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CENTRAL BALTIC  
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2007-2013

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### Business Development Report and Economy Development Strategy of Hiiumaa

“So much more than just a seaside”

FOUNDATION TUURU  
NGO EUROHOUSE

2012

## **Economic situation in Hiiumaa and Business development strategy of Hiiumaa 2014 – 2020**

Industry has played a central role in the development of Hiiumaa. Industrial history of the island started with a glass workshop at Hüti (1628 – 1664) and ship building docks at Suursadam (since 1680). The true success arrived with the establishment of a broadcloth factory in Kärdla in 1830. In 1940 the viscose factory was finished in Kõrgessaare, but the World War II forced the factory to be closed down.

At the beginning of the nineties, the community of Hiiumaa entered into a long economic restructuring process. Hiiumaa was an island exclusively dominated by a fishing industry, including an ocean fishing fleet operating in North Atlantic or western coast of Africa, having bases on the Canaries and in Murmansk. More than 5000 people were employed by the fishing industry or related industries and services. Today fishery is a main source of income for less than 100 inhabitants.

Currently agriculture, especially livestock, is showing significant recovery, but the food processing (milk and meat processing) industry is still searching for a fresh start. Hiiumaa was known for fur farms and fur products. The efforts to regain previous positions haven't been successful yet.

In the shadow of agriculture several small industries and logistic skills were developed. During the last 20 years a plastic industry and assembly of electro-technical products were developing, offering more than 450 jobs today. Alongside international truck transport those jobs create about 40% of total value produced on Hiiumaa.

The lime and firewood has been sold to the mainland around the Baltic since known economic history of the island. Current developments are showing increased production of pottery, traditional handicraft and even in glass products. The textile products are still important, textile Arts and high quality textile, especially wool, have significant share in handicraft production portfolio of Hiiumaa.

The tourism, once negligible, has a 3% share of the island's economy. Tourism development is covered by tourism specific development plan.

### **Areas for development – Local development strategy**

- Challenges/Local development strategy/continuing actions
  - Face to face meetings with tourism entrepreneurs; local municipality officials and heads, county governor; members of state parliament; NGO representatives
  - Consultations and face-to-face meetings with SG members
  - Organizing and implementing Info-day/trainings
  - Start and compiling of profiles with booklets to tourism entrepreneurs
  - Consultation and communication with tourism sector experts

- Collecting input to GIS map
- Development Strategy of Hiiumaa (incl. tourism and entrepreneurship in total)
- “Green label” development – local quality mark to entrepreneurs
- Local activities
  - Development of local webpage: hiiumaa.ee
  - Marine tourism development, map of harbours in variety languages
  - Activities and services in harbours
  - Nature tourism and active holiday packets
  - Local food promotion
- Packaging of tourism “products”
  - Trainings for entrepreneurs about tourism products packaging
  - Develop new tourism products and new packages
  - Regular meetings for entrepreneurs, networking
- Areas of collaboration
  - Knowhow sharing between entrepreneurs, collecting business contacts from other BACES area
  - Study visits to partner countries (target group tourism, local food, hunting, handicraft) for entrepreneurs
  - Open co-operation within the regions and between local entrepreneurs

Main activities in Hiiumaa through BACES project:

### **1. Study trips and trainings for tourism entrepreneurs/ Green label development**

During the project we carry out study visits and cross-border seminars in order to making better co-operation and learn from each other. To help create new products and make better marketing are carried out trainings for tourism entrepreneurs. “Green label” is local quality mark what need developing and refreshing – that mark is for maintain and enhance the handmade experience, which has helped hundreds of local people to live in harmony with nature; to inform the consumer and to increase consumer confidence in the quality of local products; to support the marketing of local products; to approve local craftsmen and success of Local Distinctiveness.

Recognized symbol of Green label products are: related to Hiiumaa; made of natural materials; of high quality, durable, and practical to use.

## **2. Compiling the economic overview of whole West-Estonia, focus on Hiiumaa**

That is the Hiiumaa, Läänemaa and Saaremaa overview, which consists of: general facts, harbours, roads, hiking, study and bicycle trails, accommodation, history, nature, economy and tourism.

## **3. Compiling the economic overview of Hiiumaa**

The Economic Review provides a comprehensive overview of business activities in Hiiumaa in 2011. Economic Review gives a sector based description of economy of Hiiumaa in five years perspective, covering changes in turnover, investments, employment and added value. The review highlights sector by sector general trends and changes based on annual reports of SME-s. Review includes overview of Estonian economy, also information of local municipalities and nominees of Entrepreneurial Awards of Hiiumaa.

## **4. Collecting input information to the GIS map/ harbours map/ local website development**

The decision to make a GIS – map is one contribution to efforts which will be made to link the 7 BACES areas together to form one BACES area. The GIS-map can also be a benefit for the economic growth and environment attitude. Collecting necessary statistics in Hiiumaa to complete the information and some of the information will be used as data in a GIS-map. The GIS-map will be considered as a development and information tool and the GIS-map also makes a considerable contribution to joint- marketing efforts of BACES nodes. Our aim is to simplify access to information (local webpage development, information tasks, layout and printing booklets of Hiiumaa etc.). Creating map of harbours in several languages is popular and shows these kinds of maps are needed. Local website development process is going on, and main goal is make it easy to use and simple understandable.

