

Estonian Review

E E S T I R I N G V A A D E

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Greeting of the President of the Republic for the Turn of 2006/2007

Dear Compatriots

Ärma, where I am sitting during the last minutes of the ending year, is like a small narrative of Estonian history. This homestead in Mulgimaa was bought free and clear as a result of the hard work my 19th century ancestors.

From Mulgimaa, children were sent to be educated in the city. Here, before the Second World War, they rejoiced over fruit of their labour. This was a place of despair: the arrival of foreign troops, book-burning, flight into the woods, and mass-deportations. Much of this land – and also Ärma – was left empty. However, faith in the future and better times endured. When these times arrived 15 years ago, the lands here were cleared of brush, and homesteads began to be restored.

We need faith. Faith in our homes, our work, our families, our people, and our country. And we need to be proud of it.

We are proud of ourselves, but many of us are not proud of our country. We like the Estonian people and culture, but our country does not evince the same sentiment.

This is unfortunate, because it undermines us from within. We must believe in our country and be proud of our country. If we do not believe in Estonia, we do not believe in ourselves. If we are not proud of our country, we are not proud of ourselves.

Let us not adopt such a stance toward ourselves, for you are worthy of praise and recognition.

Moreover, it is your authority that the March Riigikogu election will place in your hands, the people.

Accept this power to improve your country. You have the liberty to vote. Transform this liberty into an obligation which political parties see beyond today or tomorrow's one-off deal and are prepared to sign a contract with you for the next four years.

Things are going well for Estonia. Things will go even better for Estonia; we have become wealthier than ever before. The closing year made us richer with the birth of almost 15,000 children. This is more than in the preceding twelve years. There are more marriages in Estonia and fewer divorces. Although all this will not arrest the decline in our population, it still shows our belief in the future, that we are more at ease, more self-confident and optimistic.

This year, we rejoiced in the splendid victories of our athletes. We felt ourselves united as a larger and prouder family. This is an ineffably good feeling. We would like these wonderful moments to repeat themselves again and again. With the help of our joint aspirations and efforts, our cheering and jostling, they will.

From the warmth of our hearths, we support the members of the Estonian Defence Forces, who will welcome the New Year many time zones away in Iraq, Afghanistan, and the Balkans. You are performing difficult and – as the news of recent days has harshly confirmed – dangerous work on behalf of your country. I thank you and your families, who steadfastly support on the home front.

When Estonia regained its independence 15 years ago, we were impatient. We did, however, persevere so Estonia could become a country that was not isolated and alone in a remote corner, but among trusted partners. And Estonia has become the country we wished it to be – a member of the European Union and NATO.

Today we also see impatience around us. It is different, however. One senses increasingly a spiritual constraint. Young people, people who have just graduated from school and hope to find breathing space and European openness abroad, often complain "Estonia is too confining." We must convince them otherwise. We must demonstrate that Estonia offers both a sense of security and openness.

For this we need understanding, tolerance and, in particular, caring. This is something that each of us, both individually and as a society, should do. Care. For instance, what is it but ordinary caring not to get behind the wheel of a car drunk or tired, thereby not endangering your own life or those of your fellow citizens.

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The most moving experience of these long holidays came from the Estonian people when you, during the Christmas Tunnel TV program on Christmas Day, donated over three million kroons for the purchase of resuscitation equipment for the Children's Hospital. Thank you!

I think the state should now find the wherewithal to add at least another three million to the common till created by the people during the holidays.

I know that not all of you who are now watching and listening to me are sitting around a bounteous holiday table. Therefore, I hope that the caring spirit of Christmas will not end with the holidays. Keep on noticing those who need help, help them, and teach them to help themselves.

We need to love Estonia more. Just as our forefathers a century or two ago, when they founded their homes, in the course of war secured their long-desired freedom, and became masters of their country, loved Estonia.

Our dreams and wishes, for both the coming year and years following, shall come true. For this, I wish us all strength, charity, good health and faith in the future.

Happy New Year, dear Estonia!

FOREIGN NEWS

President Congratulates Bulgaria, Romania on Accession to EU

Jan 2 - **Estonian President Toomas Hendrik Ilves sent messages of congratulation to the Bulgarian and Romanian heads of state on their countries' entry into the European Union.**

Ilves congratulated the presidents of Bulgaria and Romania, Georgi Parvanov and Traian Basescu, and the two nations on the completion of the accession process on which Estonia, Bulgaria and Romania embarked together around a decade ago. This has meant great dedication and perseverance, he noted.

