the Business Register



4.2 NUMBER OF EMPLOYEES

The number of employees serves as a critical indicator in this economic analysis, directly impacting the county's employment level, income and its companies' attractiveness for employees. It offers insight into the employment levels within sectors and companies, which is crucial for understanding the distribution of labour resources, economic activity and business volumes. A sector with a higher number of employees holds significant economic importance and job creation potential. The number of employees is also vital for demand and supply analysis and aids in planning various lifelong learning programmes when combined with an added value per employee and upper secondary education level statistics.

The overall number of employees in Saare County companies has remained stable throughout 2020-2022 (Table 19). There was a slight decrease in 2022 compared to 2021, which is in line with the overall drop in population in 2022. However, the overall number of employees in the county remains stable. The sector with the largest number of employees in Saare County is Manufacturing. It was also the sector with the largest decrease during 2020-2022, with 300 jobs lost. Conversely, major sectors of growth during the same period included Construction accommodation and food service, with the latter nearly reaching its pre-COVID-19 level (917 employees in 2019).

Table 19. Number of employees and its change by sectors, 2020-2022. Source: Analysis of data from the Business Register

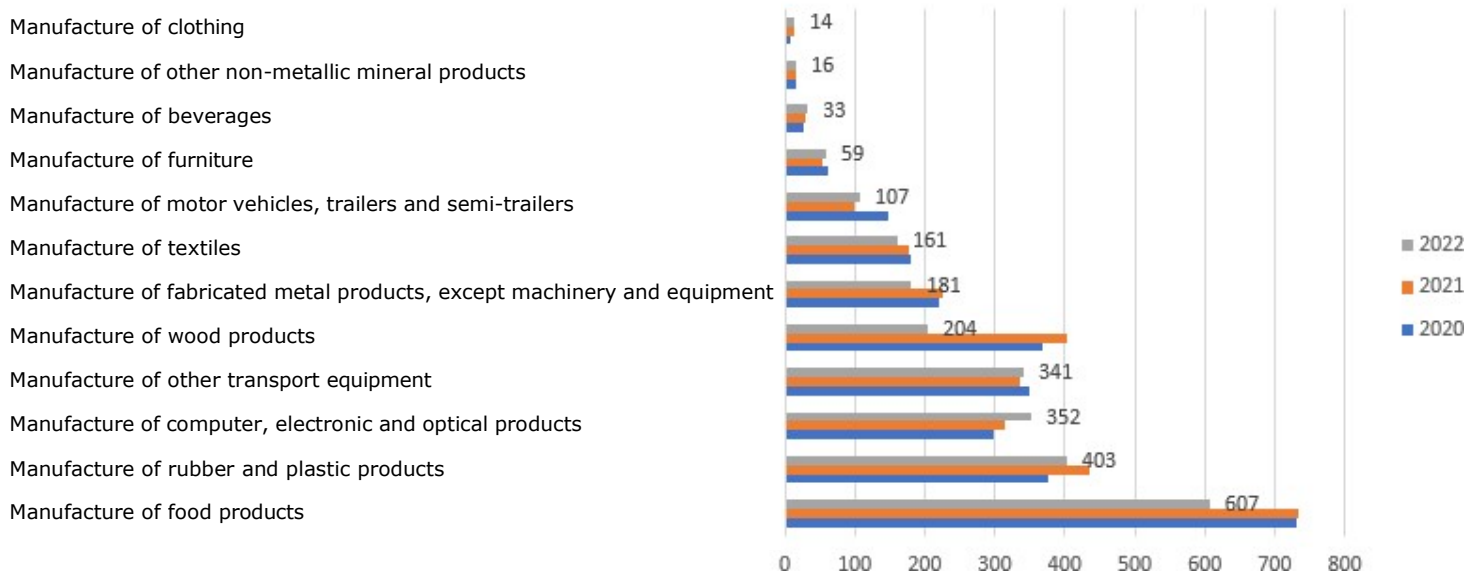
Sector	2020	2021	2022	Change 2020-2022
Manufacturing	2724	2873	2531	-10.6%
Retail and wholesale	1102	1078	1138	3.3%

Construction	982	1031	1111	13.1%
Accommodation and food service	748	835	873	16.7%
Transporting and storage	531	548	575	-4.6%
Agriculture, forestry and fishing	603	622	559	5.3%
Professional, scientific and technical	269	269	267	-0.7%
Healthcare and social services	129	162	182	41.1%
Administrative and support service activities	181	125	161	-11.0%
Other services	107	118	129	20.6%
Information and communication	117	114	117	0.0%
Real estate	132	130	113	-14.4%
Arts, entertainment and recreation	54	78	77	42.6%
Electricity, gas, steam and air conditioning supply	42	36	48	14.3%
Water supply; sewerage; waste management and remediation activities	41	44	41	0.0%
Mining	26	23	26	0.0%
Education	15	16	17	13.3%
Finance and insurance	3	2	2	-33.3%
Total	7806	8104	7967	0.7%

A detailed analysis of the decrease in jobs in Manufacturing reveals that essentially half of the decrease is attributed to the Food manufacturing sector (Figure 11). Despite the significant decrease, this sector remains the largest employer in Saare County, followed by the Manufacture of rubber and plastic products and the Manufacture of computer, electronic and optical products. The below Figure demonstrates that the relative decrease in the number of employees during 2020-2022 was the largest in the manufacturing of wood Products, which lost nearly half of its jobs. This decline was because two of the largest companies in this sector had not submitted their 2022 annual reports by the time of preparing this analysis.

Figure 11. Number of employees in Manufacturing in Saare County, 2020-2022 (2022 numbers marked on the figure). Source: Analysis of data from the Business Register

Number of employees by manufacturing category



4.3 LABOUR COSTS

Labour costs are a critical indicator of the cost of labour and the cost structure of companies. Labour costs directly impact the profitability and competitiveness of companies.

Labour costs have a direct relationship with the number of employees in a sector. As such, labour costs for Manufacturing are significantly higher compared to other sectors.

During 2020-2022, labour costs of companies in Saare County increased by 20 million euros in total - a 15.2 % increase. Contrasting this significant increase in labour costs with the stagnant job numbers (0.7% growth) confirms significant upward wage pressure in the Saare County private sector companies during 2020-2022. This is further confirmed by the 14.4% increase in the average gross monthly salary during the same period (Table 20). In 2022, sectors with significant increases in labour include Retail and wholesale, Construction and Accommodation and food service. The latter two sectors also experienced significant job growth during this period. None of the sectors demonstrated a decrease in labour costs.

Figure 12. Saare County companies' labour costs, 2020-2022 (2022 numbers marked on the figure).
Source: Data from the Business Register

