

Estonian Review

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QUOTE OF THE WEEK



As soon as you need to put an adjectival modifier in front of the word "democracy" in a description of a country's mode of government, we are looking at something that is not a democracy.

President Toomas Hendrik Ilves, in his speech on a conference "Democracy and Security: Core Values and Sound Policies", Prague, 4 June 2007

TOP STORY

President Ilves: We need to Defend Democracy Today

June 4 - **"It's a sad commentary, that no longer are we talking spreading democracy but defending it, but that unfortunately is what we have to do," said President Toomas Hendrik Ilves in his speech at the Democracy and Security: Core Values and Sound Policies Conference in Prague.**

The President of the Republic was the main speaker at the Conference on 5th June.

According to the Estonian Head of State, the time has arrived when democracies must defend themselves and the European Union and NATO countries need to think about what those who belong to democratic unions can do to make the democratic countries outside these associations feel secure in their choices.

"As far the European Union is concerned it has become increasingly clear that two European goals are incompatible: European integration and appeasement of a rogue-like and threatening Russia," said President Ilves.

"The choice, therefore, is ours: do we as democracies stand by our principles, do we trust each other enough to allow our foreign policy decisions to be made by a majority," he asked.

"Do we devise a policy that will defend the gains of democracy in countries like Georgia or Ukraine, who do not yet enjoy membership in either NATO or the EU. Do we dare to say that lack of press freedom, of suppression of peaceful dissent, lack of free and fair elections have consequences? Or do we continue in the pattern of the first half of this decade, looking for personal or national gain, the rest of the democratic European community be damned? This choice - our decision - is up only to us," the president concluded.

Ilves also addressed the need for the Constitutional Treaty for the European Union. "This represents a considerable step forward in European policy-making, an absolute must if Europe is to have political clout commensurate with its economic might," he said.

During his visit, President Ilves also met with Václav Klaus, the President of the Czech Republic. The Heads of State spoke primarily about the future of the European Union and the Union's Neighbourhood Policy.

FOREIGN NEWS

European Energy Commissioner Andris Piebalgs Hails Estonia on Energy Taxes

June 4 - **EU Energy Commissioner Andris Piebalgs, who met with Estonia's Prime Minister Andrus Ansip in Tallinn, praised Estonia on the way it was handling energy taxes.**

At the meeting, Andris Piebalgs recognized Estonia for its decision on energy charges, adding that it was particularly important in the long term, increasing in this way both energy efficiency in Estonia and our energy security.

The Prime Minister and the Commissioner emphasised at the meeting the unique situation of the Baltic States as an isolated energy island in Europe, for which it was important to diversify its energy sources and establish new connections with the other member states of the European Union. It was also reaffirmed at the meeting that it continues to be important for the European Union to speak with one voice with third countries in the field of energy.

In addition, issues regarding climate change, use of renewable energy, the Ignalina nuclear power station and the opening of the energy market were addressed at the meeting.

Piebalgs also met with members of Estonia's parliamentary committees, discussing the EU energy policy and energy security. Piebalgs said that each member state of the EU was pursuing a sovereign energy policy of its own and that it was not correct to accuse the suppliers when they stood for their own interests too, be it Russia or Saudi Arabia.

The question now is rather about the EU itself, about whether the union is ready to shape a common energy policy and climb above the interests of its individual members, he added.

"It would be a policy not like the European Union's common agriculture policy but rather like the common trade policy. And here the question is about how far the EU member states are prepared to go," Piebalgs said.

FOREIGN NEWS

Estonian President: Solidarity of EU Very Important

Jun 2 - **In an interview with France 24 television, Estonian President Toomas Hendrik Ilves stressed the role of solidarity of the European Union.**

He also called on the union not to yield to Russia's wish to apply divide-and-rule policies toward the EU.

Ilves said that in his view the EU reacted very well during the recent attacks on Estonia.

"I believe that the solidarity that EU member states expressed is very important," Ilves said. "I hope that people understand that the EU is united."