The president described Bulgaria's and Romania's entry into the EU as a historical event which marks the two countries' return to a democratic, free and prosperous common European home.

Enlargement has been one of the most successful EU policies and Bulgaria and Romania are part of this success story, Ilves said.

Estonia Supports Afghanistan's Helmand Province with EUR 70,000

Jan 8 - **The Estonian Foreign Ministry has decided to give 1.1 million kroons (EUR 70,000) to acquire the necessary equipment for the children's ward of the central hospital in southern Afghanistan's Helmand province.**

Foreign Minister Urmas Paet signed an order according to which the sum will be allocated from development and humanitarian aid means in the Foreign Ministry budget.

The aim of the Estonian Red Cross project is to support the Bost Hospital, the central hospital of the Helmand province, with the necessary equipment and installations to help raise the quality

of the treatment of children and increase the treatment potential.

The project will be carried out in cooperation with the Estonian Defence Ministry and the provincial reconstruction team and air forces operating under British command.

Paet said Afghanistan was a country with one of the lowest human development indicators, and in order for its reconstruction to succeed, close cooperation was necessary.

He said that it was very important for Estonia to contribute to the improvement of the situation of children and women living in poverty in the developing countries, which in turn would help somewhat lower tensions in the society.

Afghanistan has been a priority development cooperation partner country for Estonia since last year. In September Estonia despatched to the Helmand province its first civilian expert and diplomat whose duty it is to take part in the work of the international reconstruction team in the provincial capital of Laskar Gah and to fulfil the role of the Estonian diplomatic representative in Afghanistan.

Estonia Donates EUR 0.18 Mln in Development Aid, Humanitarian Relief

Jan 2 - **Estonia's Foreign Minister Urmas Paet signed at the end of last year an order to allocate 2.85 million kroons (EUR 0.18 mln) of his ministry's budgetary funds for development aid and humanitarian relief in voluntary donations to international organizations.**

Estonia considers it important to support international organizations and has been doing this through voluntary monetary contributions since 1996, Paet said.

"By continued donations Estonia shows that along with political will the state takes also tangible steps to support the provision of international development aid to persons in need in crisis hotbeds and improve the standard of life in poorer countries," the minister said. "Estonian aid will through support to those organizations reach efficiently the most remote corners of the world."

The donations go to the International Committee of the Red Cross, a number of UN agencies and funds, and the WTO's Doha development agenda to support the activities mapped out for this year.

The recipients of the donations have worked in development countries for a long time, have extensive experience and have because of that reached a level of providing development aid that is generally recognized by both other donor countries and recipients of aid.

Foreign Ministry Gives EUR 122,000 to Help Computerize Georgia's Schools

Dec 28 - **The Estonian Foreign Ministry has decided to give 1.91 million kroons (EUR 122,000) to help finance a program aimed at providing computers and Internet to Georgian schools.**

The money, meant to support the Deer Leap program of the Georgian Ministry of Science and Education, comes from the sums earmarked for

development and humanitarian aid in the budget of the Estonian Foreign Ministry.

"The best opportunities for Estonia as a small country to offer development aid lie first of all in knowledge-based advisorship. Our experience in the computerization of the school system and making cyberspace accessible to young people is awaited in Georgia," Foreign Minister Urmas Paet said.

The project of the Estonian E-Governance Academy to support the Deer Leap program in Georgia in the years 2007-2008 includes providing general education schools in Georgia with computers and Internet connections, planning and arrangement of teacher training, development of an education portal, integration of information and communications technology into the syllabi and developing of teaching materials.

Deer Leap is a program for the computerization of schools, created in collaboration between experts of Estonia's E-Governance Academy and the Georgian Ministry of Science and Education in 2004. The Georgian ministry formally adopted the program in 2005.

The program was inaugurated by Georgian President Mikhail Saakashvili in March last year, and in August the same year a foundation to carry out the program was set up.

The Georgian state has endorsed financing for the project until the end of 2008.

Estonia Earmarks EUR 72,400 for Joint Projects with Ukraine

Jan 4 - The Estonian Foreign Ministry is allocating more than 1.13 million kroons to development cooperation projects with Ukraine.

Foreign Minister Urmas Paet has signed a resolution to set apart 1,133,154 kroons (EUR 72,400) of the ministry's development aid and humanitarian relief funds for Ukrainian projects.

The minister said Estonia considers continued support for Ukraine essential because the Baltic state can thereby promote the building of a democratic and sustainable civil society in that country. Ukraine is one of the four countries that has priority in Estonia's development cooperation.