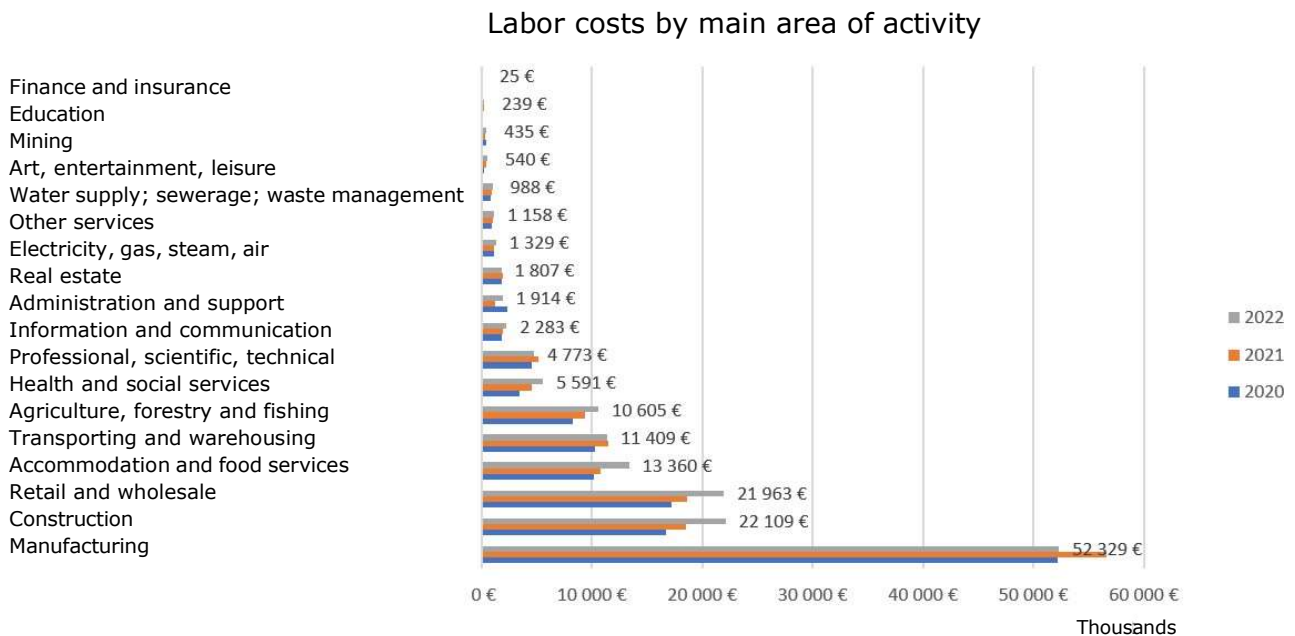


Table 20 illustrates the dynamics of average gross salaries by sector, indicating that the average salary in Saare County increased by 14.4% in 2020-2022. Given that nearly a third of the jobs in the county are in Manufacturing, the growth of the county average is primarily attributable to the 12% growth within this sector during this period. Among the most labour-intensive sectors, Retail and wholesale and Agriculture, forestry and fishing demonstrated significant growth: 23.4% and 21.3%, respectively. Sectors with the largest relative growth during the 2020-2022 period included Finance and insurance, Arts, entertainment and recreation and Education. However, the wages in these three sectors were notably lower than the county average. Sectors with the highest average salary in Saare County in 2022 included Healthcare and social services (1913 euros), followed by Electricity, gas, steam and air conditioning supply (1725 euros) and Water supply; sewerage; waste management and remediation activities (1501 euros).

The gross monthly salaries in the table below were calculated based on company-reported labour costs and the annual average number of employees. Therefore, it should not be assumed that sectors with lower salary levels pay their employees less than the legal minimum wage. Instead, these sectors may have a larger number of seasonal jobs, where employees are suspended for certain months or assigned part-time jobs.

Table 20. Companies' gross monthly wages and change thereof during 2020-2022. Source: Analysis of data from the Business Register

Sector	2020	2021	2022	Change 2022-2020
Healthcare and social services	1,642 €	1,752 €	1,913 €	16.5%
Electricity, gas, steam and air conditioning supply	1,761 €	2,033 €	1,725 €	-2.1%
Water supply; sewerage; waste management and remediation activities	1,306 €	1,290 €	1,501 €	14.9%
Transporting and storage	1,058 €	1,153 €	1,236 €	16.8%
Manufacturing	1,150 €	1,227 €	1,288 €	12.0%
Construction	1,061 €	1,117 €	1,239 €	16.8%
Information and communication	996 €	1,082 €	1,215 €	22.0%
Retail and wholesale, motor vehicle repairs	974 €	1,075 €	1,202 €	23.4%
Agriculture, forestry and fishing	974 €	1,062 €	1,182 €	21.3%
Professional, scientific and technical	1,048 €	1,186 €	1,113 €	6.3%
Mining	992 €	1,012 €	1,043 €	5.1%
Real estate	852 €	950 €	996 €	16.9%
Accommodation and food service	847 €	807 €	953 €	12.5%
Education	650 €	778 €	877 €	35.0%
Finance and insurance	534 €	104 €	765 €	43.2%
Administrative and support service activities	795 €	606 €	740 €	-6.9%
Other services	570 €	544 €	559 €	-1.9%
Arts, entertainment and recreation	311 €	324 €	437 €	40.3%
Overall average	1,045 €	1,109 €	1,195 €	14.4%

4.4 REVENUE

Revenue reflects companies' economic productivity and market demand, with high revenue suggestive of a strong market position and demand.

Saare County companies have significantly grown their revenue during 2020-2022 (28%). This growth has been relatively well spread out across various sectors. Major sectors that contributed most to this overall growth include Construction (49.3%) and Accommodation and food service (61.6%). It is worth noting that for the latter, the 2020 reference value was relatively low due to the COVID-19 pandemic. However, even compared to 2019, the Accommodation and food service sector increased its revenue by 6.8% by the end of 2022. The largest two sectors, Manufacturing and Retail and wholesale, have also experienced rapid revenue growth (Table 21). Notably, during the 2020-2022 period, revenue increased in all business sectors in Saare County.

Table 21. Revenue by sector in Saare County, 2020-2022. Source: Analysis of data from the Business Register.

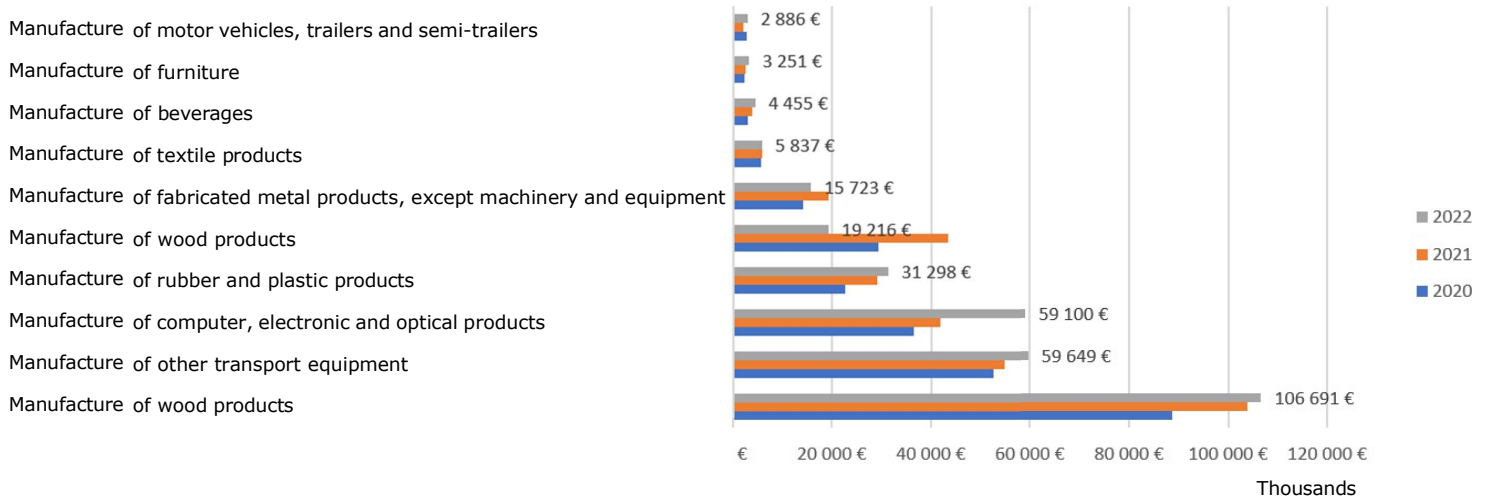
Sector	2020	2021	2022	Change 2020-2022
Manufacturing	260,937,420 €	311,942,575 €	313,763,645 €	20.2%
Retail and wholesale	189,714,369 €	193,367,559 €	230,887,150 €	21.7%
Construction	76,482,621 €	91,228,403 €	114,176,019 €	49.3%
Agriculture, forestry and fishing	52,266,412 €	49,822,608 €	64,264,442 €	23.0%

