CENTRE FOR ECONOMIC STRATEGY

A Strategic Economic Dialogue: Estonia–Ukraine Fact Sheet

For Estonia, Ukraine is an important buyer of fish and seafood, alongside a growing range of strategic technology and equipment. In return, Ukraine supplies wood products, processed food, and furniture. Ukraine is also a major supplier of ICT services, which accounted for €235 mln of Estonia's services imports in 2025.

With more than 63,000 Ukrainian citizens living in Estonia at the beginning of 2026, Ukrainians have become the country's second-largest foreign community, accounting for 4.6% of the population. Investment ties have also recovered beyond pre-war levels: Estonia's direct investment stock in Ukraine reached €232 mln in 2025 (up from €185 mln in 2021). In addition, Estonia plans to allocate at least €70 mln to Ukraine's development and reconstruction in 2022–2027, with a particular focus on Zhytomyr Oblast.

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Date:

7 September 2026

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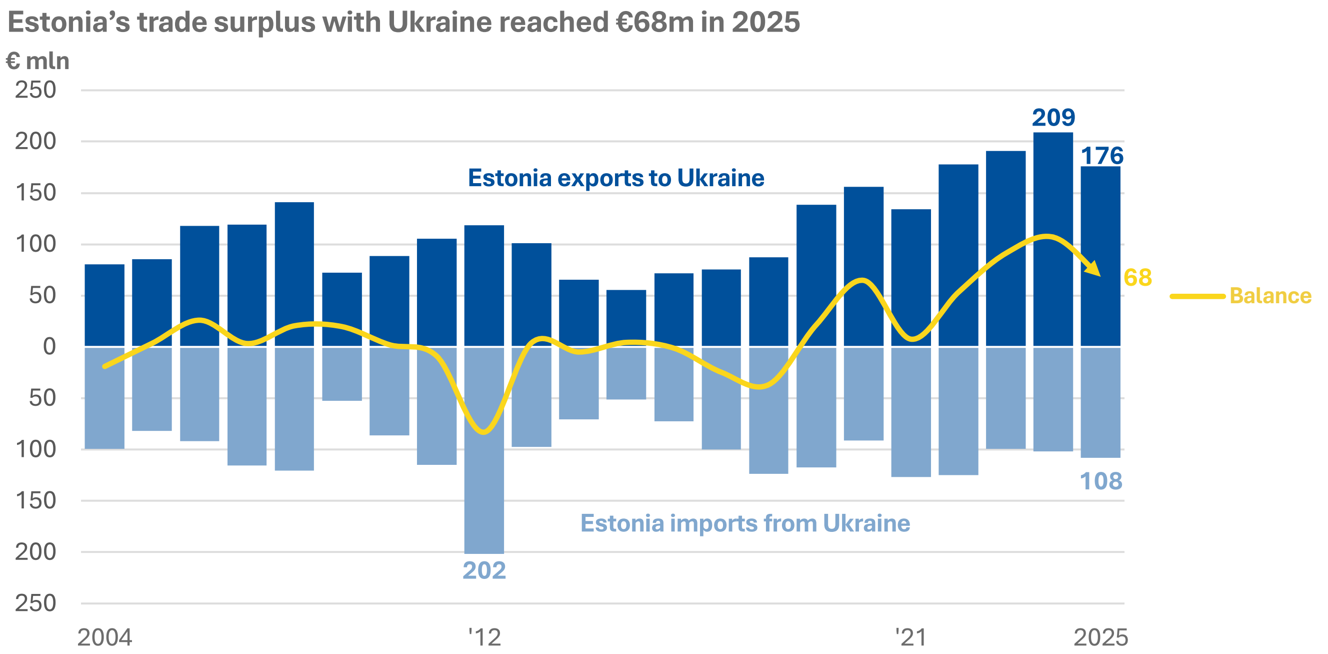
MOVEMENT OF GOODS

Estonia's goods trade surplus with Ukraine increased sharply after the start of the full-scale invasion. In 2025, Estonia exported €176 mln of goods to Ukraine and imported €108 mln, resulting in a surplus of €68 mln. Notably, Estonia exported €209 mln of goods to Ukraine in 2024, reaching a peak trade surplus of €107 mln, far above the pre-war level of €8 mln (Figure 1). Despite representing a small share of total trade, Ukraine has become a meaningful destination for Estonian goods outside the EU, accounting for 3.8% of Estonia's extra-EU exports in 2025 — higher than EU average of 3.2% — and 1.1% of its extra-EU imports.