Speaking about relations between the EU and Russia, Ilves said that in his view the European Commission should take the topic of natural gas very seriously.

The Estonian president said that one should read the large-volume policy directive of the Russian Foreign Ministry which says directly that Russia should seek bilateral relations.

In the words of the Estonian president, that would enable Moscow to apply the policy of "divide et impera," or divide and rule.

The EU needs a common policy vis-a-vis Russia that would take into account the economic interests of Germany along with the national security interests Poland, Estonia and other countries suffering under rather intense attacks from Russia, Ilves said.

The EU also must keep an eye on the developments as regards human rights and democracy in Russia, Ilves said. He added that when one wishes to establish a strategic partnership the partner has to be one who respects human rights, democracy and freedom of the press.

The Estonian president said that he considers these matters very important. Meanwhile, many people in Europe admit that problems exist but refer to the need to do business, he added.

Estonia Shows Will of Cooperation with Russia

May 31 - **Estonian Foreign Minister Urmis Paet said that by endorsing agreements on the establishment of the Estonian-Russian intergovernmental commission and on the two countries' economic cooperation Estonia showed its goodwill for development of cooperation with Russia.**

"By that decision the government showed that talk about the wish to develop cooperation with Russia was not mere words," Paet said.

At present the Estonian and the Russian sides have not yet agreed when, where and by whom the agreements would be signed.

"We can see whether the Russian side is ready to sign the agreements," Paet said.

The Estonian government gave its support to a bill on the institution of an Estonian-Russian intergovernmental commission that would create a legal basis for discussing cooperation between Estonia and Russia.

It would be a commission to deal with the two countries' cooperation in the economic, scientific,

technological, social, humanitarian and cultural spheres.

This morning the Estonian government endorsed also an economic cooperation agreement with Russia, a framework agreement regulating economic cooperation between the two countries.

US Ambassador Handed Over Credentials to Estonian President

May 31 - **Estonian President Toomas Hendrik Ilves this morning at his Kadriorg residence received the credentials of Ambassador of the United States Dave Phillips.**

"Relations between Estonia and the United States have been durable and strong since the restoration of the independence of the Republic of Estonia," Ilves said receiving the credentials. "We will mark the 85th anniversary of diplomatic relations between the two countries and it is hard to overestimate its importance in free Estonia today."

He added that side by side with political dialogue relations between Estonia and the United States were characterized by closet practical cooperation in national defence and in the sphere of the fight against terrorism and crime prevention. Besides, the United States is an important economic partner for Estonia.

The Estonian head of state and the US ambassador also discussed the meeting between Ilves and President George W. Bush in Washington D.C. in June.

Phillips has served as Chairman and Chief Executive Officer of Phillips Industries, Inc. and as a partner in Market Square Partnership.

In his home state of North Carolina, he served in key state government positions at the request of both Republican and Democratic governors, including the position of Secretary of Commerce. He has offered his time and energy to support educational, medical, and other causes as diverse as Duke University, Wake Forest University Medical Center; and the Smithsonian Institution.

DEFENCE NEWS

Estonian, Finnish Ministers of Defence Discussed Cyber Defence Issues

Jun 5 - **The Estonian Minister of Defence, Jaak Aaviksoo, and his Finnish counterpart, Jyri Häkämies, signed an agreement on the Mutual Protection of Classified Information between the two countries.**

At their meeting, the ministers discussed ESDP, the Nordic Battlegroup, and participation in international operations as well as matters pertaining to the Nordic Battlegroup and the Baltic Defence College.

Mr. Aaviksoo thanked Finland for being one of the most active supporters of the Baltic Defence College.

The Minister underlined that the meeting was very informative, as they share the same interests and they both participate in the Nordic Battlegroup.

Both ministers, once again, stressed the importance of the EU civilian mission in Afghanistan despite its small scale, stating that all endeavours that help to reconstruct Afghanistan should be welcomed.