Transporting and storage	41,824,787 €	54,431,416 €	47,646,778 €	13.9%
Accommodation and food service	26,647,920 €	30,363,941 €	43,073,788 €	61.6%
Real estate	12,577,456 €	19,352,459 €	25,330,333 €	101.4%
Professional, scientific and technical	16,056,214 €	18,208,468 €	20,857,477 €	29.9%
Electricity, gas, steam and air conditioning supply	6,749,075 €	8,705,772 €	18,464,332 €	173.6%
Healthcare and social services	7,899,020 €	10,385,851 €	12,264,676 €	55.3%
Administrative and support service activities	7,101,186 €	7,060,031 €	8,588,820 €	20.9%
Information and communication	6,330,591 €	7,109,869 €	8,113,289 €	28.2%
Other services	3,315,553 €	3,861,610 €	4,449,172 €	34.2%
Water supply; sewerage; waste management and remediation activities	3,808,358 €	4,042,248 €	4,032,327 €	5.9%
Arts, entertainment and recreation	2,325,809 €	2,861,366 €	3,954,826 €	70.0%
Mining	1,680,945 €	1,652,362 €	2,063,198 €	22.7%
Education	764,407 €	998,960 €	1,066,028 €	39.5%
Finance and insurance	245,932 €	315,245 €	575,380 €	134.0%
Total	716,728,075 €	815,710,743 €	923,571,680 €	28.9%
Share of Manufacturing	36.4%	38.2%	34.0%	

All major areas of Manufacturing experienced significant revenue increases during 2020-2022, except for the Manufacturing of wood products (Figure 13). As explained above, the decline in this area is attributed to the fact that two of the largest companies in this sector had not submitted their 2022 annual reports by the time of preparing this analysis. In 2022, revenue from the Manufacture of computer, electronic and optical products increased sharply (41%). Manufacturing companies themselves attribute this rise in revenue mainly to overall inflation in manufacturing inputs, particularly for raw materials and electric energy.

Figure 13. Revenue of the largest Manufacturing areas of activities in Saare County, 2020-2022 (2022 numbers marked on the figure). Source: Analysis of data from the Business Register

Revenue by manufacturing area



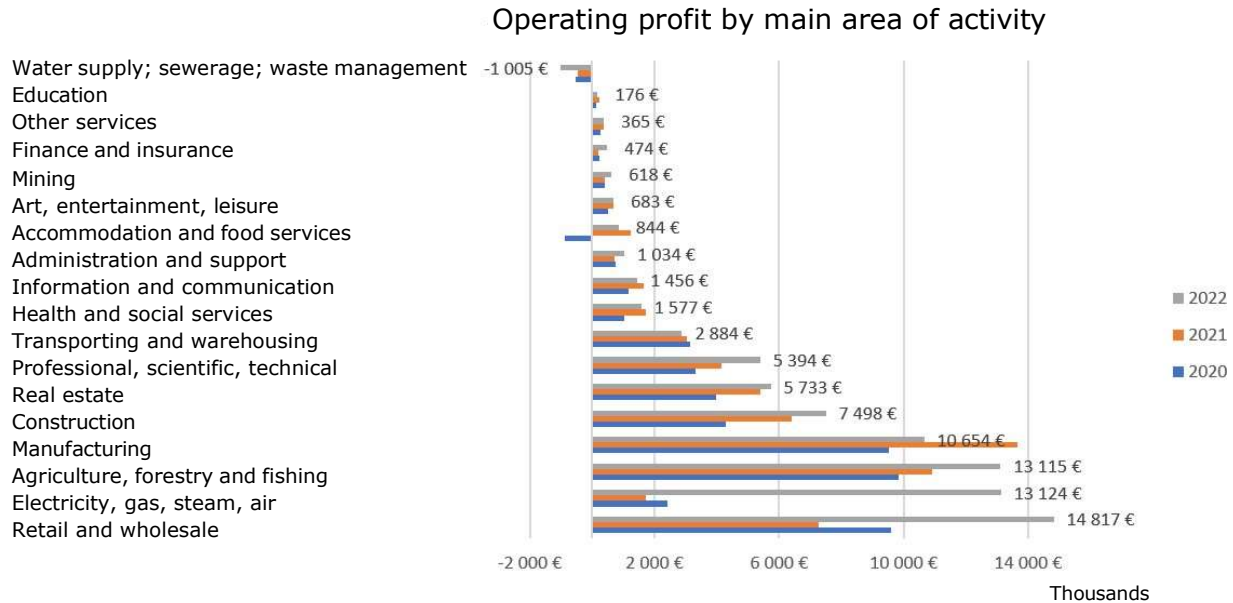
4.5 OPERATING PROFIT

Operating profit serves as a crucial indicator of a company's financial health and profitability, indicating sustainability and investment capability.

Overall, companies in Saare County significantly increased their profitability during the 2020-2022 period (Figure 14). In 2022, exceptional increases in profitability occurred in the Electricity, gas, steam and air conditioning supply (527%) and Retail and wholesale (92%) sectors. The latter two sectors contributed over 90% to the total operating profit growth of companies in Saare County. Extraordinary profits of electricity producers were widespread in 2022, both in Estonia and the wider region. However, the operating profit growth of Retail and wholesale was notably exceptional in this regard. A possible explanation is that traders were able to leverage the general inflationary environment to boost their profit margins.

The most significant decrease in profitability in 2022 occurred in Manufacturing (-22%), mainly caused by rising input prices that companies were not able to pass on to clients to maintain their profit margins.

Figure 14. Saare County companies' operating profit, 2020-2022 (2022 numbers marked on the figure).
Source: Analysis of data from the Business Register

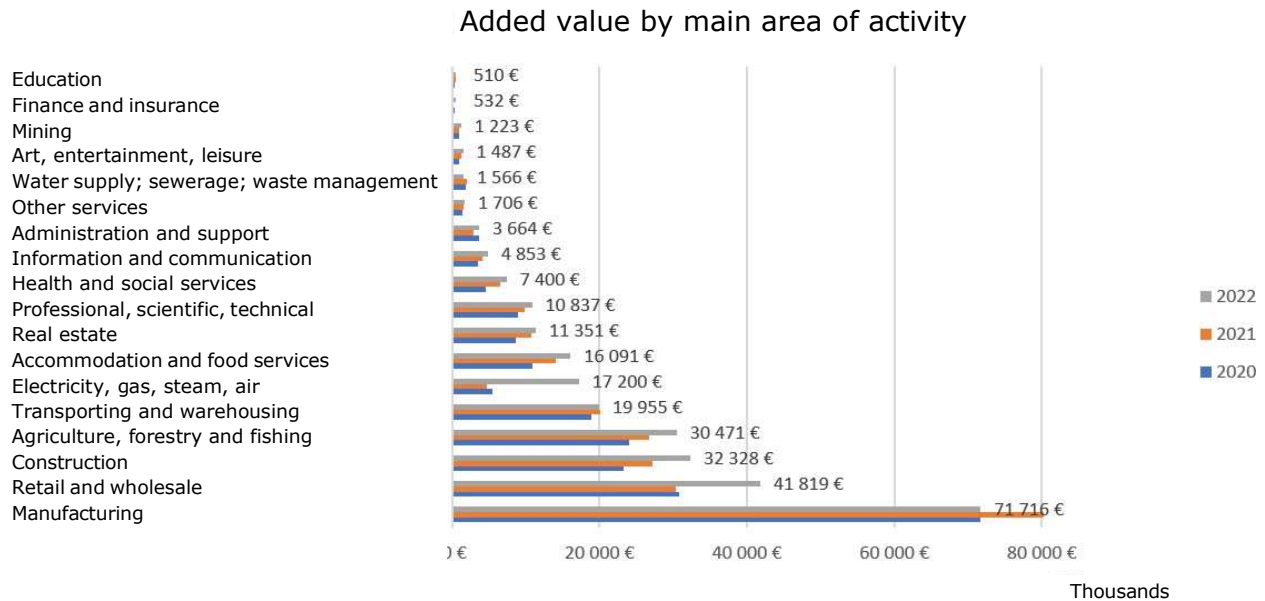


4.6 ADDED VALUE

The added value represents the value companies create or their contribution to the economy, encompassing labour and production costs. In this analysis, added value is calculated as operating profit + depreciation of fixed assets + labour cost. The formulas used to calculate added value in different analyses may vary, hence added values listed in this analysis may not be directly comparable with those reported by the Ministry of Economic Affairs and Communication or others.

