

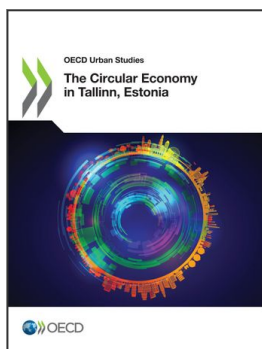
Foreword

The world is facing unprecedented challenges. In addition to the green and digital transitions, the COVID-19 pandemic and Russia's war of aggression against Ukraine have created new challenges, including cost of living, food and energy crises.

Estonia weathered the pandemic shock better than most other OECD countries. Its GDP contracted by only 2.7% in 2020, one of the smallest decreases in Europe, and rebounded strongly in 2021 (by 8.2%), surpassing pre-pandemic levels. However, the war in Ukraine and high inflation have seen growth slow significantly in recent years, with 0.5% growth anticipated this year. Whilst growth is expected to pick up in 2024, and Estonia is well-advanced on the digital transition, the country faces major structural transformations from the green transition. Although substantial progress has been made in recent decades, with GHG emissions declining by 71% between 1990 and 2020, Estonia's GHG emissions (15.1 tCO₂e per capita in 2018) remain high relative to the OECD average (11.5 tCO₂e). The OECD report *Net Zero+: Climate and Economic Resilience in a Changing World (2023)* argues that to accelerate climate action, policies should address materials shortages, supply-chain vulnerabilities, skills gaps, rising costs of capital, and obstacles to scaling up clean energy supply.

Tallinn is Estonia's main economic hub and the largest contributor to the national economy, accounting for more than 50% of national GDP but also 30% of national CO₂ emissions. The city has set ambitious plans to reduce GHG emissions in key sectors such as buildings, transport and energy generation and consumption, and to achieve climate neutrality by 2050. The Tallinn 2035 city strategy and the Climate-neutral Tallinn plan recognise the critical role that the circular economy can play in achieving those goals. But the circular economy can also help drive the economic recovery by boosting competitiveness through production savings and material reuse and increase resilience through reducing energy dependencies.

This report - *The Circular Economy in Tallinn, Estonia* – is designed to help Tallinn meet its goals. It adds to, and draws on, the wealth of country- and city-specific reports produced as part of the OECD Programme on the Circular Economy in Cities and Regions, namely Glasgow (United Kingdom), Granada (Spain), Groningen (Netherlands), Montreal (Canada), Umeå (Sweden), Valladolid (Spain) and Ireland. The programme supports national, regional and local governments in their transition to a circular economy through evidence-based analysis, multi-stakeholder policy dialogues, policy recommendations and customised action plans and knowledge-sharing activities.



From:
The Circular Economy in Tallinn, Estonia

Access the complete publication at:

<https://doi.org/10.1787/06abc3de-en>

Please cite this chapter as:

OECD (2023), "Foreword", in *The Circular Economy in Tallinn, Estonia*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/51603b81-en>

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