Cyber defence matters were discussed separately at the meeting. The Finnish Minister of Defence admitted that cyber defence constituted a new threat, which would endanger society as a whole. He continued by saying that the most vulnerable were highly developed e-societies, like Estonia and Finland. In his words, "Estonia did an excellent job in repelling these cyber attacks and at present can share its experiences with other countries. Estonia is a true expert in this field."

The Finnish Minister of Defence will be introduced to the Communication and Information Technology Education and Development Centre of the Estonian Defence Forces and the Centre of Excellence on Co-operative Cyber Defence, which falls within the sphere of administration of the above EDF Centre.

Minister of Defence Participated in Nordic Battlegroup Ministerial Workshop in Sweden

May 31 – **Minister of Defence, Mr. Jaak Aaviksoo, participated in the ministerial NBG-workshop with the ministers of the EU Nordic Battlegroup.**

The focus of the POLEX2 exercise was shifted to initial consultations and decision-making processes among the countries participating in the EU Nordic Battlegroup.

The scenario compelled the participants to develop decision-making processes with regard to national consultations. Apart from this, probable functions of the Nordic Battlegroup were discussed.

The Chiefs of Defence of the Nordic Battlegroup were also involved in the scenario-based role-play, in which Estonia was represented by the Commander of the Estonian Defence Forces, Major General Ants Laaneots.

"After 300 years, we again find ourselves under the leadership of Sweden; this time, however, as equal partners," said the Minister after the successful conduct of the exercise. He continued by saying that the exercise had been very useful as the timely pinpointing of bottlenecks and the resolution of scenario-based crises situations would give invaluable experience for real decision-making processes in the future.

The Minister of Defence will depart from Sweden and arrive in Estonia tonight.

DOMESTIC NEWS

Prime Minister Addressed Compatriots on the Occasion of the Anniversary of the Estonian Flag

Jun 3 – **"I call for all the Estonian people to proudly raise the flag of our country on that day!," Prime Minister Andrus Ansip said in his address on the occasion of the anniversary of the Estonian flag.**

"We shall attempt to decorate with our national colours each house, each yard, and each flagpole. With this, we show respect towards our country and people, our statehood and history, which has granted us Estonia as it is today," he said.

Ansip reminded that the flying of the blue-black-white flag has not always been possible in this country. "It is no surprise that Estonian students had to carry out the birth of the flag and its initial inauguration half-secretly, not to mention long

decades under a foreign power when this colour combination was completely forbidden."

"Today, in June 2007, we are more assured than ever before that the waving of the blue-black-white flag above all of Estonia is a matter of fact that can never be placed in doubt again," the Prime Minister said.

President Ilves Congratulates New Tartu University Rector

May 31 - **President Toomas Hendrik Ilves called Professor Alar Karis and congratulated him on election for rector of Tartu University.**

"I am convinced that under your leadership Tartu University will flourish and develop as educator of new generations of Estonian intellectuals as well as a fruitful research environment," Ilves said. "I wish you stamina and success in keeping and carrying on the venerable traditions of Tartu University."

An electoral college made up of the University Council, member of faculty council and regular professors of the university elected Alar Karis, the present Rector of the Estonian University of Life Sciences and development biology professor of Tartu University, rector of the University in the third round of voting.

Of the other candidates, Margit Sutrop, Tartu University practical philosophy professor was ousted in the first round Tartu University applied geology professor Volli Kalm in the second round.

In the third round, Karis collected 198 votes in favor. There were 266 members of the electoral college voting in the first and 253 in the third round.

The new rector's inauguration ceremony will take place on August 31.

ECONOMIC NEWS

Currency rates in kroons

<http://www.eestipank.info/dynamic/erp/erp-en.jsp>

(Bank of Estonia)

Estonian Government Projects EUR 306 Million Budget Surplus in Next Four Years

May 31 - **The Estonian government approved a state budget strategy for 2008-11 which plans a budget surplus in the amount of 4.8 billion kroons (EUR 306 mln) for the next four years.**

The strategy paper also puts in place the framework for drafting the 2008 budget.