The added value created by companies in Saare County has shown steady year-over-year growth, surpassing 280 million euros in 2022. While Manufacturing contributed a third of the total added value in the county during 2020-2021, this decreased to just 28 per cent in 2022. The share of added value provided by Retail and wholesale Electricity, gas, steam and air conditioning supply increased significantly compared to previous years (Figure 15).

Figure 15. Saare County companies' added value, 2020-2022 (2022 numbers marked on the figure).
Source: Analysis of data from the Business Register



4.7 ADDED VALUE PER EMPLOYEE

Added value per employee is a measure of employee productivity and a company's efficiency, where a higher value suggests better resource utilization and higher value created by each employee.

By definition, added value per employee is linked to the number of employees, resulting in less labour-intensive sectors displaying significant year-on-year fluctuations. Table 22 illustrates that certain sectors have managed to multiply their added value per employee year-over-year. In 2022, the sector with the highest added value per employee is still Electricity, gas, steam and air conditioning supply, owing to its exceptional profitability in 2022. For the finance and insurance sector, the consistently high figure is primarily due to the sector employing fewer than five people in total. Among larger sectors, Retail and wholesale significantly increased their results during 2020-2022, largely attributable to the exceptionally high profits in 2022. Other major sectors with sustainable growth include Manufacturing, Agriculture, forestry and fishing, Construction and Accommodation and food service. In 2020, the latter had the lowest added value per employee in the county but managed to exhibit significant growth every year during this period. The sector with the largest decrease in added value per employee in 2020-2022 was Water supply; sewerage; waste management and remediation activities.

Table 22. Added value per employee by sector in Saare County, 2020-2022. Source: Analysis of data from the Business Register

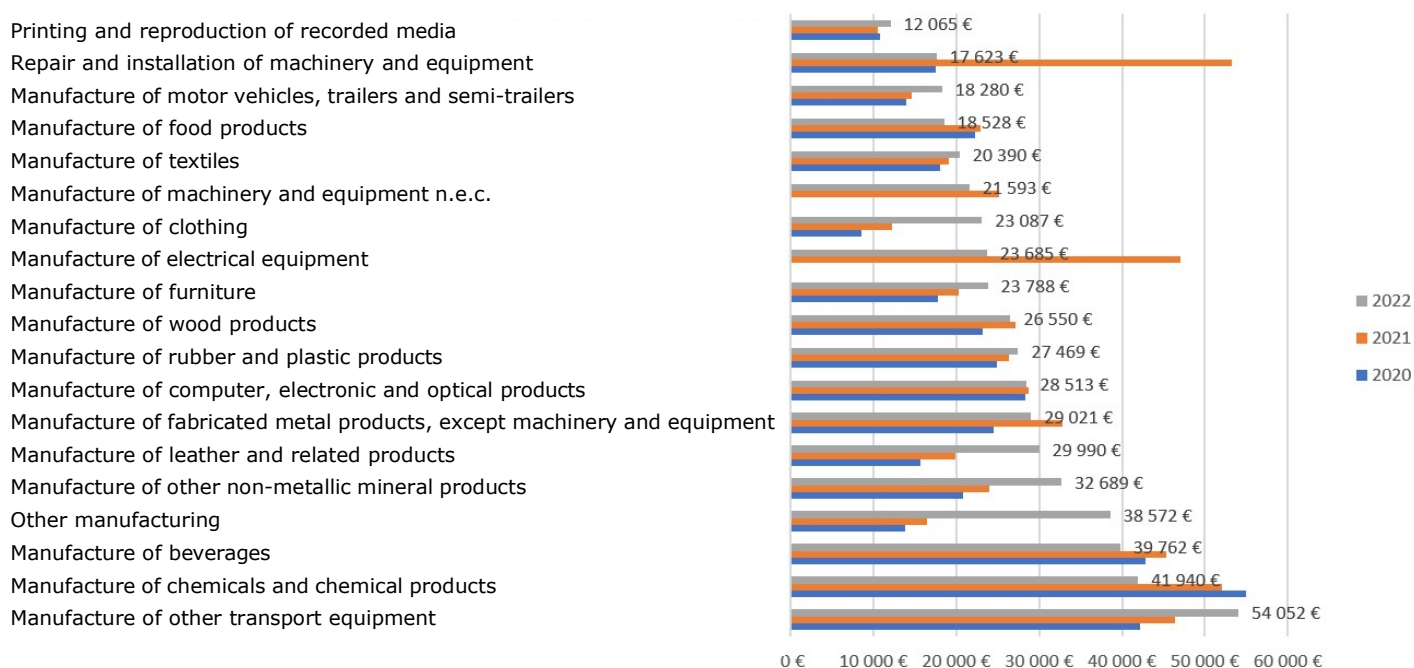
Area of activity	2020	2021	2022	Change 2020-2022
Electricity, gas, steam and air conditioning supply	129,066 €	129,817 €	358,324 €	177.6 %
Finance and insurance	91,796 €	110,881 €	266,006 €	189.8 %
Real estate	65,886 €	82,366 €	100,452 €	52.5%
Agriculture, forestry and fishing	45,113 €	48,835 €	54,510 €	20.8%

Mining	38,338 €	41,740 €	47,045 €	22.7%
Information and communication	29,811 €	36,520 €	41,482 €	39.2%
Healthcare and social services	36,004 €	40,069 €	40,660 €	12.9%
Professional, scientific and technical	33,238 €	36,857 €	40,587 €	22.1%
Water supply; sewerage; waste management and remediation activities	44,908 €	45,169 €	38,196 €	-
Retail and wholesale	27,951 €	28,139 €	36,748 €	31.5%
Transporting and storage	31,258 €	32,434 €	34,704 €	11.0%
Education	22,286 €	31,879 €	29,998 €	34.6%
Construction	23,723 €	26,328 €	29,098 €	22.7%
Manufacturing	25,323 €	27,933 €	28,335 €	11.9%
Administrative and support service activities	20,337 €	22,768 €	22,759 €	11.9%
Arts, entertainment and recreation	18,005 €	16,005 €	19,309 €	7.2%
Accommodation and food service	14,621 €	16,872 €	18,432 €	26.1%
Other services	12,878 €	13,749 €	13,227 €	2.7%
Overall average	27,828 €	30,121 €	34,481 €	23.9%

In Manufacturing, the area with the largest added value per employee was the Manufacture of other transport equipment, followed by the Manufacture of chemicals and chemical products and the Manufacture of beverages (Figure 16). The latter two sectors employ relatively few people in Saare County. In areas with more revenue and jobs, this indicator remained quite stable during 2020-2022. The only exception is the Manufacture of food products, which experienced a major operating loss in 2022, significantly impacting its added value.

