

Estonian Review

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

VOLUME 17 NO 30 JUL 25- 31, 2006

FOREIGN NEWS

Foreign Minister Paet: Estonia will Continue Supporting New Democracies

Jul 31 - **Estonia is ever more ready to give aid to other countries and is making a shift from a beneficiary to a donor country, Estonian Foreign Minister Urmas Paet said.**

"We are setting ever higher targets in international development cooperation also here in Estonia," the foreign minister said. "After all, it is embarrassing for us that cows in Europe receive a subsidy of 30 kroons per day while half of the world earns less," he continued.

Estonia will spend nearly 148 million kroons (EUR 9.46 mln) on humanitarian aid and cooperation development this year, 0.085 percent of the gross domestic product.

Next year the sum spent on development cooperation and humanitarian aid should grow up to 179 million kroons or 0.094 percent of GDP.

In forthcoming years Estonia will continue to support new democracies in their reforms. In addition to the military mission in Afghanistan, Estonia is planning to contribute more to reconstruction. In addition to Afghanistan, Paet mentioned Georgia, Moldova and Ukraine as Estonia's main development cooperation partners.

Estonia has also assisted West-Balkan states with our reform experience, given humanitarian aid to refugees from Darfur and Iraq, helped victims of South-East Asian tsunami catastrophe and Pakistan earthquake, Paet said.

But according to Paet the United Nations' recommendation is that developed countries should contribute 0.7 percent of their GDP to development cooperation.

"It is realistic to have the aim that Estonia's financial contribution to development cooperation should be 0.1 percent of GDP by 2010, in order to move on from there step by step," the foreign minister said.

Of the 148 million kroons channeled into development cooperation and humanitarian aid 94 million kroons will be spent on the European Union's aid projects, 35 million will be spent via the Estonian Foreign Ministry and 12 million kroons via other ministries.

However, development aid itself is not enough to reduce poverty in developing countries - instead of giving someone a fish, teach him how to fish.

One way to improve the situation is to promote free trade between developing states and the European Union and between developing states themselves. That would give their products an entry to the European market, which today is complicated due to import tariffs, Paet said.

QUOTATION OF THE WEEK



It is embarrassing for us that cows in Europe receive a subsidy of 30 kroons per day while half of the world earns less

**Urmas Paet,
Foreign Minister**

FOREIGN NEWS

Estonia Gave Aid to Macedonia for Fighting with Wildfires

Jul 27 - **Foreign Minister Urmas Paet signed a directive according to which 500 000 kroons will be allocated from funds earmarked in the Foreign Ministry budget for development and humanitarian assistance for Macedonia in order to help put out forest fires.**

According to Urmas Paet Macedonia requested aid from the European Union as well as directly from Estonia. "An emergency situation has been declared in Macedonia and the Macedonian Foreign Minister asked for help," Paet said.

"All Macedonian state resources are already engaged in firefighting but there is still a great need for the equipment that helps to put out fires," the minister added. Estonian aid is meant for procuring water canisters for helicopters and portable water pumps.

The heat wave in southern Europe has caused many forest fires during recent weeks. The situation is especially severe in Macedonia where about 20 fires are raging. Several forests have been destroyed and the fires still keep expanding.

The fires in Macedonia have already claimed one victim, a dozen have been injured and hundreds evacuated. In addition to residential areas the Galicica National Park is also in danger.

The volume of funds earmarked for development and humanitarian assistance in the Foreign Ministry budget is 23 million kroons in 2007.

Dear readers!

Estonian Review team will now take a summer holiday. The next issue of ER will be published in the last week of August.

FOREIGN NEWS

US Visa Waiver for Estonia Could Come in 2009

Jul 27 - **Estonian citizens will be able to travel to the United States without a visa already in 2009 at the best as legislation enabling this is almost finished and under discussion in the Congress.**

Both houses of the Congress have agreed on new conditions that stipulate that countries applying to the visa waiver program must have a visa refusal rate below 10 percent, up from the current requirement of 3 percent.

As data by the US embassy in Tallinn put Estonia's visa refusal rate last year at roughly 7 percent, Estonia meets the requirement and can hope to be among the first new countries admitted to the visa waiver program.

A second key requirement is that the rate of visitors who overstay their visit must be below 2 percent.

Estonian Foreign Ministry Condemns Arrests of Opposition Activists in Belarus

Jul 26 - **Estonia's foreign minister has denounced the recent detention of members and leaders of the Belarusian oppositional youth movement Malady Front (Young Front).**

"These are clearly politically motivated arrests and flagrant violations of human and civic rights," Urmas Paet said.