The budget strategy projects revenues of 415.5 billion kroons and expenditures in the amount of 410.7 billion kroons in 2008-11.

The volume of the budget will increase by 19 percent in 2008 compared to the current year which allows a significant budget growth in most areas of governance.

The government's strategic goals are to ensure Estonia's fast and sustainable growth -- survival of the nation, a better and more prosperous life for the people, high-level education, innovative and competitive economy, protection of peace at home, and development of life in the countryside.

Real Estate Developer Arco Vara Is Going Public

Jun 4 - **Managers of the Estonian real estate group Arco Vara that launched an initial public offering (IPO) of shares have embarked on a roadshow to present Arco Vara to potential investors in European and US financial centres.**

The week-long roadshow that started on will take Arco Vara CEO Viljar Arakas and one of the owners, Richard Tomingas, to New York, Boston, London, Nordic capitals, Warsaw, and Hamburg.

The subscription period in the Arco Vara IPO lasts from June 4 to 14. The IPO price range is 37-44 kroons and trading in Arco Vara shares on the stock exchange is expected to start on June 21.

Speaking at a presentation managers of Arco Vara said that by the year 2011 half of the assets of the development division of Arco Vara should be situated outside the Baltic states.

Aside from Bulgaria and Romania also the Ukrainian market is seen as having good prospects and the company is waiting for the political situation in that country to stabilize.

In the Bulgarian capital Sofia, Arco Vara has acquired a land plot with a construction permit and is planning to build residential and commercial premises on it. According to the design, 222 apartments and 3,000 commercial premises would be built as part of the project that is due to be completed in 2009.

On the new markets the company only buys land plots with a building permit for now, the managers said.

The new markets have all the necessary prerequisites for rapid growth: the level of housing loans already issued to residents there is low, just like the average number of rooms in a dwelling per household member, and the economies are growing at a rapid rate.

Arco Vara expects growth to continue in Estonia and Latvia, where it is planning to increase its construction capacity by acquiring smaller construction companies.

In the longer term the development of residential environments should make up about 70 percent of the entire development activity by Arco Vara.

Estonian Fashion Group PTA Preparing for Listing on Warsaw Stock Exchange

May 31 - **The Tallinn-based fashion group PTA has called for June 25 a general meeting of shareholders at which preparations for listing the company's shares on the Warsaw stock exchange will be discussed.**

The shareholders are going to confirm the report on the previous business year and decide increasing of the stock capital. The company plans to increase stock capital in order to carry out an offering of shares in Poland.

Regardless of the above plans and their outcome, PTA will stay listed on the Tallinn stock exchange.

Volume of construction in Estonia grows fivefold in 10 years

Jun 1 - **Estonian construction enterprises carried out works worth 34.5 billion kroons (EUR 2.2 mln) at current prices at home and abroad last year compared to roughly seven billion kroons in 1996.**

The volume of works performed in foreign countries in 2006 was 2.4 billion kroons. Construction accounted for 8 percent of gross domestic product in 2006, data by the Statistical Office show. Some 5,600 enterprises were engaged in the building business and the sector employed 48,000 people.

Estonia posted last year the fastest growth of construction volumes among European Union member countries. Lithuania, Romania, Slovakia, Poland and Latvia followed. For the first time since 1992, construction increased in Germany. The country accounts for one-fifth of all construction in the bloc.

Dwelling completions in Estonia numbered 5,068 last year. The peak of dwelling completions in this country fell into the period from the early 1960s till mid-1980s when between 12,000 and 14,000 new dwellings were completed annually.

According to the Statistical Office, the current volume of construction more or less covers the normal deterioration of housing.

The share of housing construction of the building market has increased rapidly. If in 1995 housing construction made up 9 percent of the whole market then in 2005 it already accounted for one-fourth.

Estonia has 29 square meters of living space per inhabitant. In Latvia the same indicator is 25, in Lithuania 23, in Finland 38, and in Germany 42 square meters.

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