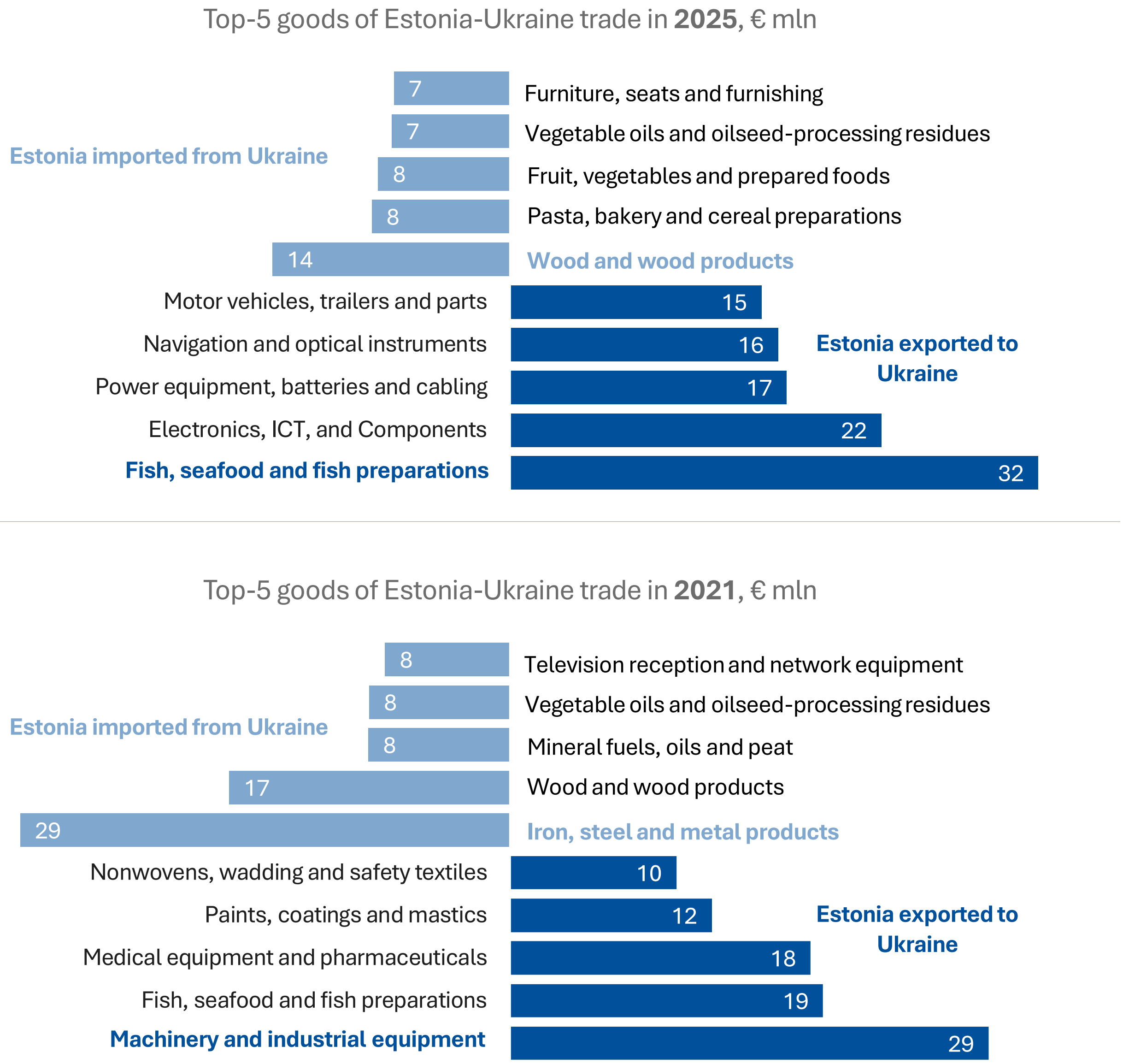
Figure 1. Trade in goods between Estonia and Ukraine in 2004-2025, € mln



Source: Statistics Estonia, CES calculations

Estonia's trade structure with Ukraine shifted between 2021 and 2025 (Figure 2). On the export side, fish and seafood overtook the prior leader to become the single largest individual product category. At the same time, a broader dominant export cluster, consisting of electronics and ICT, power equipment, navigation instruments, vehicles, and aviation equipment, accounted for 48% of Estonia's total exports to Ukraine. On the import side, wood products stayed the leading category, iron and steel fell out of the top five, and a broader mix of food and manufactured goods took their place.