Both the European Union and the United States have repeatedly called on the Belarusian authorities to free all political prisoners and end detentions on the grounds of different political beliefs, the minister observed.

In his view, the Belarusian authorities' conduct clearly mirrors fear of youth movements and opposition movements as a whole.

Paet once again urged the Belarusian authorities to end repressions directed against oppositional forces. "Only the release of all political prisoners can open the way to a more serious dialogue between the EU and Belarus," he said. "Right now the Belarusian authorities have blocked this road with their actions."

In the last few days a dozen activists of Malady Front, including its leaders Paval Severinets and Aliaksei Shein, have been arrested on the pretext of disseminating unlawful publications.

The publications advertised events planned by the United Democratic Opposition for the Belarus Independence Day on July 27.

Gender Equality Questions in Estonia Were under Discussion in UN

Jul 24 - **Estonia presented in New York to the 39th UN Committee on the Elimination of Discrimination against Women the Fourth Periodic Report on the Implementation of the Convention on the Elimination of All Forms of Discrimination against Women.**

The head of Estonian delegation was Ambassador Marina Kaljurand.

In the words of ambassador Kaljurand the dialogue with the Committee was very constructive

and the Committee emphasized several positive developments in Estonia. "The Gender Equality Act has been adopted, the Gender Equality Commissioner has started working, the authority of the Chancellor of Justice has increased, the national Development Plan for Combating Trafficking in Human Beings has been adopted and action plan on preventing and restraining domestic violence is in development," Kaljurand listed the positive developments acknowledged by the Committee. "According to the Committee there has been a positive transformation in the prevailing attitude of Estonians on gender equality issues, but there are still many stereotypes remaining in the society," she added.

Wage differences between men and women, the shortage of female professors, healthcare statistics, women's participation in politics, women's situation in rural areas, stereotypes in education and the growing number of women among people living with HIV/AIDS were also topics under discussion during the session. After the report is presented Estonia will wait for the concluding observations and the recommendations of the Committee.

All countries acceded to the convention are obligated to present periodical reports on legislative, judicial, administrative and other measures that have been implemented to enforce the provisions of the convention, as well as on the progress made in the field. The reports are presented to the Committee on the Elimination of Discrimination against Women consisting of 23 independent experts.

The Republic of Estonia acceded to the Convention on the Elimination of All Forms of Discrimination against Women on 26 September 1991.

Estonian Foreign Ministry Is Looking for an Architect for Embassy Building in Riga

Jul 31 - **Estonian Foreign Ministry announced a public contest to find architectural solution to Estonian Embassy building in Riga.**

According to Foreign Minister Urmas Paet, the building should have a modern architectural vision which would also fit in the general environment of the city of Riga.

The building site is located in the centre of Riga in the highly appreciated district of Ziemeļu.

DEFENCE NEWS

Estonian Units Participating in Operation in South Afghanistan

Jul 26 - **Estonian units in Afghanistan are taking part in an operation against Taliban extremists in the south of the country.**

Afghanistan's National Security Force and the International Security Assistance Force have launched another operation to drive Taliban extremists out of the Gereshk valley of Helmand province.

Of Estonian units, the infantry company ESTCOY-4 and explosive ordnance disposal team EODT-11 are involved in the action.

The units are acting side by side with British and Afghan troops. Also, Afghan government troops

played an active part in the planning of the operation.

The objective of the operation is to extend the influence and control of Afghanistan's democratically elected government as well as enable reconstruction and development projects to take place.

A few thousand ISAF and ANSF personnel are taking part in the operation.

ECONOMIC NEWS

Currency rates in kroons

(Bank of Estonia)

Revenues, Profit of Elcoteq's Estonian Unit Drop in 2006

Jul 27 - Elcoteq Tallinn, Estonian subsidiary of the international electronics manufacturer Elcoteq SE, saw its sales drop by one-fifth last year to 1.034 billion kroons (EUR 66.1 mln) while net profit declined 6 percent to 39.9 million kroons.

As a result of changes in the market, clients of Elcoteq changed their strategy and concentrated their European manufacturing capacities in southern Europe, which was reflected on Elcoteq group's order book for the Tallinn plant, Elcoteq Tallinn said in its annual report.

Elcoteq Tallinn is planning to substantially increase the share of communications network equipment and consumer electronics in its product portfolio this year. These are more sophisticated categories of output that require less but better qualified labor, it said.

