

Estonian Review

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

VOLUME 18 NO 1 DEC 22, 2007- JAN 2, 2007



PRESIDENT'S NEW YEAR ADDRESS

Dear people of Estonia home and abroad!

Here, in the hall of the Bank of Estonia, the first Government of the Republic of Estonia set to work on 24 February 1918. We have, therefore, been building our country for nearly 90 years. And when building was impossible, we held on to it. In our hearts and in our minds.

Jaan Kross, a man who held on to Estonia in his heart and mind, has said, I quote: "How many among the peoples of Europe do still have unsatisfied or entirely hopeless claims of independent statehood? Peoples who have missed their chance of success, the rare opportunity of statehood that history so seldom offers, or are still hoping for it."

We are a fortunate nation. Once more, we have cause to feel more secure of our state, our culture and ourselves than ever before. A secure state, building upon the law, looks its citizens into the eye. A secure state is both open and safe.

The closing year was a year of trust. A year when our trust was put to test, but also reinforced.

We are wiser now. Today, we know that order and stability in Estonia can only be ensured hand in hand with democracy, freedom of speech, and freedom of opinion. We know today that we will never be let down, as we stand side by side with our allies and friends.

We have been trusting and trusted. When travelling in Europe, in our true spiritual home, we no longer need to present a passport on the borders to prove that this is where we belong.

Dear fellow countrymen!

Here, in the hall of the Bank of Estonia, it is appropriate to speak of Estonian diligence and enterprising, qualities that add to our confidence about the prospects of Estonian economy.

Free market economy involves development and change. This is why rapid economic growth, characteristic of transition economies, has now stabilised into a steady

rise. Let us accept this and keep this in mind.

Yet we must not attach disproportionate or false qualities to our now more measured economic growth. We must not believe those foreboding crisis and crash. They are making an overstatement and a mistake, they mislead and discourage. They are wrong.

In the future, Estonian economy will grow in a more balanced manner. That is no surprise. This growth is regulated by laws of economy, but also by the global economic situation.

The five or six per cent growth rate expected for the new year means that Estonia is no longer racing, but still making good progress. Better than Europe on the average. Estonia is doing well.

We could evaluate other particulars of Estonian economy with equal balance of mind.

First, and most important: the rate of Estonian kroon is steady. That was decided already 15 years ago, when Estonia made the choice for the present monetary system. To portend devaluation is incompetent, is false play. The note of lucrative interests rings too clear in the talk of harbingers of trouble.

They mean to create mistrust in the future of our country. Just like those few nights in April were meant to create panic and insecurity. That failed, because our trust in Estonian state was strong. We had the balance of mind to ignore trouble-mongers.

Tomorrow, just as today, the Estonian kroon will be the Euro in Estonian national costume. Our currency has served us well. And it will serve us well also when we dress it in Euro-robes in a couple of years.

Second, inflation is unusually high and will remain so throughout the first half of the coming year. The prices are going up all over the world, Estonia is far from unique in this respect.

Moreover, we wish and need to pay our employees better, and ensure our elderly with a better pension. This will inevitably increase prices.

Indeed, inflation tempts us to spend. But let us think again. Just as we don't heat the house in summer to keep it warm for winter, Christmas feasts won't feed us up to midsummer.

Instead of daily spending, money could be used to serve future profit. Let us invest in our own or our children's education, in our health and environment, let us make our homes beautiful.

Continues on page 2

FOREIGN NEWS

President's New Year address continues from page 1

Third: it is wise to note that just as being a shareholder did not inevitably make everybody a big stock exchange shark a couple of years ago, not everyone has become a real estate developer today. Still, many have built new homes in recent years. We live there, we are happy, we do not see our homes as lucrative real estate.

Let us therefore see the current economic situation as a time for new goals and also contemplation. We need to build a basis for economy that no longer has the asset of cheap labour, but has instead the asset of brain potential and efficient use of the latest technology. Estonia is capable of reorganising her economy; we did it once, when restoring our statehood, and in a much more complicated situation.