A project of the REC Estonia foundation is aimed at familiarizing officials and small entrepreneurs of the Ukrainian town of Kozlets with the principles of nature-conserving entrepreneurship and helping the town plan and develop environment-friendly enterprise, in the first place tourism. The project also supports the cooperation between Kozlets and the Estonian town of Saue.

Another project mapped out jointly by the government of Estonia's south-eastern Põlva County, the enterprise centre of the East Virumaa region and the water company Viimsi Vesi is for providing training in project management to local government officials in the Kulikovka district of Ukraine's Chernigov region. The Ukrainian officials will also be advised on modernizing the water and sewerage system.

The Foreign Ministry further decided to support a project of the non-profit association of local governments of the South Estonian Valga County to help Ukraine's Shatsky district to draw up a development strategy. The project features also seminars and courses on the Estonian self-

government system, local governments' tasks and their implementation.

Estonia Allocates Funds for Development of Rescue System in Armenia

Dec 29 - The Estonian Foreign Ministry has earmarked 1,623,740 kroons (EUR 103,700) for the development of a population protection centre in Armenia.

The money over Finance Minister Urmas Paet's signature was allocated from funds of the Foreign Ministry's development and humanitarian aid budget.

Paet said an effectively operating rescue system was one of the bases of ensuring safety of the population.

"Successful functioning of a qualified rescue service is of great importance for the minimization of loss of human lives in case of disasters and catastrophes," Paet said.

The aim of the Rescue Board project is to develop a more effectively functioning rescue service system in Armenia. The duration of the project is three years and in its framework specialists of rescue service systems will share their experience with different institutions and organizations in Armenia.

The project will be carried out in cooperation between the Estonian Rescue Board, the Armenian and the Swedish rescue services.

The Estonian contribution to the project will be to share know-how and work out strategic plans for anticipation and communication systems together with the cooperation partners.

The Rescue Board will also organize awareness-raising youth camps for Armenian children in rescue issues.

Cooperation between the Estonian Rescue Board and the Armenian rescue service started in 2003 when Estonia decided to finance Armenia with rescue anticipation information and communication systems in the framework of a development aid project.

The sum total of development and humanitarian aid resources totalled 15 million kroons in the Foreign Ministry Budget this year.

PM: Estonia Respects Sentence of Iraqi Court

Dec 30 - Estonian Prime Minister Andrus Ansip said Estonia does not approve of the execution of the ex-dictator of Iraq Saddam Hussein, but being a country ruled by law respects the sentence of the Iraqi court.

"The capital punishment has been abolished in Estonia and we do not support the execution of such a type of punishment" Ansip said.

Ansip said that Saddam Hussein was meted out the highest punishment for crimes against humanity and the Iraqi supreme tribunal upheld the ruling even after Saddam Hussein's appeal, finding that the ex-dictator was guilty of those crimes.

Estonia Invites OSCE Observers to Spring Parliamentary Elections

Dec 27 - The Estonian Foreign Ministry has sent a letter to the Organization for Security and Cooperation in Europe (OSCE) to invite

observers from the organization to observe the general elections to be held here in March.

Foreign Minister Urmas Paet said in his letter to the director of the Office for Democratic Institutions and Human Rights (ODIHR) that in the general elections in Estonia next year the opportunity to vote electronically will be available for the first time, which will make voting more convenient and flexible for voters.

As Paet said, e-voting is novel in the entire OSCE area and therefore ODIHR should weigh the opportunity to observe the elections of March 4, 2007 in Estonia.

Paet said Estonia supports the elections-related activity of ODIHR, regarding it as important in promoting democracy.

Estonia hails making this activity more efficient, particularly enhancing of capability in the field of the use of information technology, the minister said.

OSCE monitored general elections in Estonia in 1995 and 1999. Before the 2003 elections experts from OSCE looked at the pre-election situation but no observers were sent to Estonia.

Foreign Minister Rejects Verheugen's Suggestion to Cut Number of EU Commissioners

Jan 4 - Estonian minister for foreign affairs has rejected European Commission Vice President Günter Verheugen's suggestion that small member states of the European Union could do with deputy rather than fully-fledged members of the bloc's executive arm.

"Estonia has ratified the EU's Constitutional Treaty which says that members of the European Commission shall be elected from among citizens of all member states on an equal basis," Urmas Paet said. "All EU countries must have the chance to provide their own member of the European Commission."

Verheugen, commissioner for enterprise and industry, questioned in an interview with German ZDF television the need for small EU countries to have their own member of the EU executive.

