

LABOR & TALENT:

Developing the Full Potential of Estonia's Human Capital and Making the Country an Attractive Destination for International Talent

AmCham Estonia welcomes Estonia's tangible progress in attracting and retaining foreign talent and making it easier for companies to attract top-tier professionals worldwide. Changes to the Aliens Act, which have come to force in 2017 and earlier have already demonstrated their positive impact on Estonia's potential as a global player in the innovative industries of the future.

Added value of the global economy is increasingly generated in the services sector. In Estonia too, the share of services in GDP is now over 70%. This trend continues and Estonia faces new challenges in the global community. In these circumstances, education needs to be set as the highest long-term priority with clear short and mid-terms goals that could be progressively measured and adjusted. AmCham members stand ready to work together with the Estonian society and authorities to make sure the trends of knowledge-based growth and smart businesses continue and intensify. To achieve those goals, two focus areas and related challenges deserve special attention and careful consideration.

The following issues were raised by our members and outlined by the AmCham Estonia Talent & Labor Committee:

- Immigration Policy and Procedures
 - The current immigration quota has become outdated. It does not serve the purpose of protecting the Estonian labor market, because of the many caveats and exceptions enshrined in the Aliens Act. The quota's only effect is increased bureaucracy and additional workload for the Police and Border Guard. Once the quota is filled, employers must first register foreign workers for short term employment and apply for a residence permit after a new year begins. This way the quota creates an artificial barrier to a much-needed high skilled labor force.
 - Estonia should strive towards a system where the residence permit applicant needs to physically visit an Estonian Embassy or PPA service center only once (i.e. when she receives the residence permit). All other materials could be submitted electronically or by regular mail.
- Flexible and modern labor environment, promoting growth and investment
 - Estonian labor legislation is still fundamentally designed for an industry-centric environment, while the economy is increasingly focused on services. Adapting to this reality must come with increased flexibility of the labor market and the way labor relations are regulated.
 - There is an urgent need to further improve the availability of competitive, English-language international education in Estonia at affordable price range and quality level both in terms of curriculum as well as infrastructure.

List of Action Items and Corresponding Recommendations:

- Annual quota for immigration should be abolished.
- The Aliens Act should be amended to allow a residence permit applicant to physically visit an Estonian Embassy or Police and Border Guard service center only once.
- Special consideration should be given to the student-based state support or “head-money” for students studying in authorized international IB programs, given the higher costs related to offering the curriculum;
- Estonia should prioritize using funds made available in the EU financial framework 2014-2020 to invest in competitive international education facilities and customized infrastructure;
- Employment Contract Act should be amended to include more forms of modern employment, such as project based work and 0-hours contracts. Legislation should place more emphasis on various agreements between the employer and employee to enable more flexibility.

Estonia must firmly continue on the track of enabling smart jobs and attracting talent. Modern labor legislation and competitive immigration procedures effectively support those goals