Figure 16. Saare County Manufacturing companies' added value per employee, 2020-2022 (2022 numbers marked on the figure). Source: Analysis of data from the Business Register

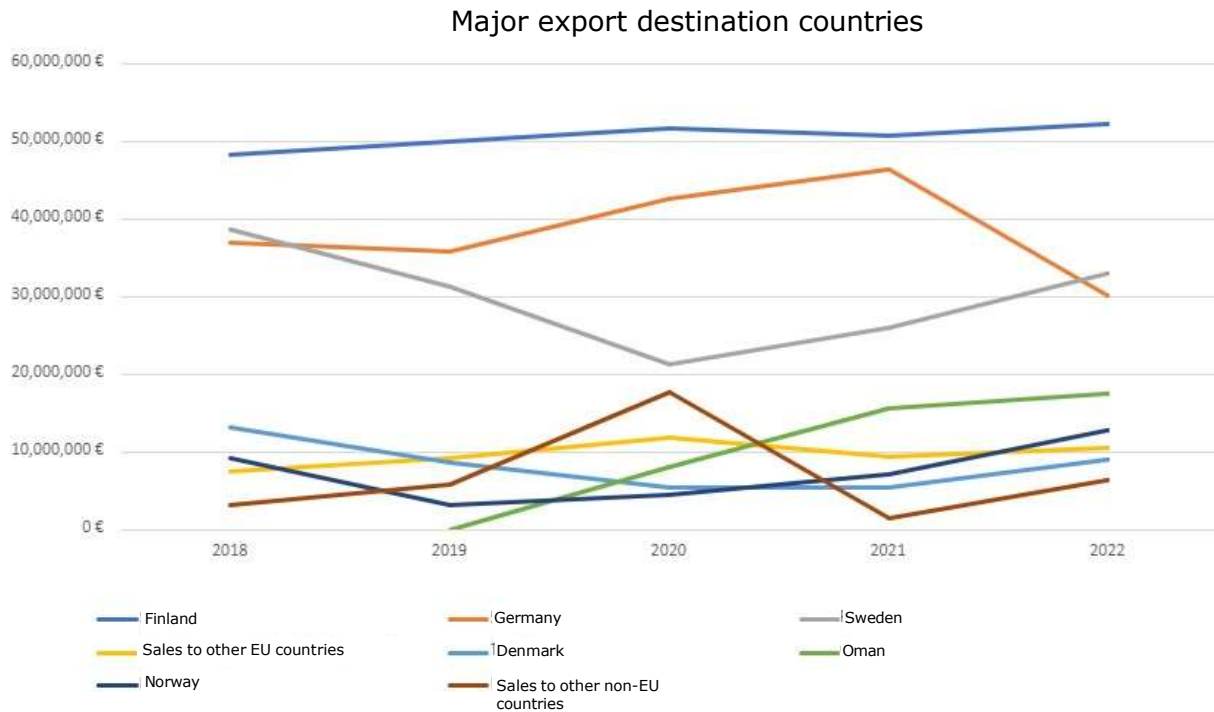
Added value per employee by manufacturing area



4.8 EXPORT

Export demonstrates a company's ability to perform on the international market. Export is an important factor in terms of providing sustained growth and hedging market risks, as an export-capable company may be able to offer its goods and services to more clients at a price potentially exceeding that paid on the domestic market.

Figure 17. Saare County companies' main export destination countries, 2018-2022. Source: Analysis of data from the Business Register

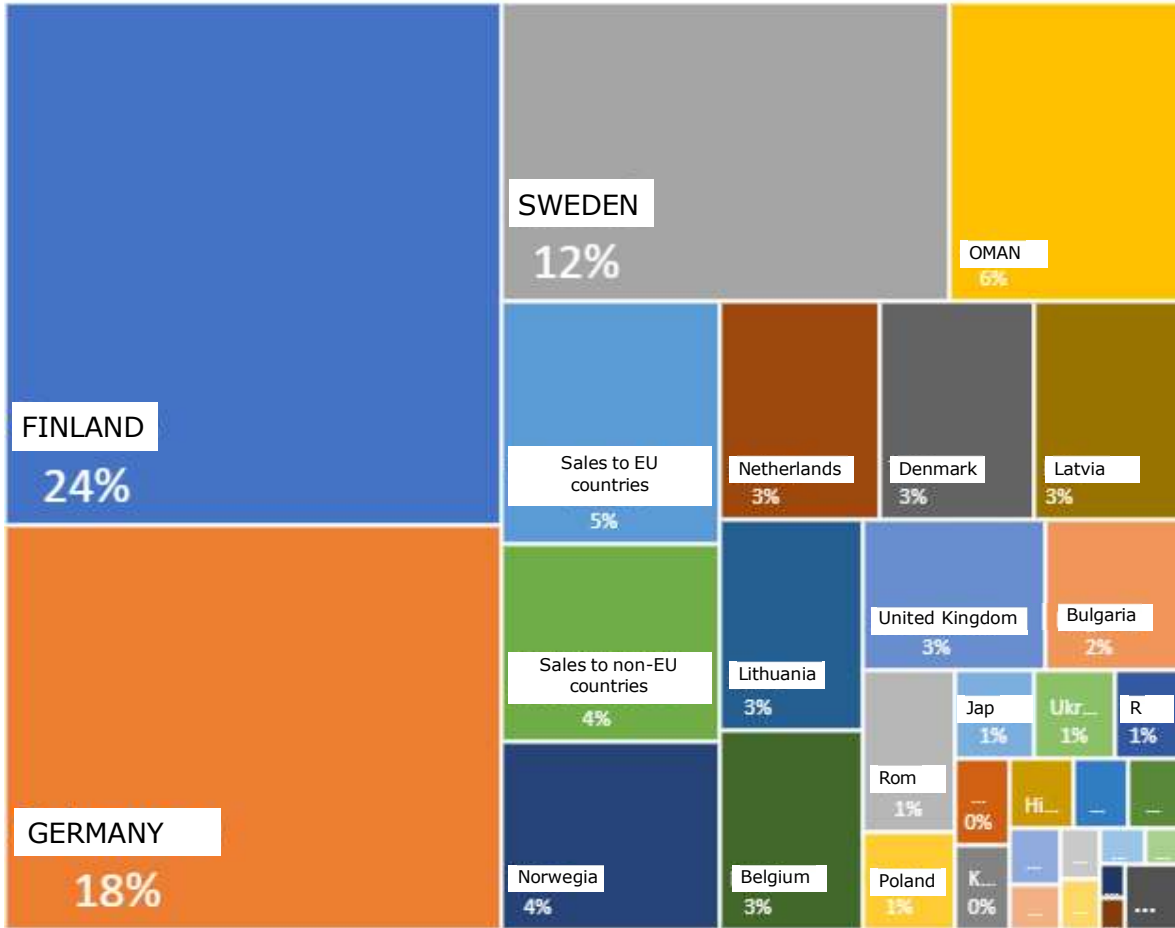


In 2022, Saare County companies exported more than 222.9 million euros worth of goods and services, which is 1% more than in 2021. Because the overall revenue of companies in the county increased significantly more (13.2%), it may be deduced that the increase in economic activity in the county in 2022 was mainly based on increased domestic consumption. For Saare County companies in total, export made up 24.1% of total revenue. Saare County has three main export markets which have been clearly established over the years: Finland, Germany and Sweden (Figure 18). Exports to these markets make up more than half of total exports from the county. In recent years, Oman has become a significant export country for the county with essentially a single exporter - Baltic Workboats AS. A positive trend is the strong rebound of the sale of goods and services to Norway, which dropped below 4 million euros in 2019-2020. Analysis of the effects of the war in Ukraine on exports by Saare County companies reveals that sanctions against the Russian Federation and Belarus have had relatively minor dire impacts, as neither of these countries were major export destinations for companies in the county. During the 2018-2022 period, exports to Russia never exceeded 2 million euros annually, and exports to Belarus were zero. Companies may also have reported some exports to these two countries under "Sales to other non-EU countries", but there is no detailed data on this.

In total, Saare County companies exported their products and services to at least 54 foreign countries in 2022.