He suggested that small member states could have deputy rather than fully-fledged members of a future reformed Commission. In his view, small member states would benefit more from providing a deputy commissioner in an important area than from providing a commissioner dealing with a marginal area.

Estonia's Kallas: 25-Member Commission Has Been Coping Well

Jan 5 - The 25-strong European Commission has been coping well, although in the union that is set to expand further in the future the number of commission members could be smaller than that of member states, Commission Vice President Siim Kallas said.

Kallas said in his remarks, commenting on a suggestion by Commission Vice President Günter Verheugen, that as a 25-member body the Commission had been working and coping well.

At the same time, it is difficult to imagine that if the EU had 35 members, for instance, the executive could be working based on the same principles as now.

Thus, the European Commission could be indeed smaller in the future than there are members in the union, Kallas said.

The greatest merit of the Commission now is that it is the only institution where all the member states are equal. When that disappears, another place must emerge where the principle of equality is observed, he said.

Kallas added that of course he doesn't accept the logic of Verheugen according to which access to a commissioner's seat should depend on the country's size.

Foreign Minister: Estonia Will Stick to Border Treaties with Russia

Jan 2 - The Estonian government is not going to change its position on border treaties with Russia, Foreign Minister Urmas Paet said.

The government will not go back on its position regarding the border treaties and send to parliament a bill to drop the preamble added to the border treaties ratification act.

The minister said that it was the parliament's decision to include the preamble in the ratification act and the issue is not on the agenda. The inclusion of the preamble did not change the border delimitation treaties and they were ratified in precisely the form they were signed in, he added.

The treaties delimiting the land and maritime borders of Estonia and Russia were signed in Moscow on May 18, 2005.

The Estonian parliament ratified the treaties on June 20 of the same year and President Arnold Rüütel promulgated the ratification act on June 22.

On June 27 Russia said it was withdrawing its signatures under the treaties, giving as the reason the preamble added to the ratification act by Estonian lawmakers.

Moscow argues that the preamble citing the Tartu Peace Treaty concluded between Russia and Estonia in 1920 would allow Estonia to make territorial claims on Russia in future. Tallinn has repeatedly denied such allegations.

President: EU Must Agree on Politics Vis-A-Vis Russia

Dec 29 - In an interview to the daily Postimees Estonian President Toomas Hendrik Ilves said that the politics vis-à-vis Russia would have to be agreed on within the European Union (EU).

Ilves said that considering the Russian stance to Estonia, Poland as well as to old EU countries such as Great Britain it was clear that Estonia would have to agree on the matter within the European Union.

Ilves said that Russia had made major efforts recently to disparage Estonia, but we shouldn't get too nervous about it. "We are in NATO, after all. All NATO countries have embassies in Estonia and they can very well see what is actually taking place here. What Russia accuses us is not to be found in Estonia," he said.

Speaking about security risks, Ilves said that one of the major risks was the Sosnovy Bor nuclear power plant and its Chernobyl-type reactors. "We have to think about our security in quite different terms than of 20th century tank columns," he said.

Ilves said that there was also a clear threat of pressure by means of energy. "Russia has been

using energy as a pressure tool for as long as 15 years and it will continue to do so in the future."

The president said that in order to reduce security risks it was necessary to think more about energy independence. He said that at the same time Russia accounted for less than one fifth of Estonia's energy balance and about half of this was used by the Iru power plant, which could be easily switched to fuel oil. "So this security risk is not actually very high," he said.

Ilves added that he was not very much concerned about Russian propaganda.

DEFENCE NEWS

President Thanks Soldiers on Foreign Missions

Dec 29 - **Estonian President Toomas Hendrik Ilves sent a New Year message to Estonian soldiers serving in foreign missions, thanking them for exemplary service and wishing them a peaceful turn of the year.**

The president's office said Ilves wished the soldiers and their families a peaceful turn of the year and fulfilment of wishes the next year.

"You will be seeing in the New Year far from home in Iraq, Afghanistan and the Balkans. You are doing difficult work and as the news of the recent days harshly and regrettably showed, also dangerous work for the good of the country," Ilves said.

He said the work of members of the defence forces was important for the country, because it created trust in the Estonian defence forces and in wider terms in the whole country. "And if our state is a reliable partner, our allies will help us when we are in trouble," the president said.

Ilves also thanked soldiers on foreign missions for exemplary service, as well as members of their families and their friends, a stalwart retreat for the soldiers.