Figure 2. Top-5 goods in Estonia–Ukraine bilateral trade in 2025 and 2021, € mln



Source: Statistics Estonia, CES calculations

Estonian Exports: Surge in Seafood and Defence technology

Fish, seafood and fish preparations account for 18% of Estonia's exports to Ukraine and represent the largest Estonian export category between the two countries, reaching €32 mln in 2025, up by 69% from 2021 (€19 mln). Frozen fish represent €23 mln, or 71% of the category, led by herring (€11 mln), sardines and sprats (€6 mln), and other frozen fish (€5 mln). Ukraine purchased 46% of Estonia's worldwide frozen herring exports and 45% of its sardine and sprat exports in 2025, positioning Ukraine as a vital anchor market for Estonia's domestic food processing sector.

Estonia's exports to Ukraine have shifted sharply towards strategic technology and equipment since the full-scale invasion. In 2025, four out of the five largest Estonian exports to Ukraine belonged to this sector, significantly transforming the export structure from 2021.

This defence-relevant shift is also evident at the company level: one of the defence-related companies that we analysed recorded 95% of its total imports coming from Estonia in 2025, consisting primarily of communications equipment, optical components, batteries, and UAV parts, showing how Estonia-centred supply chains actively support Ukraine's domestic defence-technology sector. This cooperation was further institutionalised in July 2026, when Estonia and Ukraine signed the Drone Deal, providing for technological cooperation and joint production in areas including drones, sensors, air-defence capabilities, and battlefield-management systems.

Imports from Ukraine: Shift from Heavy Metals to Wood and Food products

Estonia imported €14 mln of Ukrainian-origin wood products in 2025, led by sawn ash and oak, flooring panels, and veneer sheets. A noteworthy example at the company level is Brenvel, a Volyn-based wood-processing company specialising in pellets, fuel wood, and timber/pallets. Youcontrol.com recorded around €9 mln of Brenvel's 2025 exports linked to Estonia, nearly half of the company's total exports.

Metal products recorded the most notable decline among the main Estonian import categories from Ukraine. Imports of Ukrainian-origin iron, steel and metal products to Estonia fell by 78% between 2021 (€29 mln) and 2025 (€6 mln), reducing the category's share of bilateral imports from 23% to 6%. This decline was driven by hot-rolled steel plate: accounting for €18 mln of Ukrainian-origin imports in 2021, falling to €80 thousand in 2025.

This drastic drop reflects the wartime shock on Ukrainian metallurgy: destruction of Azovstal and the Illich steelworks in Mariupol eliminated close to 40% of Ukraine's steel-making capacity, while energy disruptions and new costly constraints on export routes restricted production and delivery.

The increase in Ukrainian-origin food products imported to Estonia has diversified the trade structure in recent years. In 2025, pasta and bakery products (€8 mln), fruit, vegetables and prepared foods (€8 mln), and vegetable oils and residues (€7 mln) together reached €23 mln. Ukraine also supplied 73.5% of Estonia's imports of refined sunflower oil, demonstrating its importance to Estonia's food supply. Furniture also became the fifth largest Ukrainian import category in 2025, further suggesting Ukraine's growing role as a supplier of processed and manufactured goods to Estonia, rather than raw materials alone.

MOVEMENT OF SERVICES

Estonia's services trade deficit with Ukraine reached a record of €185 mln in 2025, as imports from Ukraine (€315 mln) were more than twice Estonia's exports (€130 mln). Bilateral trade in services expanded markedly after 2021, with growth mainly driven by imports from Ukraine, thereby enlarging Estonia's deficit, which has been present since 2019 (Figure 3).

Figure 3. Trade in services between Estonia and Ukraine in 2010-2025, € mln

Source: Statistics Estonia, CES calculations

The widening of Estonia's services deficit after 2021 is largely attributable to rapidly growing imports of telecommunications, computer, and information (ICT) services. They accounted for almost three-quarters (€235 mln) of Estonia's service imports from Ukraine in 2025, up from €103 mln in 2021.