Figure 18. Saare County exports by destination country, 2020-2022. Source: Analysis of data from the Business Register

Percentage of target countries in Saare County exports

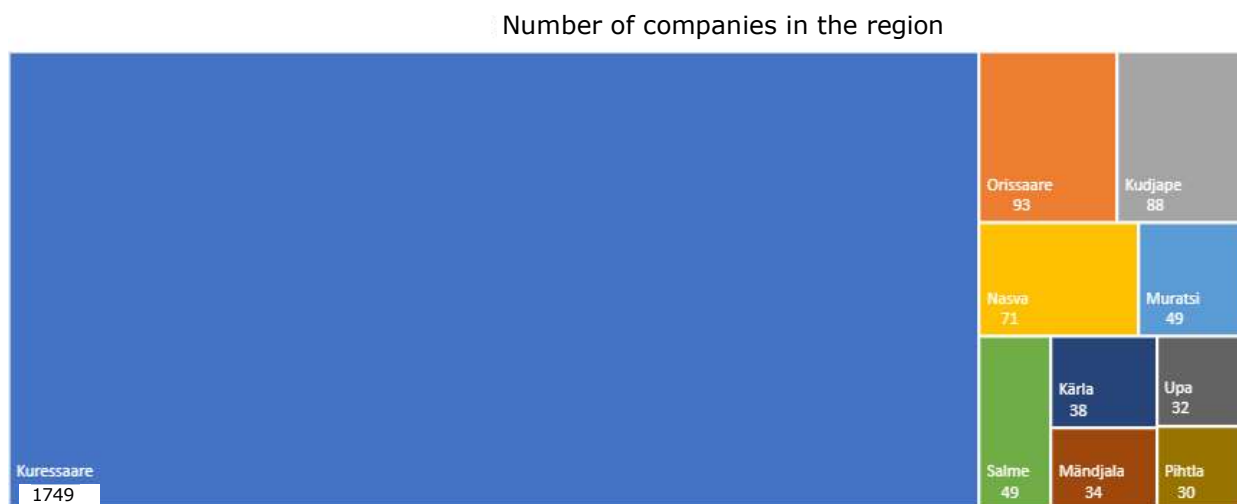


4.9 REGIONAL DISTRIBUTION OF COMPANIES AND LARGEST COMPANIES

The objective of this section is to analyse the geographic, and regional distribution of Saare County companies and identify the most significant companies in major regions. The regional distribution of companies was determined based on the contact information reported to the Business Register, considering only companies with specified areas of activity. The detailed analysis focuses on three regions with the largest number of active companies. The largest companies are identified based on revenue.

Figure 19 clearly depicts that nearly 2/3 of all companies in the county are based in Kuressaare, with significantly fewer companies located in other areas.

Figure 19. Saare County population centres with the largest number of companies in 2022: Source: Analysis of data from the Business Register



4.9.1 Kuressaare

Kuressaare, as the county seat of Saare County, hosts the majority of its companies. The sector with the largest number of companies in Kuressaare is Professional, scientific and technical activities, but these are primarily micro-enterprises and make a minor overall contribution, e.g. in terms of revenue. The next largest sectors are Retail and wholesale and Agriculture, forestry and fishing (Table 23). The latter is also the sector with the largest decrease in number of companies between 2021-2022. This decline is mainly attributable to the fact that many agricultural companies report their financials not for a calendar year but for the period 01.07-30.06 and therefore several of these companies had not yet submitted their annual reports to the Business Register.

Table 23. Number of companies in Kuressaare region by sector, 2020-2022. Source: Analysis of data from the Business Register

Area of activity	2020	2021	2022
Professional, scientific and technical	196	214	205
Retail and wholesale, motor vehicle repairs	196	190	189
Agriculture, forestry and fishing	206	208	161
Real estate	119	119	133
Construction	131	132	128
Other services	92	98	102
Manufacturing	90	95	95

Accommodation and food service	82	90	86
Information and communication	81	86	84
Administrative and support service activities	63	57	58
Arts, entertainment and recreation	54	52	53
Transporting and storage	55	51	50
Healthcare and social services	24	28	28
Education	18	23	24
Finance and insurance	8	9	12
Electricity, gas, steam and air conditioning supply	3	6	6
Water supply; sewerage; waste management and remediation activities	4	4	3
Mining	3	2	2
Total	1,425	1,464	1,419

The largest companies in Kuressaare by revenue are active in Retail and wholesale and Manufacturing (Table 24).

Table 24. Largest companies in Kuressaare region by revenue, 2020-2022. Source: Analysis of data from the Business Register

Area of activity	2020	2021	2022	Change 2021-2022
Saaremaa Tarbijate Ühistu	44,054,246 €	47,196,457 €	53,580,467 €	13.5%
AS Saaremaa Piimatööstus	22,718,747 €	25,937,054 €	33,757,926 €	30.2%
Incap Electronics Estonia Osaühing	17,187,104 €	18,621,679 €	31,154,405 €	67.3%
Ouman Estonia Osaühing	17,919,811 €	21,666,872 €	26,589,104 €	22.7%
Osaühing Reta Puit	12,364,217 €	13,621,547 €	21,741,101 €	59.6%
Saaremaa Piimäühistu	131,527 €	10,695,236 €	19,927,524 €	86.3%
Osaühing Saaremaa Lihatööstus	18,634,700 €	16,628,542 €	15,749,736 €	-5.3%
Aktsiaselts Luksusjaht	10,494,573 €	10,389,458 €	15,170,522 €	46.0%
OÜ SPA Tours	9,892,013 €	9,772,641 €	15,121,785 €	54.7%
Aktsiaselts Saare Kütus	7,367,520 €	8,801,472 €	11,710,795 €	33.1%

4.9.2 Orissaare

Sectors with the largest number of companies located in Orissaare include Retail and wholesale, Construction and Manufacturing (Table 25). These sectors also contribute significantly in terms of jobs and revenue.

Table 25. Number of companies in Orissaare region by sector, 2020-2022. Source: Analysis of data from the Business Register

Area of activity	2020	2021	2022
Retail and wholesale, motor vehicle repairs	16	15	15
Construction	8	12	11
Manufacturing	8	10	9

Agriculture, forestry and fishing	5	9	7
Professional, scientific and technical	6	7	5
Administrative and support service activities	4	4	5
Arts, entertainment and recreation	3	4	5
Accommodation and food service	2	3	4
Transporting and storage	3	3	4
Other services	4	4	4
Healthcare and social services	3	3	3
Education	1	2	2
Finance and insurance	1	1	1
Information and communication	4	2	1
Real estate	4	2	
Total	72	81	76

The largest companies in Orissaare are distributed quite uniformly across different sectors, with some concentration in Construction (Table 26).

Table 26. Largest companies in Orissaare region by revenue, 2020-2022. Source: Analysis of data from the Business Register

Area of activity	2020	2021	2022	Change 2021-2022
Altivi Project OÜ	1,384,998 €	1,299,187 €	2,162,156 €	66.4%
Osaühing Träx	1,467,430 €	1,665,472 €	1,789,495 €	7.4%
OÜ Saarevõrk	1,182,648 €	1,300,504 €	1,304,145 €	0.3%
J.A SAARE OÜ	873,518 €	1,055,378 €	1,268,350 €	20.2%
HML Project Management OÜ	706,005 €	1,588,373 €	1,244,902 €	-21.6%
Osaühing AT Sim	499,854 €	608,479 €	942,943 €	55.0%
Osaühing Ores Ehitus	598,344 €	659,649 €	817,306 €	23.9%
Osaühing METALL-LUX	433,770 €	542,531 €	783,517 €	44.4%
DeterChem OÜ	744,838 €	620,217 €	700,475 €	12.9%
Swedox Transport OÜ	414,765 €	440,293 €	623,274 €	41.6%

4.9.3 Kudjape

In terms of the number of companies, the Kudjape region is dominated by Construction and Professional, scientific and technical activities (Table 27), with the largest companies in terms of revenue active in transport and storage and Manufacturing (Table 28).