Mission Extended for Estonian Officer on OSCE Mission in South Ossetia

Dec 28 - **The mission of Maj. Kristjan Moora of the Estonian defence forces on the Organization for Security and Cooperation in Europe (OSCE) mission in South Ossetia has been extended at OSCE's request until mid-January.**

OSCE sent a request to the Estonian Foreign Ministry to prolong Moora's stay in the area until a new observer has arrived. Meeting the OSCE request, the mission was extended until mid-January.

The task of a military observer is to monitor the situation and developments in the mission area and report his findings to the OSCE.

Estonian Serviceman Wounded in Afghanistan

Dec 28 - **A member of the Estonian infantry company ESTCOY-3 sustained injuries in the course of an operation in Afghanistan but the life of the soldier is not in danger.**

The injured soldier was treated by the unit's paramedic on the spot and is now in doctors' care in Camp Bastion. The life of the injured member of the defence forces is not in danger and next of kin have been informed.

The attack using handguns and mortars took place when a platoon of the Estonian company was returning from escorting a convoy. The servicemen came under fire between Camp Bastion and Lashkar, capital of Helmand province in South Afghanistan.

The infantry company ESTCOY-3 and the ordnance disposal team EOD-10 are taking part in a major anti-Taliban operation in southern Afghanistan. Aside from Dutch, Canadian, British, Danish and Estonian troops also the Afghanistan army and the police are taking part in the operation.

There are currently 132 Estonians serving in the NATO forces in Afghanistan, which makes it the largest foreign mission for the Estonian defence forces. Estonia has taken part in the operation in Afghanistan since 2003.

Apart from the 81-strong ESTCOY-3 and the 15-strong ordnance disposal team EOD-10 there is a 10-member Estonian logistical support team serving in Afghanistan, along with officers and NCOs serving at various staffs.

Estonian President, Army Commander Send Condolences to Latvia on Soldiers' Death

Dec 27 - **President Toomas Hendrik Ilves and commander of the Estonian defence forces Maj. Gen. Ants Laaneots extended their condolences to their Latvian counterparts on the death of two Latvian soldiers in Iraq.**

Two Latvian soldiers serving in the multinational peacekeeping force in Iraq were out on a patrol in the town of Al Diwaniyah when a self-made explosive device exploded under their Hummer vehicle. Three more Latvians were injured in the same explosion.

DOMESTIC NEWS

Government Backs Bill to Tighten Supervision of Party Financing

Jan 4 - **The Estonian government gave its backing to a bill initiated by the parliamentary Constitutional Committee to increase supervision of the financing of political parties and make it more systematical.**

The standing committee initiated amendments to the Political Parties Act basing on the legal chancellor's suggestion to bring the law into line with the Constitution.

The bill stipulates that control over the financing of parties be placed in the hands of a special party financing supervision commission.

As a major change in comparison with the effective law, there will be no differentiation between election expenses and other party expenditure as practically all outlays of a political party are directly or indirectly aimed at achieving success in elections.

The bill says parties must declare their bank accounts with the supervisory body and submit to it quarterly donation and expenditure reports. The draft law also sets a cap on cash donations.

Half of Estonians Believe That Life Will Get Better in 2007 - Survey

Dec 27 - **Half of Estonian citizens believe that life will change for the better next year, it appears from a Eurobarometer survey conducted in autumn.**

As 50 percent of respondents believe that life will improve over the next 12 months, only five percent believe the opposite and 41 percent believe that nothing will change in the near future.

Those believing that life will get better are mostly young people, whereas in the age group 54 and above a whole 60 percent expect the near future to bring no important change. The survey also reveals that the more educated respondents generally tend to be more optimistic, whereas older people expect more stability.

As regards the personal occupational situation, 47 percent of the citizens interviewed believe that the coming year will bring no important changes. There is an almost equal portion, or 46 percent, of respondents believing that positive changes are awaiting the job market overall. Thirty-one percent believe that their personal occupational situation will change for the better too.

In their expectations regarding the year 2007, only residents of Britain, Ireland and Sweden were as optimistic as Estonians, with the percentage of those believing in their household's well-being being the highest in Estonia.

The most pessimistic meanwhile were respondents in Hungary, Germany, Portugal and Austria.

Estonia's Population Decline Slowing Down, May Reach Zero Soon - Minister

Dec 27 - The decline in the size of Estonia's population is slowing down gradually and as a result of more births and longer life expectancy may reach a zero level in the coming few years, the minister of population said.

In the first 11 months of this year 13,780 children were born in Estonia, which is by 538 more than during the same period last year. The total number of births is forecast to exceed 15,000 this year.