The large expansion of ICT service imports may be reflected by Estonian technology groups integrating Ukrainian technological capacity into their activities. Tallinn-headquartered ICT company operates four development centers in Ukraine, and YC.market identifies 8 active ICT entities in Ukraine that are wholly owned by ELEKS Holding OU, employing 458 people in 2025. In another example, Estonian technology company Nortal acquired Skelia in 2022, adding more than 350 specialists located mainly in Ukraine and Poland, subsequently incorporating its Ukrainian operations to a broader cross-border engineering network. The rise of ICT service imports also coincided with the 2022 Estonia-Ukraine agreement to deepen cooperation in digital government and cybersecurity, indicating that this combination of private-sector integration and strategic government partnerships between the two countries has created a robust, cross-border digital ecosystem.

Among Estonia's services imports from Ukraine, other business services ranked second (€46 mln), followed by transport (€18 mln), and travel (€7 mln). On the contrary, Estonia's service exports to

Ukraine in 2025 were led by other business services (€54 mln), followed by travel (€37 mln), ICT (€22 mln), and transport services (€12 mln).

In addition, Estonia's services exports peaked in 2022, with travel-services exports also reaching a record of €64 mln, 144% up from 2021. Since travel exports cover goods and services purchased in Estonia by non-residents, this increase can be associated with the large-scale arrival of Ukrainian refugees following Russia's full-scale invasion, rather than conventional tourism alone.

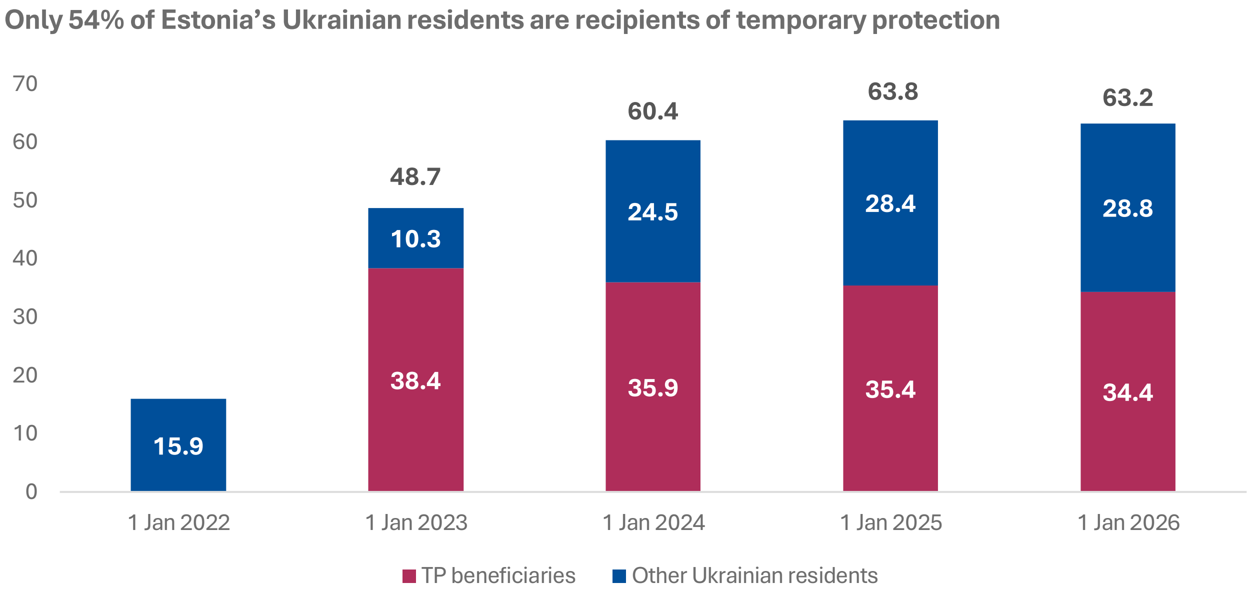
Overall, Ukraine was an important supplier of services to Estonia in 2025, accounting for 9.8% of its extra-EU imports; however, it remained a relatively minor export market, receiving 2.7% of Estonia's extra-EU services exports.