## **5. Compiling an tourism development plan of Hiiumaa**

It is important input to the Cross-border BACES area Strategy, activities continue with implementation of strategy issues. It will be also valuable input to the whole Estonian tourism development plan, what is under process today.

### **Tourism environment**

Hiiumaa is well known for its lighthouses, unspoilt nature, Hill of crosses and the sense of humour of its inhabitants. It is located in the Baltic Sea, north of Saaremaa Island and its largest town is Kärdla. Formed 455 million years ago as a result of a meteorite explosion Hiiumaa is one of the oldest islands in the world.

The easiest route to the island is by ferry or by plane. The most exotic and spine-tingling way to Hiiumaa is the winter ice road. Driving on the Hiiumaa ice road is a unique experience especially when the vehicle in the next lane is a boat.

It's difficult to find anywhere more picturesque than Hiiumaa. Enjoy long sandy beaches, visit sleepy villages or explore the deeply forested interior.

The people of Hiiumaa are peaceful and tolerant. They live close to nature and have their own language – the Hiiu dialect is not easily recognisable even to Estonians. The most important thing to remember about the people of Hiiumaa is their sense of humour – they like to laugh at themselves and love all kinds of jokes- especially the ones which are about their neighbours - the people of Saaremaa.

Hiiumaa is ideal for nature lovers; hiking, sailing or simply relaxing holiday. In summer time there are many music festivals, for example, each July the Hiiumaa Chamber Music Days and Hiiu Folklore Festivals are held. Hiiumaa is also known for its wealth of lighthouses. If you don't have time to visit them all, at least try to visit three, at Kõpu, Ristna and Tahkuna. Those interested in Swedish history should visit the Hill of Crosses to pay their respects to those Swedes who were forced to leave Hiiumaa.

Summer is short here, high season is only 2 months and the rest of ten year sees less travellers. Skiing, frozen bogs, snow filled forests, and for additional peaceful island are a fun destination for winter holidays.

Hiiumaa winters are soft and snowy, so dress up warmly and enjoy the winter nature. What could be more fun than sledging through the snow covered fields and forests. You can go cross country skiing through the wilderness. The local Tourism Information Centre will help you to find a location that best suits your needs, skills and, desires.

Frozen ponds and, even the sea are ideal for skating. Take a picnic and a thermos filled with hot tea with you and it'll be an experience you will never forget. Children and adults alike enjoy nature in winter, with sledging, skiing and skating. Take your camera with you and get a glimpse of Hiiumaa's rich animal kingdom, with moose, deer, boar, lynx, foxes, wolves, hares, squirrels and countless birds.

Why not enjoy the winter like Estonians do? Visit local tourist farms and enjoy jumping from the hot sauna right into a snowdrift. There are not too many places in the world where you can take a hot bath in the falling snow, so make sure you bring a camera to convince your friends back home.

**Main** areas for Hiiumaa tourism development on the next period are:

- Promotion of cooperation among tourism stakeholders, increase awareness
- Customer-oriented product development and improvement of the quality products
- Improvement of destination availability
- Promotion of cooperative marketing

## 6. Compiling an entrepreneurship development plan of Hiiumaa

The main objectives and targets for Hiiumaa business development plan are:

- Increase local private sector jobs count by 500 full time jobs;
- Added value for employees will increase in real value by 3% per year.

There are six intervention areas.

**Industrial Hiiumaa** – focuses on support, development and innovation of industries related to the plastic and assembly industries or industries sharing the same skills or technologies (injection moulding).

**Marine Hiiumaa** – focuses on support, development and innovation in transport, logistics, but also sea related industries (boat building).

**Wooden Hiiumaa** – focuses on support, development and innovation in making custom made traditional and modern wood products,

**Food Hiiumaa** – focuses on the development of the food chain on Hiiumaa, starting from agriculture, food processing, product development and ending with exports and marketing.

**Creative Hiiumaa** – supports the development of handicraft and SME-s focused on custom tailored products development based on traditions (textiles, glass, and jewellery) or local materials (pottery).

**Enterprising Hiiumaa** – focuses on developing entrepreneurial attitudes, but also new economic activities, which taking into account new developments, excellent international data connections are creating variety new development opportunities.

The various set of actions and measures are developed, which includes state financed investments into business infrastructure, development and transfer of knowledge, proficiency and skills, support for development entrepreneurial attitudes, development support for SME-s, but also measures to extend business oriented co-operation and availability of financing.

## 7. Compiling Development Strategy of Hiiumaa

Main activities with Development Strategy of Hiiumaa are planned during 2012/2013.

Memorandum of cooperation is signed and started trainings to Strategy Workgroup, etc.