The number of marriages per 1,000 residents and the duration of unregistered marriages before childbirth increased last year, and also the share of births to married couples showed a minor increase after a long time. The number of divorces and that of children born to single parents on the other hand declined.

The life expectancy of men and women at birth increased by more than two years during 2000-2005, yet the gap between the life expectancy of men and women in Estonia remains record wide in European terms. The gap is far wider than ten years, being 65.1 years for men and 78.1 years for women.

ECONOMIC NEWS

Currency rates in kroons (Bank of Estonia)

Eurostat: Unemployment in Estonia among the Lowest in EU

Jan 8 - The unemployment figure in Estonia, 4.5 percent, was among the lowest in the European Union, Eurostat reported.

The Statistical Office of the European Union said in an overview published on Friday that unemployment was the lowest in Denmark where it

was 3.3 percent in October. The data for other countries are from November, when unemployment stood at 3.8 percent in the Netherlands, 4.2 percent in Ireland and 4.5 percent in Estonia.

Unemployment was the highest in Poland, as high as 13.6 percent. In Slovakia the figure was 12.3 percent and in Greece 8.7 percent in Q3 last year.

The average unemployment in the community was 7.7 percent and in eurozone countries 7.6 percent. Among women, unemployment was slightly higher, standing at 9.2 percent; among men the figure was 6.3 percent.

In all there were nearly 17 million people jobless in the European Union in November.

Russia Prepared To Open Pskov, Storozhinets River Ports to International Traffic

Dec 30 - The Russian embassy informed the Estonian Foreign Ministry of the Russian government's decision to open the Pskov and Storozhinets river ports to foreign passengers and ships.

The Russian government made the decision on the opening of the river ports on December 18.

Estonian Foreign Minister Urmas Paet said he was pleased to hear the news.

"This will certainly contribute to livelier cross-border relations with Russia on the local level," Paet said.

Launching of the Tartu-Pskov shipping route has been stuck for years over the opening of the border checkpoints.

Restoration of river traffic between Russia and Estonia, interrupted in 1992, has been planned unsuccessfully since spring 1997.

Estonia and Russia reached an agreement in principle on the restoration of the shipping route between Pskov and Tartu back in 1997.

In March 2002 a treaty on the restoration of boat traffic on Lakes Peipsi, Lammijärv and Pskov was signed in Moscow. Estonia built and opened the Praaga border checkpoint in 2003.

In specialists' opinion the port of Tartu can receive up to 100,000 tons of freight and 3,000 passengers in the navigation period from April to September.

PM: Estonia Has Received No Lithuanian Application Concerning New Nuclear Power Plant

Jan 2 - Estonian Prime Minister Andrus Ansip said in response to a statement by the Lithuanian head of government that Estonia had received from Lithuania no official application for a bigger holding than others in a projected nuclear power plant.

"The Baltic prime ministers have agreed on the three countries' power companies' equal holdings in the nuclear power plant project and also on that bringing aboard of new partners will be decided by consensus," Ansip said.

The prime minister said the Lithuanian, Latvian and Estonian heads of government had confirmed this by their signatures. "No application for increasing the holding of one of the partners has been submitted to us. When such an application is filed, it will certainly be thoroughly considered," Ansip said.

Preliminary studies commissioned by the Baltic power companies have confirmed the feasibility of the construction of the new power plant. In case of a positive investment decision, the new power plant could cost from 2.5 to four billion euros and be completed in 2015.

Estonian Fishery to Get EUR 2.8 Mln from State for Additional Removal of Craft from Register

Jan 5 - **By means of a supplementary budget the Estonian government will allocate for fishing an additional subsidy of 44.4 million kroons (EUR 2.84), making it possible to withdraw about ten more fishing craft from the register.**

In the framework of the measure 39 applications were filed to PRIA, the Agricultural Registers and Information Board, in 2005, with 17 of the applications satisfied within the means of a budget of a total of nearly 60 million kroons.

Removal of the 17 boats from the state fishing craft register will lower the capacity of the Estonian trawler fleet by nearly 17 percent.

Removal of ten further fishing craft will cover most of the unsatisfied 2005 applications.

The supplementary budget will also be used to pay one-off 10,000 euro subsidies to fishermen who worked on the craft and lost their jobs as a result of the removal of the craft from the register.

Estonia Receives EUR 351.44 Mln in FDI in Q3

Dec 27 - **In the third quarter of this year foreign direct investments totalling 5.5 billion kroons (EUR 351.44 mln) flowed into Estonia while Estonian residents made direct investments in the sum of 4.9 billion kroons in other countries, the central bank reports.**

Of the inflow of foreign direct investment nearly 60 percent was reinvested income, 26 percent other investment capital and 15 percent investment in equity.