MOVEMENT OF PERSONS

Ukrainian citizens are the second largest foreign community in Estonia, after Russian citizens. As of January 2026, there are more than 63 thousand Ukrainian citizens residing in Estonia, of whom 34 thousand are beneficiaries of temporary protection. Ukrainian migration to Estonia predates the full-scale invasion, with the number of Ukrainian citizens residing in the country rising from less than 9 thousand in 2018 to nearly 16 thousand at the beginning of 2022, an increase of 84%. But the most dramatic change occurred between 2022 and 2023, as the number of Ukrainian citizens residing in Estonia more than tripled to almost 49 thousand. In January 2026, Ukrainian citizens residing in Estonia accounted for 4.6% of the country's total population.

As of May 2026, Estonia has 22.31 Ukrainians under temporary protection per 1000 people, compared with an EU average of 9.7 per 1000. This makes Estonia the 5th-largest host of beneficiaries relative to its population within the European Union, following Czechia, Slovakia, Poland, and Cyprus. Although Estonia hosts only 0.69% of all Ukrainian temporary protection beneficiaries within the EU, its share of the EU total understates the scale of the arrivals relative to the size of the country. The per-capita measure is more informative, as it shows the scale of reception relative to Estonia's population and reveals more about the potential effects on its labour market, housing, education, and public services.

Figure 4. Ukrainian residents and beneficiaries of temporary protection, thousands



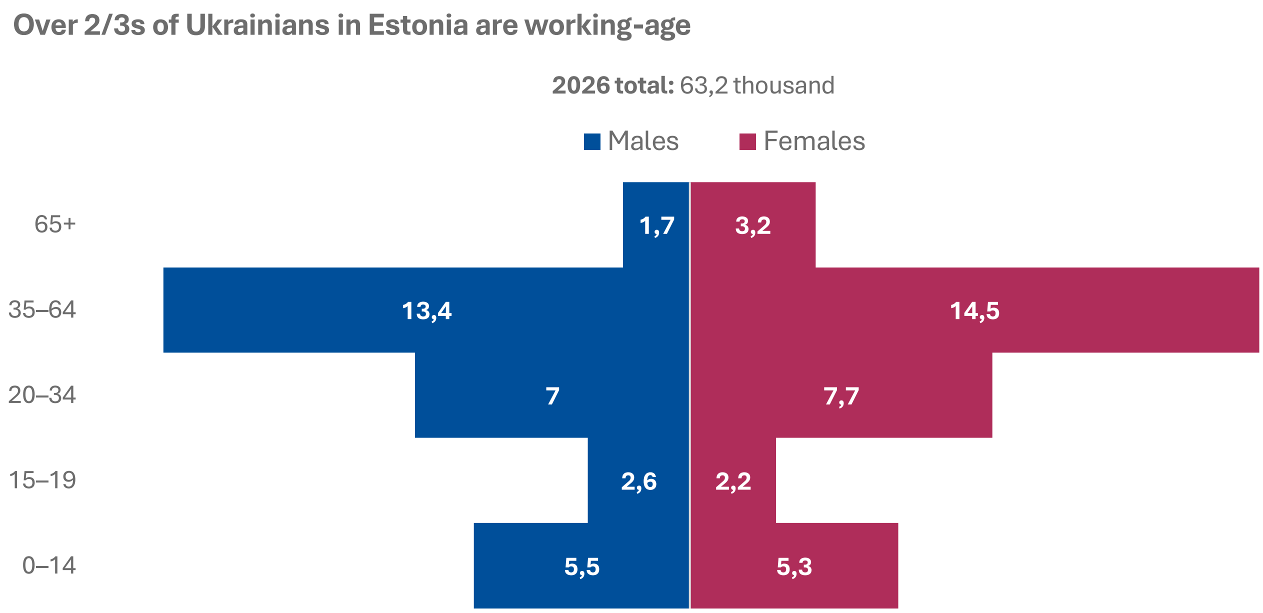
Source: Eurostat, Statistics Estonia

The total number of Ukrainian residents in Estonia is substantially higher than the number holding temporary protection (Figure 4). The sizeable population of nearly 16 thousand Ukrainians residing in Estonia in January 2022 can partly explain this disparity, since under the EU framework, temporary protection primarily covers Ukrainian nationals who were residing in Ukraine before 24 February 2022 and were displaced on or after that date. However, implementation is not uniform across the EU; countries such as Austria, Finland, and Spain, and many others extended temporary protection eligibility to certain Ukrainian nationals who were already present in the host country or had left Ukraine before 24 February 2022, whereas Estonia did not extend temporary protection eligibility to Ukrainians residing in the country before the invasion.

