



A SMALL COUNTRY THRIVES THROUGH CONNECTIVITY

Estonia has made headlines around the globe. With the adoption of internet voting during the most recent European Parliament elections, the Baltic republic of 1.3 million citizens has further strengthened its reputation as a pioneer in online governance.

Complementing its efforts to increase connectivity in government and in business, Estonia has also developed the physical infrastructure that connects the country to its larger neighbors and the rest of the world.

Over the past few years, the capital's Tallinn Airport and the Port of Tallinn have undergone major improvements in their facilities and technological capabilities to accommodate more tourism and trade. With the planned Rail Baltic project that will link the Baltic states, Finland and Poland, Estonia will further strengthen its position as an ideal launch pad into Europe.

Ahead of the centennial of the establishment diplomatic relations this year, Japanese Prime Minister Shinzo Abe flew to Estonia in January 2018 to meet with President Kersti Kaljulaid. During the visit, the two leaders identified new areas for cooperation, such as cyberdefense, and reaffirm their commitment to free trade.

"The most notable thing discussed with the prime minister is that we share common democratic values, which we continue to stand up for globally. We are united in this discussion, and we care about the security of each other's region," Kaljulaid said.

Following the visit, Japan's Charge d'Affaires Hajime Matsumura expressed his optimism about the future of bilateral ties. "We expect further deepening of Japan-Estonia relations in the fields of politics, the economy and culture," he said.

With the highest number of unicorn startups per capita in the world, the country has attracted a lot of global attention for locally developed innovation, especially in the fields of IT and cybersecurity.

Additionally, Estonia set up the e-Residency and Startup Visa programs that will allow more Japanese to invest in the country and collaborate with local digital entrepreneurs.

"It's easy to cooperate and find each other. The Estonian economy is very modern and, while small compared to the rest of the world, we have proven that we can do



Estonian President Kersti Kaljulaid meets Japanese Prime Minister Shinzo Abe during his visit to the Baltic republic in January this year.

global business well," Estonian Chamber of Commerce and Industry Director Mait Palts said.

One of the most significant partnerships is that between Estonian private equity firm Baltcap and the Japan Bank for International Cooperation.

"We are happy that Japanese investors have found the region and that our investor base has now become more diverse," Baltcap CEO Peeter Saks said.

Behind Estonia's accelerated digital transformation are its schools and universities, which have displayed adept adaptability to nurture a new breed of entrepreneurs, scientists and engineers making significant contributions to the development of e-Estonia.

"The Estonian cyberhighway was partly born at Taltech. We contribute to it and this continues to be one of our high points. Estonia is able to run fast and change course, if need be. We are dynamic, experimental and willing to share our experience with all partners," TalTech Rector Jaak Aaviksoo said.

Among the Estonian startups that received Japanese investment are language application Lingvist, which received funding from Rakuten, and job recruitment platform Jobbatical, which obtained investment from Mistletoe Inc.

Meanwhile, the country has also seen the development of the Ülemiste Smart City, Tallinn Creative Hub and co-working space Lift99, all of which anticipate an influx of new companies, both local and international, wanting to take advantage of Estonia's

growth.

In its more traditional industries, Estonia has seen increased interest from Japan, particularly among the timber, wood product and pre-fabricated timber-framed house sectors.

"In Estonia, we have handmade log houses that are still standing after 300 years. We have a long tradition of building with timber. I feel that our values are very similar with those of the Japanese. I also feel that Japan appreciates the Nordic way of life and design," Nordic Houses CEO Argo Saul said.

With the recent implementation of the EU-Japan Economic Partnership Agreement in February, many Estonian food and beverage companies got much-needed access to a large market with distinctive tastes and exacting standards.

Were it not for the free trade agreement, small global players like dairy product maker Tere and

food and drink company Salvest could not dream of selling their goods thousands of miles away. The same can be said for Magnum, a homegrown wholesaler and retailer of pharmaceutical products.

"We are very much interested in working with Japanese partners in the areas of pharmaceuticals, cosmetics and even our pet care brand," said Magnum CEO Ahti Kallikorm.

For large global companies, like Toyota, markets like Estonia and the Baltic region are just as important because they play a unique role in building their global brand, aside from improving business for the parent company. The Japanese car giant also found an ideal brand ambassador in the country: world rally champion driver Ott Tänak.

"We found strong local partners and resources to develop the brand locally and according to the Toyota philosophy," Toyota Baltic Managing Director Osvaldo Valentini said.



Japan Charge d'Affaires in Estonia Hajime Matsumura



Estonian Chamber of Commerce and Industry Director Mait Palts

TECHNOLIS ÜLEMISTE: DEVELOPING A SMART CITY ON THE RISE



Ülemiste City is home to 400 companies employing more than 10,000 people.