Table 27. Number of companies in Kudjape region by sector, 2020-2022. Source: Analysis of data from the Business Register

Area of activity	2020	2021	2022
Construction	9	14	15
Professional, scientific and technical	10	10	11
Manufacturing	9	8	9

Retail and wholesale, motor vehicle repairs	8	9	7
Agriculture, forestry and fishing	4	4	6
Administrative and support service activities	3	4	5
Other services	4	4	4
Information and communication	6	4	4
Real estate	4	6	4
Arts, entertainment and recreation	2	2	3
Transporting and storage	5	4	2
Accommodation and food service	4	5	2
Education	2	2	1
Finance and insurance		1	1
Water supply; sewerage; waste management and remediation activities	1	1	1

Table 28. Largest companies in Orissaare region by revenue, 2020-2022. Source: Analysis of data from the Business Register

Area of activity	2020	2021	2022	Change 2021-2022
Viarectus OÜ	937,697 €	1,179,775 €	1,351,064 €	14.5%
MoonStar OÜ	1,981,665 €	1,930,980 €	1,056,263 €	-45.3%
OÜ Kudjape Ümberlaadimisjaam	993,911 €	1,057,893 €	1,049,566 €	-0.8%
Osaühing E- Laube	825,216 €	1,163,184 €	888,264 €	-23.6%
Monkwok OÜ	518,582 €	636,650 €	855,724 €	34.4%
Osaühing Saarte Tehnika	719,077 €	797,367 €	844,937 €	6.0%
Lemonfood OÜ	27,440 €	302,241 €	761,144 €	151.8%
HTM Karolin OÜ	491,875 €	590,918 €	636,576 €	7.7%
AMK Grupp OÜ	570,542 €	538,308 €	546,772 €	1.6%
Osaühing Hiire Önn	223,530 €	197,165 €	223,660 €	13.4%

5. Overview of sectors and areas of activity

5.1 MANUFACTURE OF FOOD PRODUCTS

2022 proved to be a challenging year for the food products manufacturing sector in Estonia overall. While revenue increased by 24.3% compared to 2021, this rise was primarily driven by a significant increase in input costs, leading to a 69.4% decrease in operating profit¹⁰. The sector also experienced a reduction in jobs, although labour costs rose due to wage pressure.

The economic indicators for Saare County companies engaged in the manufacture of food products in 2022 are incomplete, as at least one major company had not submitted its annual report by the time of preparing this economic analysis. Consequently, major adjustments will be necessary for 2022. Despite this, the sector witnessed an increase in both revenue and average salary in 2022 (Table 29). Operating profit in this sector was significantly impacted by the sudden and unforeseeable price increase of energy carriers and virtually all other manufacturing inputs. However, despite the challenges, the dairy industry, for example, remained profitable in 2022. Conversely, the meat industry reported major losses, suffering greatly from COVID-19 restrictions significantly impacting the overall economy (e.g. significant reductions of demand from the Horeca sector).

Table 29. General Indicators of the Manufacture of Food Products sector in Saaremaa Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	88,672,579 €	103,946,034 €	106,690,942 €	20.3%
Operating profit	-1,623,358 €	-1,319,298 €	-3,877,776 €	-138.9%
Added value	15,332,890 €	16,076,069 €	10,007,992 €	-34.7%
Added value per employee	20,947 €	21,902 €	16,488 €	-21.3%
Number of employees	732	734	607	-17.1%
Average Salary	1,146 €	1,175 €	1,170 €	2.1%

5.2 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT

In Estonia as a whole, all economic indicators of the Manufacture of other transport equipment sector increased by at least 20% between 2021-2022¹¹. Companies in Saare County significantly contributed to this growth, accounting for approximately a third of this sector in Estonia - the sector as a whole employed 1127 people in 2022 and generated revenue of 149.7 million euros.

The largest companies in this sector are engaged in the manufacture of workboats and sailing and motor yachts. Consistent with the overall trend in Estonia, all major economic indicators in this sector experienced growth during this period, with only the number of employees remaining steady (Table 30).

¹⁰ Economic bulletin 2022. Ministry of Economic Affairs and Communication

¹¹ Economic bulletin 2022. Ministry of Economic Affairs and Communication

Table 30. General indicators of the Manufacture of other transport equipment sector in Saaremaa Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	52,571,321 €	54,682,283 €	59,648,607 €	13.5%
Operating profit	7,875,411 €	9,121,113 €	12,755,080 €	62.0%
Added value	18,540,198 €	20,141,087 €	24,708,641 €	33.3%
Added value per employee	75,984 €	60,123 €	105,592 €	39.0%
Number of employees	350	335	341	-2.6%
Average Salary	1,641 €	1,781 €	1,921 €	17.0%

5.3 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS

In Estonia as a whole, the number of people employed in this sector increased by 14% to a total of 6816 employees¹². Labour costs increased at a similar pace (22%), as did revenue (20.7%), but operating profit declined by 61.8%. The profitability of this sector declined in 2022 in Saare County as well but to a significantly lesser degree (Table 31). In 2022, Saare County companies in this sector generated over 59 million euros in revenue, constituting a 60% growth compared to 2020. Added value in the sector increased by 15.2%, mostly due to added jobs and resulting growth in labour costs. A majority of goods produced by this sector are exported, with Finland, Sweden and Norway being the main target countries.

Table 31. General indicators of the Manufacture of computer, electronic and optical products sector in Saaremaa. Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	36,409,555 €	41,789,565 €	59,100,249 €	62.3%
Operating profit	3,558,335 €	3,386,274 €	3,338,971 €	-6.2%
Added value	10,199,042 €	10,634,145 €	11,749,693 €	15.2%
Added value per employee	34,225 €	33,975 €	33,380 €	-2.5%
Number of employees	298	313	352	18.1%
Average Salary	1,119 €	1,168 €	1,227 €	9.7%

¹² Economic bulletin 2022. Ministry of Economic Affairs and Communication

5.4 MANUFACTURE OF WOOD PRODUCTS

In Estonia as a whole, revenue from the Manufacture of Wood Products sector increased by 23.3%¹³. The number of employees remained the same, but salary costs increased by 10.9% due to wage pressure and operating profit decreased by 11.5%. It is difficult to conclude the 2022 financial results of Saare County company engaged in the manufacture of wood products, as two major companies had not submitted their annual reports by the date of this economic analysis. In 2021, these two companies employed 150 people and generated over 20 million euros in revenue. Accordingly, the decrease in economic indicators as provided in Table 32 does not reflect the actual situation in this sector. Other major companies in the sector admitted that revenue and profitability were reduced in 2022 due to increased input prices and a general market downturn.

Table 32. General indicators of the manufacturing of wood products sector in Saaremaa. Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	29,260,150 €	43,464,749 €	19,215,986 €	-34.3%
Operating profit	2,232,648 €	3,395,145 €	1,637,819 €	-26.6%
Added value	9,534,640 €	12,126,508 €	5,977,928 €	-37.3%
Added value per employee	25,980 €	30,165 €	29,304 €	12.8%
Number of employees	367	402	204	-44.4%
Average Salary	1,044 €	1,154 €	1,030 €	-1.4%

5.5 MANUFACTURE OF RUBBER AND PLASTIC PRODUCTS AND MINERALS

In 2022, this sector faced challenges in Estonia, with revenue stagnating, a 4% reduction in jobs and a 35.5% decline in operating profit¹⁴. Saare County companies in this sector reported significantly better results (Table 33). Their revenue continued to grow steadily, reaching 31 million euros by 2022, while the average gross salary increased to 1319 euros. Comparing the 2022 sales in this sector with 2021, there was very little growth. Saare County companies in this sector, which predominantly manufacture rubber details for the machinery and automotive industry, highlighted the negative effect of increasing energy prices on profitability.