Most of the direct investments came from Sweden and Finland, with European Union countries accounting for nearly 100 percent of the total. More than half of direct investment was made into financial intermediation, one-fifth into manufacturing and one-tenth into construction.

In the structure of Estonian direct investments abroad, equity investments made up 58 percent, reinvested income 24 percent and other direct investment capital 18 percent.

Most Estonian investments flowed into Finland, Lithuania and Latvia. EU member states received 82 percent of all investments. Nearly half of direct investments in other countries went into real estate, renting and business activities and one-third, into financial intermediation.

Adviser at the Bank of Estonia's central bank policy department Andres Saarniit said expansion of business activities across national borders is becoming increasingly noticeable and therefore it is expedient to observe the inflow and outflow of money separately.

"In the third quarter Estonian businesses placed more money than usual in the stock capital of foreign subsidiaries and because of that the inflow of

direct investment exceeded outflow by only 600 million kroons.

Nevertheless, investment climate remains favourable in Estonia as direct investment inflow was even above the historical average level," he noted.

Economy Expands 11.3 Pct on Year in Q3

Dec 29 - **Estonia's gross domestic product in the third quarter of this year was by 11.3 percent bigger than in the same period a year ago, the Statistical Office reports.**

Measured in current prices, the third-quarter GDP was 52 billion kroons (EUR 3.32 b), and in constant 2000 prices, 40.1 billion kroons.

Seasonally adjusted GDP in constant prices increased by 2.8 percent in comparison with the previous quarter.

In the first and the second quarter of this year the Estonian economy grew by 11.7 percent.

Economic growth was mainly powered by large domestic demand, the Statistical Office said.

By fields of activity, GDP growth was most influenced by manufacturing, wholesale and retail trade, transport, warehousing and communications, and financial intermediation both by their volume and pace of growth. These areas accounted for about 70 percent of the total value added.

In the third quarter of 2006, compared to the same period in 2005, the value added at constant prices increased the most in financial intermediation -- by 20.3 percent.

Fast growth was recorded also in agriculture, hunting and forestry, hotel and hospitality industry, and construction. The value added decreased only in fishery.

Consumer Prices Rise 4.4 Pct in Estonia in 2006

Jan 8 - **Estonia's consumer price index rose 4.4 percent in 2006 compared with the average for 2005, the Statistical Office reports.**

Prices of goods climbed 3.7 percent, including rises of 4.6 percent in food prices and 3.0 percent in prices of manufactured goods.

Prices of services rose 5.7 percent.

The CPI was last year mainly influenced by an increase in housing expenses and rising prices of foodstuffs and motor fuel.

Estonian Railway Sets Freight Carriage Records in December, Overall in 2006

Jan 3 - **The freight volume of Eesti Raudtee (Estonian Railway) totalled 44.38 million tons in 2006, 0.3 percent more than in 2005.**

This is the best result the company has ever achieved, Eesti Raudtee said.

Also the December freight volume of 4.28 million tons was a record per-month achievement, nearly 4.7 percent higher than in December 2005.

The earlier record achievement dated from early 2004 when the amount of freight carried during one month was 4.15 million tons.

"The past year can no doubt be regarded as being successful, because despite added freight carriage operators Eesti Raudtee has carried as much freight as in earlier years," said Rene Varek, marketing director of the company.

Estonian Creators of Skype Invest into US Language Learning Company

Jan 5 - **Ambient Sound Investment (ASI), an investment group set up by the Estonian co-founders of Skype, has invested into a US language-learning firm.**

ASI made the investment into a US-Chinese joint venture, Idapted.com, whose business is based on a web-based tutoring platform to enable Chinese customers to improve conversational skills. The service will be launched this year.

ASI did not disclose the size of the investment.

Ambient Sound Investments is an investment group established by four Estonian early Skype engineering employees in 2003.

ASI is equally owned by the four creators of Skype, Toivo Annus, Jaan Tallinn, Ahti Heinla and Priit Kasesalu, all of whom are also board members of the company.

Last April ASI bought with three million kroons (EUR 192,000) 42 percent of the Estonian company Oskando, producer of luxury vehicles' security and surveillance equipment.

Counting in an earlier investment the ASI group now controls 57 percent of the company.

Last spring ASI invested 25 million kroons into Clifton, a Tartu, Estonia, based semiconductor maker.