Applying for temporary protection is not the only way for Ukrainians to remain lawfully in Estonia. Ukrainian citizens who resided in Estonia before 24 February 2022 are allowed to stay and work under a special statutory right even after their visa or other basis for stay has expired, without the need to obtain a temporary-protection residence permit. In addition, some former beneficiaries have switched to more stable residence permits. In 2025, the number of temporary residence permits issued for permanent settlement increased by 243.9%, with Ukrainians accounting for 67% of recipients, most of them former temporary-protection holders.

The post-2022 influx brought near gender balance to the community, with women accounting for 52% of Ukrainian citizens residing in Estonia at the start of 2026 (Figure 5). People aged 20-64 make up 67.5% of Ukrainian residents in Estonia, indicating that the community could be a valuable labour resource amid Estonia's growing demographic pressures. Projections show that both Estonia's working-age population and total population are expected to decline in the coming decades, with labour shortages particularly in the information and communication technology, manufacturing, transport and logistics, healthcare, and social care sectors.

Figure 5. Gender and age groups of Ukrainians in Estonia in 2026, thousands



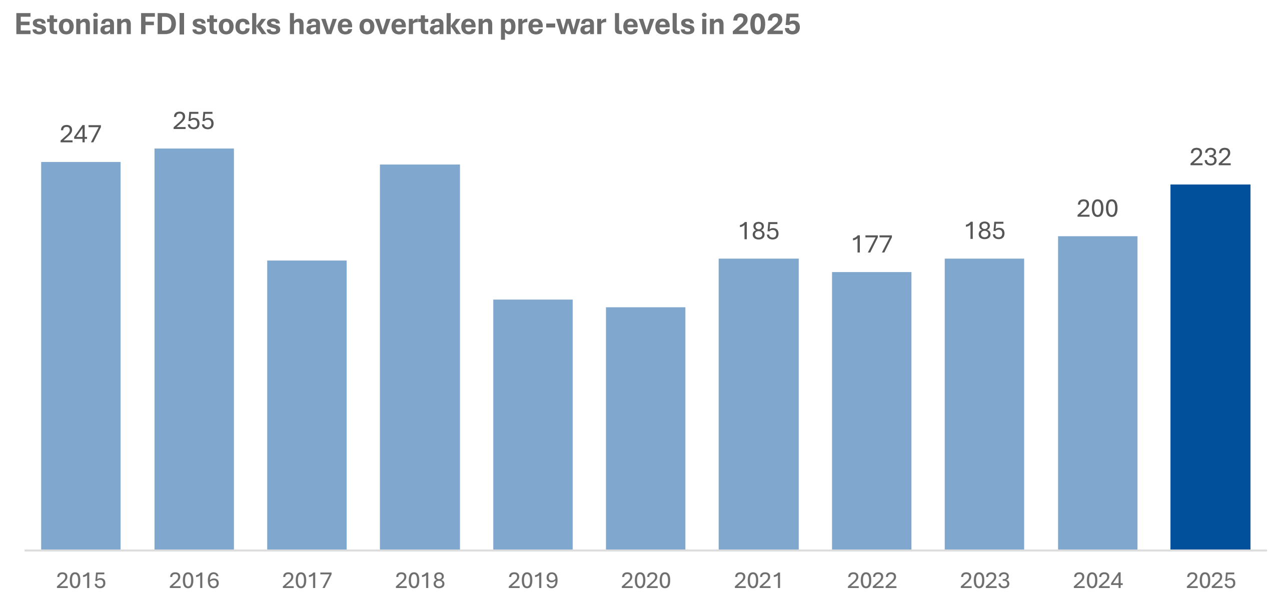
Source: Statistics Estonia

Labour-market integration has progressed rapidly, with reports stating that 79% of working-age refugees from Ukraine were employed in 2025, up from 69% in 2024. The most common employment sectors were manufacturing, accommodation and food services, and personal or domestic services. Earlier analysis estimated that 27 thousand Ukrainians had entered the Estonian labour market by 2023, representing 4% of the country's total labour force. This participation supports economic activity through employment, consumption, and an expansion of Estonia's labour supply.