Table 33. General indicators of the Manufacture of rubber and plastics products and minerals sector in Saaremaa. Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	22,535,450 €	29,142,382 €	31,298,230 €	38.9%
Operating profit	1,602,949 €	2,262,789 €	2,149,191 €	34.1%
Added value	10,112,233 €	11,950,759 €	11,753,097 €	16.2%

¹³ Economic bulletin 2022. Ministry of Economic Affairs and Communication

¹⁴ Economic bulletin 2022. Ministry of Economic Affairs and Communication

Added value per employee	26,894 €	27,410 €	29,164 €	8.4%
Number of employees	376	436	403	7.2%
Average Salary	1,192 €	1,220 €	1,319 €	10.7%

5.6 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT

In 2022, the metal product manufacturing sector increased its revenue and operating profit by 21.8% and 28.2%, respectively¹⁵. The number of employees in this sector decreased by 8.6% during the same period. Saare County companies in this sector reported somewhat lower results (Table 34). Compared to 2021, all major economic indicators decreased in 2022, with only the average salary increasing somewhat. The companies attributed the difficult situation to input price inflation. The sector is actively looking for alternative export markets to improve profitability.

Table 34. General indicators of the Metal products manufacturing sector in Saaremaa. Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	14,050,543 €	19,324,175 €	15,723,059 €	11.9%
Operating profit	792,583 €	2,150,355 €	805,779 €	1.7%
Added value	5,410,551 €	7,398,218 €	5,259,289 €	-2.8%
Added value per employee	24,482 €	32,881 €	29,057 €	18.7%
Number of employees	221	225	181	-18.1%
Average Salary	1,172 €	1,313 €	1,345 €	14.7%

5.7 RETAIL AND WHOLESALE

For the Retail and wholesale sector of Estonia in general, revenue increased by 28.8% and labour costs increased by 13.2% in 2022.¹⁶ With the number of jobs remaining essentially the same, the rising labour costs are due to a significant increase in average salary in this sector. The main contributor to increasing revenue was food price inflation throughout the year. In Saare County, this sector exhibited very similar trends overall (Table 35), with revenue and average salary growing and the number of employees remaining stable. The only very significant difference was the increasing profitability of Saare County companies in the Retail and wholesale sector. Compared to 2021, the companies in this sector doubled their operating profits in 2022. This contrasts with the overall operating profits in Estonia increasing by just 7% in 2022. The reasons for this are subject to speculation, but one could assume that Saare County companies in this sector were able to make profitable decisions in the high-inflation environment.

¹⁵ Economic bulletin 2022. Ministry of Economic Affairs and Communication

¹⁶ Economic bulletin 2022. Ministry of Economic Affairs and Communication

Table 35. General indicators of Retail and wholesale sector in Saaremaa. Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	189,714,369 €	193,367,559 €	230,887,150 €	21.7%
Operating profit	12,298,850 €	10,805,039 €	20,741,164 €	68.6%
Added value	33,508,039 €	33,857,900 €	47,743,521 €	42.5%
Added value per employee	30,407 €	31,408 €	41,954 €	38.0%
Number of employees	1102	1078	1138	3.3%
Average Salary	974 €	1,075 €	1,202 €	23.4%

5.8 CONSTRUCTION

2022 was a very successful year for the Construction sector. In Estonia as a whole, this sector's revenue (18.6%), operating profit (29.7%) and labour costs (15.3%) experienced growth¹⁷. These growth numbers were even higher in Saare County (Table 36). The profitability of this sector in Saaremaa and Estonia as a whole is somewhat surprising, as construction companies publicly complained about the devastating effect rising input prices would have on their projects' profitability and sustainability of the sector.

Construction companies registered in Saare County are mainly engaged in the construction of non-residential buildings and roads and mainly operate in Saaremaa.

Table 36. General indicators of the Construction sector in Saaremaa. Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	76,482,621 €	91,228,403 €	114,176,019 €	49.3%
Operating profit	4,840,660 €	6,399,975 €	7,499,278 €	54.9%
Added value	23,831,100 €	27,149,726 €	32,328,694 €	35.7%
Added value per employee	24,268 €	26,333 €	29,099 €	19.9%

¹⁷ Economic bulletin 2022. Ministry of Economic Affairs and Communication

Number of employees	982	1031	1111	13.1%
Average Salary	1,061 €	1,117 €	1,239 €	16.8%

5.9 AGRICULTURE, FORESTRY AND FISHING

Agriculture, forestry and fishing have traditionally had very stable financials, but 2022 was an exceptional year in this regard. The sector in Estonia overall grew its revenue by 29.3% and operating profit by an impressive 183.6%¹⁸. Saare County-based companies in this sector also reported large revenue increases, but their profitability remained significantly lower (Table 37). Year after year, the Agriculture, forestry and fishing sectors have maintained one of the highest added values per employee in Saare County. The companies with the largest revenue in the county are engaged in dairy farming.

Table 37. General indicators of Agriculture, forestry and fishing sector in Saaremaa. Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	52,266,412 €	49,822,608 €	64,264,442 €	23.0%
Operating profit	9,931,974 €	11,121,760 €	12,210,505 €	22.9%
Added value	24,037,338 €	26,970,874 €	29,565,956 €	23.0%
Added value per employee	45,268 €	49,217 €	52,891 €	16.8%
Number of employees	531	548	559	5.3%
Average Salary	974 €	1,062 €	1,182 €	21.3%

5.10 TRANSPORTING AND STORAGE

In Estonia as a whole, 2022 was a stable year for the Transporting and storage sector. In the general inflationary environment, revenue increased by 14.5% and labour costs increased by 11.9%¹⁹. Other indicators did not significantly increase or decrease. For Saare County, the year was similar, except the average gross monthly salary increased by 16.8% (Table 38). Companies attribute the stagnation of other indicators to the sharp increase in energy prices and other costs due to the Russian war in Ukraine. The decrease in revenue for the sector is because, commencing in 2022, Saaremaa Piimaühistu lists its main area of activity as the manufacturing of food products, resulting in its data being reported under Manufacturing.

¹⁸ Economic bulletin 2022. Ministry of Economic Affairs and Communication

¹⁹ Economic bulletin 2022. Ministry of Economic Affairs and Communication

Table 38. General indicators of the Transporting and storage sector in Saaremaa. Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	41,824,787 €	54,431,416 €	47,646,778 €	13.9%
Operating profit	3,128,478 €	3,051,772 €	2,883,834 €	-7.8%
Added value	18,848,654 €	20,174,221 €	19,954,598 €	5.9%
Added value per employee	31,258 €	32,434 €	34,704 €	11.0%
Number of employees	603	622	575	-4.6%
Average Salary	1,058 €	1,153 €	1,236 €	16.8%

5.11 ACCOMMODATION AND FOOD SERVICE

For the Accommodation and food service sector, 2022 was a year of strong recovery from the 2020 and 2021 COVID-19 restrictions. In Estonia as a whole, all major economic indicators improved sharply: the number of employees increased by 18%, labour costs by 42.6%, revenue by 53.9% and operating profit by 131.5%²⁰. Companies in Saare County had essentially the same growth numbers in 2022 (Table 39). The only significant difference was in operating profit, which improved compared to the loss of 2020, but remained lower than the profit of 2021. As the main reason impacting their economic results, Saaremaa companies put the COVID-19 restrictions in place in early 2022 (the so-called vaccine passport requirement) Added to this were rapid inflation and increasing energy prices due to the war in Ukraine, which significantly affected consumer behaviour. The war in Ukraine also caused a flood of foreign tourists cancelling their reservations.

The largest Saare County companies in this sector provide accommodation, food and spa services. OÜ SPA Tours mainly operates outside Saare County.

Table 39. General indicators of Accommodation and food service sector in Saaremaa. Source: Analysis of data from the Business Register

Indicators	2020	2021	2022	Change 2020-2022
Revenue	26,647,920 €	30,363,941 €	43,073,788 €	61.6%
Operating profit	-2,445,036 €	1,059,904 €	757,402 €	131.0%
Added value	9,357,170 €	13,923,697 €	16,005,064 €	71.0%
Added value per employee	12,510 €	16,675 €	18,333 €	46.5%
Number of employees	748	835	873	16.7%
Average Salary	847 €	807 €	953 €	12.5%

²⁰ Economic bulletin 2022. Ministry of Economic Affairs and Communication