Estonia has the preconditions for future economic success. Estonian children are very intelligent, as the recent global education quality research tells us. This is a credit to our teachers and the attitude in our homes. Yet the prospects of future economic life can only be fulfilled when intelligence is put to better use in working life than it is today.

Dear people of Estonia!

In the New Year, we shall proudly celebrate the birth of our nation 90 years ago. Let us consider the many events, all the tragedy and goodwill, all the trust and love in the life of our nation, the life we all share.

And hence my genuine appeal to you, dear fellow countrymen: let us appreciate and acknowledge each other. In a moment – when the night will be brilliant and booming with fireworks – take a brief pause. Look at your family, your companions. Thank your wife, your husband, your children, your mother and father. Take a friend's hand and say: you are a good man, a good woman.

And finally, when the New Year festivities are over, say to yourself what an actor said to me when I congratulated him on a remarkable success on stage. He replied: long live Estonia!

Happy new year, dear Estonia, this will be a year of celebrations. Happy and prosperous New Year, dear people of Estonia!

Long live Estonia!

President Ilves Sent New Year's Greetings to the Members of the Defence Forces Serving on Foreign Missions

Dec 31 - **In his New Year's greetings to the members of the Defence Forces serving on foreign missions, President Toomas Hendrik Ilves affirmed that the men and women serving in Estonian uniform in Afghanistan, the Balkans or Iraq deserve the greatest respect and thanked them for their splendid service and dedication.**

"Your service benefits your Defence Forces, your country, and more broadly, all of us. Moreover, you have garnered respect in your homeland and among our allies. At many meetings with our allied leaders

during this past year, I was very pleased to hear their sincere plaudits regarding you," President Ilves wrote to the soldiers.

"The Estonian state has a responsibility to support you in every way. I earnestly hope that during the next year the system of social guarantees for members of the Defence Forces serving on foreign missions will be put in order. This would allow you to do your dangerous work with slightly more peace of mind," the Head of State emphasized.

President Ilves wished the members of the Defence Forces a peaceful turn of the year, as well as a soldier's fortune and success in their private life in the upcoming year of 2008.

Ambassador Kaljurand Presents Order to Estonian Language Teacher in Krasnoyarsk

Dec 27 - **Estonian Ambassador to Russia Marina Kaljurand presented the Order of the White Star IV class to Helvi Kuusi, who has taught the Estonian language in Krasnoyarsk for many years.**

Ambassador Kaljurand thanked Helvi Kuusi for her work and expressed hope that interest in learning the Estonian language would not diminish. Helvi Kuusi said that the order does not acknowledge her alone, but rather the whole Estonian society in Krasnoyarsk region, who have come together to learn Estonian.

The upcoming 90th anniversary of the Estonian Republic was also celebrated in Krasnoyarsk. Representatives from the administration, foreign ministry representations and local national groups were gathered at the reception. In addition, Ambassador Kaljurand met with representatives of the local foreign ministry and the administration of Krasnoyarsk.

During her visit, the ambassador also visited the Siberian Seto village of Haidak. The village recently became known in Siberia because the village schoolchildren won the "Setumaa" Grand Prix with their work at an art biennial.

Estonia Supports Myanmar with Half a Million Kroons

Dec 31 - **The Estonian Foreign Ministry is supporting the needy in Myanmar with 500,000 kroons, donated through the World Food Program (WFP).**

According to Foreign Minister Urmas Paet, the humanitarian crisis and the blatant violation of human rights in Myanmar are very alarming. "According to UN data, one third of the nation's residents live below the poverty line," said Paet. "We hope that our small contribution, made through the WFP, can help to alleviate the situation for those in need," he added. Estonia and the other European Union member states have supported the continuation and expansion of humanitarian aid in Myanmar.

The World Food Program does cooperative work in Myanmar with 22 subordinate establishments of the UN and with non-profit organisations. The organisation's aid is aimed toward alleviating the situation of vulnerable families, women and children.