The Estonian capital Tallinn is grabbing the world's attention for its rapidly-growing advanced information technology industry and vibrant startup culture. At the heart of this development, in a site of a former Soviet Union factory located next to the Tallinn Airport, is Ülemiste City.

The smart city project, a joint venture of Estonian property developer Mainor and Technopolis (which provides and manages office spaces in the Baltic and Nordic regions), accommodates 400 companies with more than 10,000 employees, 15 percent of which represent foreign nationalities.

"It was all designed with this internationalization in mind. We hope that it will continue to grow in the future," Technopolis Ülemiste CEO Gert Jostov said.

Ülemiste City not only provides physical space for companies but also nurtures a community that supports the internationalization of Estonian IT companies. Aiming to become a one-stop shop for

foreign companies wanting to operate in Estonia, the International House of Estonia was opened in the area, which provides consultancy and public authority services.

"Our focus is on getting more permanent residents into the campus," Jostov said.

Around 20 percent of the Ülemiste City masterplan has been completed and the priority is the completion of infrastructure that will add integrated residential options alongside the commercial side of the campus, which will be ready by 2020.

As it lays down the technological and physical infrastructure of the area, Technopolis Ülemiste looks towards nurturing an organic community that serve as a model for the city of the future. ■

→ www.technopolis.ee



ESTONIAN PHARMACEUTICALS SETS SIGHTS ON JAPAN

With 27 years of history in the production and distribution of vitamins, medicines, veterinary drugs and dental care products, Magnum is indisputably the leader of the pharmaceutical pack in Estonia and in the neighboring Baltic states. The company attributes its success to the constant drive to improve its production facilities and distribution systems.

"This drive for innovation is something that gives us the advantage when we compare ourselves to competitors," said CEO Ahti Kallikorm.

At the heart of Magnum's reputation as a pioneer is ROOM, which means "joy" in English. Developed as a solution to seasonal affective disorder, which accompanies Estonia's long winters and short summers, the brand is made up of 21 products formulated by expert Estonian pharmacists who considered Nordic Nutrition Recommendations and national nutrition studies.

By incorporating local botanical ingredients used in Estonian naturopathy and folk medicine, ROOM

has become one of the country's best-selling supplements. Backed by intensive research and positive reviews, Magnum is ready to take the brand around the world, especially Japan.

"We sell our vitamins in Estonia, Latvia and Lithuania. So, why not Japan? Our products are at an upper level in quality, which makes them ideal for the Japanese market. And Magnum, we are also a business partner for exports to Estonia," Kallikorm said.

As Magnum widens its coverage and product lines, the company is well positioned to become the bridge of the pharmaceutical industry between Japan and the Baltic states.

Information about its line of products and opportunities for collaboration is available at: www.roomuvitamiinid.ee and magnum.ee. ■



ROOM packages carry ancient legends that characterize the product.

TOYOTA: A CHAMPION IN THE BALTICS

Japanese auto giant Toyota entered the Estonian market in 1993 and through a steadily growing network of dealerships has become the best-selling vehicle brand in the Baltic region.

"The brand has always been very strong in the Baltics. One of our biggest strengths is our solid, competent and efficient network. We have a very good dialogue with our partners. Their high-quality work, combined with the heritage of our quality brand, has allowed us to achieve success in a profitable way," Toyota Baltic Managing Director Osvaldo Valentini said.

While it can depend on the excellent sales skills and customer service of leading partners, like AmServ and Elke Grupp, Toyota Baltic is also revising its strategy to strengthen the brand and build a

sustainable business.

Its new growth plan involves sustainability through the introduction of hybrid cars, innovation through the modernization of its products and operations, as well as more visible branding by promoting the sports personalities that reflect Toyota's values and aspirations.

Toyota enlisted top-ranking rally drivers Ott Tänak from Estonia and Benediktas Vanagas from Lithuania as endorsers because of their reputations in their respective countries.

"This is working very well for the Toyota brand in Estonia and could continue this way in other countries, too. In time, we will get more known in other Baltic countries. Any brand that comes to Estonia should find local partners with the same values and vision so that they really connect with the brand," Valentini said. ■

→ www.toyota.ee



Toyota Baltic Managing Director Osvaldo Valentini

A ROUTE TO OPPORTUNITY BETWEEN ESTONIA AND JAPAN

Although one of Europe's youngest port's, the Port of Tallinn is one of the region's fastest growing. As of last year, it handled around 11 million passengers, more than 20 million tons of cargo and 7,700 sea vessel visits.