In May ASI acquired with 7.8 million kroons one third of the Estonian company Modesat Communications.

In July ASI together with another Estonian investment company, InnoCap, acquired a holding in the Lithuanian technology firm Connecty.

ASI now owns 30 percent and InnoCap 25 percent of the Lithuanian company making remote surveillance and control products. The parties have not disclosed the price of the deal.

In December ASI said that it would invest 31.3 million kroons in order to contribute to the expansion of MarkIT to other Central and East European countries.

The investment will be channelled into the development of the widely used e-purchasing environment and services popular among business clients in Estonia and other markets.

Estonia's Most Popular Media Publications Lost Readers in 2006

Jan 8 - **The dailies SL Õhtuleht and Postimees, and the gossip magazine Kroonika, remained the most popular media publications in Estonia in the final quarter of 2006 despite losing tens of thousands of readers during the year, a survey by TNS Emor shows.**

The tabloid SL Õhtuleht had an average issue readership of 251,000 in the fourth quarter, down from 273,000 in the first quarter of the year.

The respective figures for Postimees were 237,000 and 256,000 copies, and for Kroonika 159,000 and 170,000 copies.

The weekly Eesti Ekspress climbed from place six to the fourth place with figures of respectively 142,000 and 138,000.

Gaining the most readership during 2006 was Linnaleht Tallinn, a paper distributed in the

capital free of charge. The publication saw its readership soar from 77,000 in the first quarter to 103,000 in the final quarter of the year.

Also having more than 100,000 readers in the fourth quarter were the rural weekly Maaaleht (134,000), the daily Eesti Päevaleht (131,000), the Kodukiri home and family magazine (104,000) and the rival home and gardening magazine Kodu & Aed (103,000).

The Russian-language publications with the largest number of readers were Linnaleht (71,000), MK-Estoniya (60,000) and Postimees (60,000).

MISCELLANEOUS

The Economist Picks Estonia's Ilves as Rising Star, Latvia's Piebalgs as Eurocrat of the Year

Jan 5 - **In a brief highlight of East and Central European politics of the past year, The Economist chose Estonian President Toomas Hendrik Ilves as the star in the making, giving Andris Piebalgs, the EU's energy commissioner, the title of Eurocrat of the year.**

"Suave, savvy and cynical, this Swedish-born, American-educated political heavyweight has returned from a big job at the European Parliament to put his pint-sized country on the map. Whether delivering the West's message to Mikheil Saakashvili of Georgia, charming George Bush, or hobnobbing with Carl Bildt, his Swedish foreign-minister chum, Mr Ilves had a flying start in 2006 and will be the ex-captive nation's best spokesman in 2007," The Economist said.

It described Piebalgs as a sparkling advertisement for the post-communist countries' political abilities.

"Unlike most of his fellow commissioners, he understands both the technicalities of his brief and its political dimensions, and has the nerve to take on the powerful energy lobbies in Europe's biggest countries that are as contemptuous of politicians as they are cowardly towards Russia."

The "award" for unsung heroes went to Gediminas Kirkilas, Lithuania's prime minister, and the conservative opposition leader, Andrius Kubilius. The Economist said that Kirkilas' minority administration has surpassed all expectations, whereas his relationship with Kubilius, his old friend and ally, represents "a rare example of personal friendship and patriotism surmounting party interest."

The biggest disappointment for The Economist was Poland's Law and Justice Government, which it said wasted most of 2006 in political intrigue.

Chosen as the loser of the year was Moldova, which, "abandoned by the West, and with a defeatist political elite unable to look beyond Russia, is sinking."

Slovenia was chosen as the most clubbable country, which has joined the euro-zone, proving that the common currency need not remain an "old Europe" club.

"A cautious sort of place: Slovenes talk like Estonians, but act like Austrians," The Economist added.

The Banker Names Estonia's Sõerd Finance Minister of the Year

Jan 2 - **The Banker, a highly reputed journal in the Financial Times Group, has named Estonia's Aivar Sõerd Finance Minister of the Year.**

A representative for the journal said the editorial office of The Banker had been impressed by Estonia's economic achievements and above all with the budget planned with a surplus.

Commenting on the title, Sõerd said it was above all a recognition of Estonia's strong economy and sensible budgetary policy.

"Also the European Commission has evaluated the Estonian financial system as one of the strongest in the European Union. In the context of this year's budget it is important to note that despite the approaching elections we have been able to curb expenses," Sõerd said.

The Banker gives annual awards to finance ministers and central bankers, weighing the influence of the candidates on the shaping of policy and on economy in wider terms.

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