Also, the market for communications network equipment is more stable as a rule.

Investments by Elcoteq in 2006 totaled 39 million kroons. A bigger sum will be invested in 2007 in connection with the increase in the share of products with greater added value.

Elcoteq Tallinn employed on the average 3,563 people last year and its labor costs amounted to 329 million kroons. The company is about to pay a dividend of 30.8 million kroons, according to the management board's proposal.

YIT Ehitus Construction Company Posts 30 Percent Increase in Profit

Jul 27 - YIT Ehitus, Estonian subsidiary of the Finnish construction group YIT Corporation Ltd, saw its annual profit rise 30 percent year on year to 43.5 million kroons (EUR 2.78 mln) in 2006.

Sales on the other hand dropped 18 percent to 920 million kroons, it appears from the annual report.

Total assets of the company at the end of 2006 stood at 891 million kroons, owners' equity at 335 million kroons and stock capital at 34 million kroons.

Revenues from construction activities accounted for 59 percent of total revenues, with the rest generated in real estate related activities.

YIT Ehitus employed 209 people as of the end of the year and wage costs in the 12 months came to 74.8 million kroons. YIT Ehitus paid no dividend in 2006 and 2005. Undistributed profit totaled 258.5 million kroons at the end of 2006, having increased by more than 50 million kroons during the year.

Number of New Dwellings up 2.3-fold in Second Quarter

Jul 27 - According to the Statistical Office, 2,105 new dwellings were cleared to be taken into use in Estonia in the second quarter of this year, 2.3 times more than during the same period a year ago.

In comparison with the first quarter of this year, the number of dwellings in new buildings permitted to be taken into use increased by 46 percent.

The total floor area of the dwellings authorized for use in the second quarter doubled year on year to 164,700 square meters.

The average size of the dwellings authorized for use fell by 14 percent during the year to stand at 78.2 square meters in the second quarter.

In all 3,319 dwellings were issued building permits during the quarter, 15 percent less than in April-June last year but 21 percent more than in the first quarter of this year.

Of non-residential buildings, 235 were authorized for use in the second quarter, a year-on-year reduction of 39 percent.

Building permits were issued for 795 non-residential buildings, 18 more than in the second quarter of 2006. The rate of increase over the first quarter of 2007 was a solid 74 percent.

A total of 5,068 new dwellings were authorized for use in new buildings in Estonia in 2006, 29 percent more than in the year before. The number of building permits for dwellings issued during the year was 12,863, marking an increase of 40 percent.

Tallink's Quarterly Net Profit Drops Almost by Half

Jul 26 - The net profit of the Estonian shipping group Tallink in the third quarter of the financial year 2006/2007 decreased 1.97 times to 38.8 million kroons (EUR 2.47 mln).

Net sales for the period totaled 2.9 billion kroons, an increase of 30 percent over the same period in the preceding financial year.

Net sales in the first nine months of the financial year totaled 8.35 billion kroons, a 2.74-fold increase over the same period a year ago. Net profit for the nine months dropped 69 percent from 131.7 million kroons to 41.4 million kroons.

EBITDA grew 2.4-fold year-on-year to 1.2 billion kroons.

The integration of Silja Line has been successful and the most crucial areas have been covered, Tallink said in the release to the stock exchange.

"With little addition still to be reported in Q4, we have so far incurred a total of approximately 141 million kroons in integration related non-recurring costs during the nine months of the current financial year," it said.

Without the non-recurring costs Tallink's net profit was 182.4 million kroons, surpassing the figure for the same period a year ago.

These one-off costs were mainly related to redundancies at the Finnish and Swedish shore organizations and also included the cost of transfer of the pension fund and related assets and liabilities from the group, to be managed by a third party. It is estimated that these non-recurring integration costs will lead to yearly savings in the amount of approximately 188 million kroons on overhead costs, Tallink said.

In addition to the non-recurring costs related to the integration of Silja, the group's results were also influenced by the start-up costs arising from the launch of a new vessel, Star, the launch of Tallink Spa & Conference hotel and expansion of stevedoring activities in Finland.

Investments by Tallink in the nine months dropped 71.5 percent to 2.15 billion kroons.

The number of passengers grew 2.1 times during the same period to 4.5 million, while the number of cargo units carried was up 2.3-fold to 271,000.

Net profit per share fell from 26 cents to six cents.

In the course of the nine-month period Tallink employed on the average 6,093 people, a 2.2-fold increase over the first nine months of the preceding financial year.

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