Founded in 1992, the Port of Tallinn also develops industrial sites to complement its strategy to become a leading passenger and cargo port, as well as a logistics center in the Baltic Sea region. And to achieve those objectives, the port looks at how digital innovations help to combine sustainability with efficiency.

The Port of Tallinn, together with the Estonian logistics sector, has begun developing an information exchange system, called Single Window, which allows the logistics and transportation sector to communicate with each other in a paperless and

secure way. The aim is to connect the whole value chain and build stronger partnerships in Asia, particularly with Japan.

"About 50 to 60 percent of all exports from Estonia to Japan is wood timber followed by automobiles. While in terms of imports, it's machinery," CEO Valdo Kalm said.

As part of its Masterplan 2030 for the Old City Harbour, launched in 2016, the Port of Tallinn will undergo a major redevelopment of its main infrastructure and terminals, integrating smart technology that will connect the port with the city and its public spaces.

"This could be interesting for Japanese investors because we will open tenders for real estate development for offices and residential areas. There are almost 20 hectares available for development," Kalm said.

With its IPO on June 2018, the port hopes to raise the needed capital to become the

BALTCAP: JAPAN'S PARTNER TO BUILD EUROPE'S SILICON VALLEY

As the startup economy shows no signs of waning anytime soon, Tallinn-based private equity and venture capital firm BaltCap finds fresh momentum in identifying new investment opportunities in the Baltic region, as well as in the nearby Nordic countries.

With offices in the capitals of the three Baltics states, Baltcap has experienced consistent growth since it began operations in 1995. Nearly 25 years later, the company has launched a new venture that is focused on a broader geographical area and reflects the ambition of the so-called New Nordics.

This year, BaltCap, in partnership with Japanese-owned JBIC IG Partners, JB Nordic Ventures or NordicNinja, a venture capital fund looking for worthy startups that want a firm foothold in Japan. JBIC IG is backed by the Japanese Bank for International Cooperation, Honda, Panasonic and Omron.

"The Japanese seem to have a good mental connection with Estonia. Silicon Valley is already hard to penetrate, highly priced and crowded. The Nordic and Baltic regions appeared on their radars and the idea was: Why not try it out here? It was an opportunity we could not miss," said CEO Peeter Saks, who believes Estonia's agile and entrepreneurial style complements Japan's financial and organizational strengths.

With Estonia's economy on the rise, BaltCap is prioritizing the



Baltcap Managing Partner and CEO Peeter Saks

company's growth to keep up with rapid developments in the industry and stay ahead of the competition. With the JBIC partnership, BaltCap is eagerly looking forward to new opportunities in the East and evolve into a truly global company.

"We have been thinking about growing out of the Baltics for many years now and become more international. Our venture has also caught the attention of other Asian delegations. BaltCap is pushing to create a wider network of international investors and create more world-class companies," Saks said. ■

→ www.baltcap.com



PORT OF TALLINN

The Port of Good News



Port of Tallinn Chairman and CEO Valdo Kalm

most innovative port in the Baltic and consolidate its ties to Japan. ■

→ www.portoftallinn.com

AMBITIOUS DREAMS COME TRUE AT TALTECH

Tallinn University of Technology (TalTech) has become a global leader in e-governance because it nurtures an ecosystem that encourages and inspires researchers and students to collaborate on developing solutions to important issues related to cybersecurity, digital governance and smart environments.

Confirming its status as cybersecurity pioneers, TalTech works closely with NATO's Cooperative Cyber Defence Center of Excellence. With its proven track record in information technology, TalTech makes sure its research is future-oriented and global and will help improve societies everywhere, from Tallinn to Osaka.

As part of their dedication to advance the digitalization of society, researchers at TalTech built the first global center of excellence for the development of cross-border smart cities, a project that received €32 million in funding from the European Commission.

With TalTech's DigiGovLab, the center aims to speed up the development of smart cities around the world, while generating opportunities for collaboration between the university and industry.

Because mobility solutions are



The Iseauto developed in collaboration with TalTech

vital components of any smart city, students and researchers in TalTech developed a prototype of an autonomous vehicle, Iseauto. Earlier this year, the school started working with Florida Polytechnic University to build its own self-driving vehicles that will travel around the campus and lightly used roads.

TalTech built those successful solutions thanks to, with the cooperation of Ericsson, the installation of a unique 5G network around its campus.

With more than 10,000 students, both from Estonia and abroad, and over 1,000 academic staff, TalTech has attracted the attention of the world for its courses in business and science, technology, engineering and mathematics. ■

→ taltech.ee/en/



Nordic COMPACT

www.nordichouses.eu



LEADING ESTONIA AND THE WORLD INTO A SUSTAINABLE DIGITAL FUTURE