In addition to food aid, the WFP also helps to provide treatments for HIV/AIDS and tuberculosis patients.

Foreign Ministry Supports Development Cooperation Awareness Project with nearly 600,000 Kroons

Dec 28 - **The Estonian Foreign Ministry allocated 591,000 kroons for the support of the development cooperation awareness project "Terveilm".**

According to Foreign Minister Urmas Paet, it is important to raise the Estonian population's awareness of development cooperation in general. "It's important to explain to people why Estonia, the European Union and other international organisations work together to alleviate the situation in nations suffering from development problems," said Paet.

The goal of "Terveilm", a project of the Estonian Roundtable for Development Cooperation, is to gather and distribute consistent information about development cooperation in Estonian. Central focus is on making information more accessible as well as constantly updating news and opinions on the website terveilm.net.

The project, which carries a total cost of 739,800 kroons, is being implemented in cooperation with the Estonian Roundtable for Development Cooperation, the Foreign Ministry, European Movement Estonia, and the Estonian Fund for Nature.



President Ilves at the opening of the Penuja Border Crossing, 22 December 2007.

DOMESTIC NEWS

Estonian Writer Jaan Kross Dies

Dec 27 - **Jaan Kross, perhaps the best known and highest appreciated Estonian writer, died at age of 87.**

Jaan Kross was born on February 18, 1920 in Tallinn. He studied at Tartu University and worked as lecturer there until 1946.

He made his debut as poet after returning from the GULAG in 1954 but most of his later work is historical prose.

Kross's best known works are *Kolme katku vahel* (Between Three Plagues) I-IV, *Keisri hull* (The Czar's Madman), *Vastutuulelaev* (Sailing Against the Wind), *Wikmani poisid* (The Wikman Boys), *Paigallend* (Treading Air) and *Tahtamaa* (Wanted Land), but he also wrote poetry, short stories and plays. A book of memoirs, *Kallid kaasteelised* (Dear Fellow-Travellers), was published in 2003.

Kross won four Friedebert Tuglas short story prizes, was decorated with the Class One National Coat of Arms service badge, won the Estonian Culture Foundation literary prize in 1998 and last year the Republic of Estonia cultural prize for his life's work.

Kross was married to writer and poetess Ellen Niit.



President Ilves Opened the Penuja Border Crossing

Dec 22 - **Along with representatives of Viljandi County and Latvia's Valmiera Region, President Toomas Hendrik Ilves opened the Penuja border crossing on the Abja-Ruhja Road.**

"If in Valga and Valka there was a barrier before December 21st, but you could cross the border by showing a passport, then here, in Penuja, there was nothing. There was a ditch and the dug-up Abja-Ruhja Road, which did not connect, but took us to dead end, said the Head of State. "However, now this road and the Penuja border crossing are the connectors of something important."

President Ilves expressed hope that the border roads that have been reopened after accession to the Schengen visa space will provide an opportunity for closer cooperation between the border areas in South-Estonia and North-Latvia.

"I call upon you, dear people, to rediscover North-Latvia and you, dear Latvians, to rediscover South-Estonia," said the Head of State.

According to President Ilves, the European Union values cross-border cooperation and this affords financial support to the joint activities of the Estonian and Latvian rural municipalities in the border area, however, people's own ingenuity and enterprise is important.

ECONOMIC NEWS

Currency rates in kroons:

http://www.eestipank.info/dynamic/erp/erp_en.jsp

(Bank of Estonia)

Truck Queues at Estonia's Eastern Border Disappear

Dec 28 - **Queues of vehicles waiting to be cleared for entry into Russia that persisted at Estonia's eastern border for the whole year have vanished after the Christmas holidays and no trucks were queued up at any of the three checkpoints before New Year's Eve.**

According to Estonian Tax and Customs Board, the reason for the disappearance of the waiting queues has to be sought in licenses the Russian side issues to truckers. Truckers have probably run out of licenses toward the end of the year. Furthermore, Russia is at the end of the week entering a long holiday during which nothing much happens, and therefore carriers don't have as much interest in Russia-bound traffic.