MOVEMENT OF CAPITAL

Estonia's direct investment in Ukraine rose to €232 mln in 2025, continuing its post-2022 recovery and exceeding its pre-war level. (Figure 6).

Figure 6. Estonia's FDI stocks in Ukraine, EUR mln



Source: National Bank of Ukraine. Note: USD stocks were converted using the final available ECB reference rate in each year.

Net Estonian FDI inflows into Ukraine remained positive every year between 2022 and 2025, dropping to around €7 mln in 2022 before recovering to €44 mln in 2023, €38 mln in 2024 and €29 mln in 2025. The cumulative €118 mln of inflows primarily consisted of debt instruments (€60 mln) and reinvested earnings (€46 mln). Equity flows excluding reinvested earnings contributed only €12 mln. This inflow composition indicates that recovery was driven by existing Estonian investors retaining and reinvesting profits in Ukraine.

YC.Market identifies 266 active entities linked to Estonia in Ukraine that reported revenue in 2025, generating a combined turnover of €855 mln. The 10 largest firms accounted for over 60% of reported turnover, with Universal Fish Company alone generating 23%. Over 51% of Estonian-linked businesses that reported revenue in 2025 are registered in Kyiv city.

The food industry accounted for 24% of reported revenue of Estonia-linked companies in 2025, followed by wholesale trade (16%), gas trading (14%), machine building (7%), and IT (7%). At least 11,293 people were employed across 372 active companies that reported employment data, including 3,504 in the machine-building sector. These figures point to a two-sided economic presence, in which food, trade, and energy sectors are the primary drivers of revenue, while heavy industries such as machine building foster opportunities for industrial employment.

This sectoral structure is shaped by a small number of firms. The ten largest companies generated €516 mln (60%) of all reported revenue in 2025. Table 1 identifies the ten companies behind this concentration.

Table 1. Largest Estonia-linked companies operating in Ukraine, 2025

Company	*Estonian Ownership (%)*	Activity	Region	2025 revenue, €mln	Employees
Universal Fish Company	*90%*	Food industry	Kyivska oblast	198	849
DDZ-Service	*100%*	Gas trading	Kyiv city	70	4
Kryukovsky Railway Car Building Works (KVSZ)	*50%*	Machine building	Poltavska oblast	56	3,395
NOR-EST AGRO	*51%*	Wholesale trade	Kyivska oblast	53	233
MINERALS	*100%*	Gas trading	Kyivska oblast	45	6
BOLT OPERATIONS UKRAINE	*100%*	Digital mobility and delivery	Kyiv city	23	50
ISD (AI ES DI)	*100%*	Information technology	Dnipropetrovska oblast	20	14
LAMELLA	*100%*	Furniture industry	Zakarpatska oblast	20	425
MESSER UKRAINE	*100%*	Chemicals	Dnipropetrovska oblast	18	58
UPI PLUS	*100%*	Wholesale trade	Kyiv city	14	5
Top 10 total	-	-	-	**516**	5,039
% share of reported total	-	-	-	***60%***	***45%***

Source: YouControl Market, CES calculations. Note: In 2025, annual UAH/EUR exchange rate was 47.0635. Company revenues are rounded to the nearest € mln and may not sum to the total. The total and shares are calculated using unrounded values.

The table also reveals that the leading companies depict diverse forms of Estonia-linked business presence in Ukraine. Universal Fish Company combines seafood processing with large-scale storage and logistics; KVSZ (Kryukovsky Railway Car Building Works) and Lamella — which produces solid-wood furniture — serve as labour-based manufacturing hubs; and Bolt represents digital platform services.

Notably, DDZ-service and Minerals – both gas trading companies among the top five largest Estonian-linked entities by revenue – generated €115 mln in combined turnover with only ten reported employees and approximately €5,600 in fixed assets.

Therefore, the diverse economic footprint of Estonia-linked entities in Ukraine combines value-added processing, heavy industrial employment, and asset-light trading structures, highlighting that turnover alone doesn't demonstrate the full extent of economic substance created by these companies.

Estonia plans to allocate €70 mln to Ukraine's development and reconstruction in 2022-2027, creating an opportunity for reconstruction of Ukraine to serve as a market-entry channel for companies. Physical reconstruction is concentrated in Zhytomyr oblast: as in 2022, Estonia became the first country to officially respond to President Zelenskyy's 2022 call for international partners to focus their reconstruction efforts on specific regions of Ukraine. Estonia subsequently became the first country to begin the practical restoration of a Ukrainian region, turning the commitment into concrete implementation. ESTDEV explicitly links these projects to creating conditions for companies to enter the Ukrainian market and attract international donors. Several projects already demonstrate how this works:

- The Ovruch kindergarten was the first visible reconstruction project by Estonian firms in Ukraine. Harmet received nearly €3 mln to supply and install the modular buildings, and Nordecon and Eurocon received more than €1 mln for landscaping and construction. The project strengthened Estonian companies' credibility with Ukrainian municipalities, development funds and developers.
- Subsequently, a family-home project proposed by Nordecon, Eurocon, and Matek won a €700 thousand procurement financed by Taiwan for construction in Zhytomyr oblast.

The projects point to an interesting model: Estonia helps companies establish a delivery record in Ukraine, leading to external funding and public guarantees to support larger projects.

In 2025, ESTDEV administered an €11 mln portfolio aimed at contributing to Ukraine's reconstruction and development, while attracting close to €14 mln in additional donor funding. Additionally, Estonia has provided a €10 mln guarantee to EIB's EU for Ukraine Fund to finance public and private reconstruction projects and improve access to finance for Ukrainian businesses.

The ongoing approach of combining transparent procurement with reliable Ukrainian partners and EU-backed investment pools could turn reconstruction of Ukraine into a practical entry route for Estonian companies. The Estonian MFA sees Ukraine as a strategic future market for Estonia, particularly in the digital, energy, defence and infrastructure sectors.

IMPLICATIONS FOR INTEGRATION POLICY AND STRATEGIC BILATERAL DIALOG

While Estonia remains a relatively small economic partner for Ukraine, the bilateral ties already point to a significantly more mutually beneficial relationship than suggested by the aggregate statistics alone. Ukraine is a major supplier of ICT services, and the large population of Ukrainians residing in Estonia is an economically active community; in combination with Estonian strategic technology exports, as well as rising investments and reconstruction projects in Ukraine, the links lay a foundation for closer integration in digital, defence, and reconstruction cooperation.

Cooperation in the defence and digital sectors offers the greatest opportunity for deeper integration. The exchange of goods and services already reflects a strong two-way partnership, driven by ICT service imports from Ukraine and Estonian exports of strategic equipment; nevertheless, the partnership has room to grow. The 2026 Drone Deal sets the framework for cooperation in these sectors, with the aim of enabling the countries to exchange expertise and experience in IT and defense. These ties could be further developed if priority is shifted to connecting firms, innovators, and public institutions, as Estonia's experience in EU markets and access to NATO technology, paired with Ukraine's digital and defense capabilities, can provide substantial value for both countries.

There is also room for expanding Estonian investment in Ukraine, specifically through reconstruction cooperation. Recent Estonian FDI inflows to Ukraine primarily consist of reinvested earnings and debt instruments from existing investors, rather than new equity, suggesting that new firms see a barrier to entry into the Ukrainian market. Projects in Zhytomyr appear to break that barrier, enabling Estonian companies to establish a delivery record in the Ukrainian market and attracting financing from larger international partners. This model could reduce the risks firms face when entering the Ukrainian market and could be duplicated in other Ukrainian regions. Therefore, deeper reconstruction cooperation could encourage new firms to enter the Ukrainian market, as public procurement, guarantees, and co-financing have proven to be successful in breaking the market-entry barrier.

Lastly, the large and economically active community of Ukrainian citizens in Estonia can also support integration. Ukrainian entrepreneurs and professionals with experience in both countries' markets could connect Estonian firms with opportunities in Ukraine, possibly reducing language, trust, and information barriers. The creation of a practical pipeline connecting these networks with firms, reconstruction projects, and public institutions would create a communication network between individuals as well as organisations, supporting deeper and more sustainable economic cooperation.

The Centre for Economic Strategy (CES) is an independent centre for state policy research. CES is tasked with supporting reforms in Ukraine to achieve sustainable economic growth in the country. The Centre contributes to the development of Ukraine's economic growth strategy, analyses the most important aspects of public policies, and works to strengthen public support for reforms. It was founded in May 2015.

For more information about CES, please contact our Director of Communications, Viacheslav Nozdrin - viacheslav.nozdrin@ces.org.ua. We also invite you to visit our website.