As recently as on Christmas Eve there were 150 trucks lined up in Narva, 65 at Koidula and 89 at Luhamaa. The outgoing year's longest queues were recorded early in July, when 450 vehicles at once were waiting to cross the border in Narva and drivers had to wait up to five days.

Estonia's Q3 General Government Revenues up 23 Percent

Dec 28 - **Estonia's general government revenues in the third quarter of this year amounted to 24.85 billion kroons (EUR 1.59 b), an increase of 23 percent over the same period last year and eight percent more than in the second quarter.**

Consolidated expenditures of the general government reached 20 billion kroons, which is four billion kroons more than in the third quarter of 2006 and 806 million kroons less than in the second quarter of this year, figures by the Statistical Office show.

Current Account Figures Generally in Line with Expectations

Dec 27 - **The figures reflecting Estonia's current account in the third quarter of this year generally corresponded to expectations, Hansabank Markets analyst Maris Lauri said.**

According to Lauri, an improvement in the balance of goods and services was expected. Export continues to perform well and the situation's good as far as the balance of services is concerned too.

Lauri described the high level of reinvested earnings as surprising. This is a positive indicator, since it shows that companies with foreign owners have decent profits and they continue to be doing well in Estonia, she added.

Speaking about the prospect for the near future, Lauri said that the improvement in the balance of goods and services is set to continue, since people are no longer prepared to consume as much as they used to.

Direct Investment Inflow into Estonia Reported at EUR 294 Million in Q3

Dec 27 - **Both foreign direct investments in Estonia as well as Estonia's direct investments abroad were large in volume in the third quarter of 2007, totalling 4.6 billion kroons (EUR 294 mln) and 4.3 billion kroons (EUR 275 mln), respectively, the Bank of Estonia said.**

If in the third quarter of 2006 equity capital investments constituted over half of Estonian residents' direct investments abroad then in the third quarter of 2007 the share of such investments dropped to 25 percent.

Almost 80 percent of direct investments by Estonian residents went to EU countries. The majority of direct investments in Estonia came from the EU, particularly from Sweden and Finland. Luxembourg -- a newcomer among foreign direct investors here -- made a considerable contribution, whereas the share of Latvia declined as a result of the change of the country of residence of a company.

Estonia Productivity Growth Fastest in EU

Dec 27 - **In the years 1996-2005 Estonia saw a higher growth rate in productivity than any other current member of the European Union, it appears from the recently published Commission report on economic and social cohesion.**

Real gross domestic product (GDP) per employee grew at a rate of nearly 8 percent per year in Estonia during the period from 1996-2005, figures by Eurostat show.

Next came Latvia and Lithuania with growth rates of more than 6 percent. The average growth rate for Poland was nearly five percent.

Spain and Italy meanwhile showed almost no increase in productivity in the past decade. The growth rate for Germany was a mere one percent per year.

Leaders of Baltika Garments Retailer Increase Holding in Company

Dec 31 - **OÜ BMIG, the holding company owned by Baltika garments retailer board members, increased its holding in Baltika in mid-December, buying 300,000 shares.**

In the transaction BMIG paid 54.86 kroons (EUR 3.5) per share or a total of nearly 16.5 million kroons (1 million EUR), it appears from statistics of the Financial Supervision Authority.

BMIG is the biggest shareholder in Baltika, controlling nearly 23 percent of the company.

ESTONIAN REVIEW (ISSN 1023-1951)

Is issued by the
Press and Information Department, Ministry of Foreign Affairs
ISLANDI VÄLJAK 1, TALLINN, ESTONIA 15049

TEL +372 637 7600

FAX +372 637 7617

**Estonian Review is also available over the Internet at <http://www.vm.ee>
To subscribe, please contact: vm@vm.ee**