

# Estonian Review

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**Adriatic-Baltic-Atlantic meeting of Ministers of Foreign Affairs and Ministers of Defence in Tallinn on 5-6 February.**

## FOREIGN NEWS

### Adriatic, Baltic and Atlantic Ministers Discussed Security Cooperation

Feb 6 - **During a meeting of foreign and defence ministers of countries of the US-Adriatic Charter and the US-Baltic Charter in Tallinn, regional security topics of the Western Balkans as well as integration of those countries into Euro-Atlantic structures was discussed.**

Estonian Foreign Minister Urmas Paet said the main reason why such a format was chosen was to relay the Baltic States' fresh experience from accession to NATO to the countries of Western Balkans and also to hear their problems and relay them to the NATO partners.

"NATO must make sure it sends out clearer signals than so far over enlargement," Paet said.

In multilateral meetings held as part of the Tallinn meeting, regional security topics of the Western Balkans, including matters related to Kosovo, as well as their impact on European security in wider terms were under discussion. Participants also discussed the situation in Afghanistan and Iraq.

Rosemary DiCarlo, the US deputy assistant secretary of state responsible for southern Central Europe at the State Department, said that all the countries of the Western Balkans that took part in the meeting had made great progress recently. DiCarlo said it was the alliance's goal to integrate countries of the Western Balkans into Euro-Atlantic structures.

Estonia's Defence Minister Jürgen Ligi said he was glad that the countries which took part in the meeting had clear visions.

*(To be continued on page 2)*

## FOREIGN NEWS

### Estonia Backs Further Enlargement of NATO

Feb 6 - **Estonian Prime Minister Andrus Ansip said Estonia is in favour of a strong NATO and backs the alliance's further enlargement.**

Meeting with foreign and defence ministers from the countries of the US-Adriatic Charter and the US-Baltic Charter in Tallinn, the prime minister said that Estonia supports the integration of the entire Balkans region with Euro-Atlantic structures and considers it important to relay its accession and reform experience to politicians and officials alike.

Ansip stressed that an invitation to join NATO is not secured until it is issued and that the countries need to work hard to receive it.

Estonia understands how important NATO membership is for countries of the Adriatic, as the prospect of membership serves as a strong stimulus to executing changes, the Prime Minister said.

The Estonian premier also thanked the United States for its strong support to new democracies in their NATO-related aspirations.

## FOREIGN NEWS

*Continued from page 1*

Ligi added that it was exciting for the Baltic States to observe the progress of defence reforms in the Western Balkans and that the process was reciprocal.

The defence ministers stated that Baltic defence cooperation was one of the key elements in Baltic States' road to NATO and that the partners from the US-Adriatic Charter nations could benefit from the Baltic experience. They said that Adriatic and Baltic countries were taking seriously the commitment to contribute to the wider security as all the countries were making a visible contribution to the ongoing NATO operations in Afghanistan.

The ministers agreed that in order to make more beneficial contributions, the countries had to adapt their armed forces to better meet the challenges of changing security environment.

The ministers acknowledged that today's security challenges demand more professional forces with more sophisticated equipment and technology at their use.

The meeting in Tallinn was attended by foreign and defence ministers and high-ranking officials of Albania, Bosnia and Herzegovina, Croatia, Lithuania, Latvia, Macedonia, Montenegro and Serbia, as well as the high-ranking official from the US State Department.

### Foreign Minister: Talks with Macedonia on Visa Facilitation Must Give Rapid Results

**Feb 6 - Estonian Foreign Minister Urmas Paet and his Macedonian colleague Antonio Milošoski discussed the topic of facilitation of visa regulations.**

As regards bilateral relations, the parties observed with satisfaction that relations have significantly intensified, which is demonstrated also by the recent high-level visits.

The Estonian minister said he was pleased with Macedonia having opened its diplomatic representation in Tallinn in January. Paet said he was confident that the representation would significantly contribute to communication between the two countries and their closer contacts.

It was agreed that an agreement of the avoidance of double taxation would be signed already this year.

Macedonia is seriously interested in tapping into Estonia's experience in the field of information technology, Milošoski said.

Besides, Paet stressed Estonia's firm support for Macedonia's s for EU membership.

Facilitation of visa regulations, for instance, show in the clearest manner that concrete steps are being taken toward the EU, he said.

"We are of the opinion that the talks on visa facilitation that have been started must produce a clear and rapid result," Paet said.

### Estonia Is Ready to Continue Sharing Its Experience with Bosnia-Herzegovina

**Feb 5 - Foreign Minister Urmas Paet said that Estonia is prepared to continue sharing its experience with Bosnia and Herzegovina.**

At a meeting in Tallinn with his counterpart from Bosnia and Herzegovina, Mladen Ivanić Paet said that Estonia backs the reforms being carried out in Bosnia and Herzegovina, having arranged training in freedom of the media, information policy, privatization and development of administrative capacity, and is ready to continue sharing its experience. Likewise, military personnel from Bosnia and Herzegovina are also in the future awaited to study at the Baltic Defence College.

Speaking about relations between the countries, the ministers stressed the need to promote relations still more actively on all levels and sign a set of agreements.

The ministers also talked about aspirations of Bosnia and Herzegovina regarding the EU and NATO.

Ivanić offered an overview of the post-election situation in Bosnia and Herzegovina and the progress of reforms.

As Paet said, Estonia has always been in favor of a clear European prospect regarding the countries of Western Balkans. "At the same time, for the signing of a stabilization and association agreement reforms have to be carried out," he said.

Ivanić expressed his satisfaction with the decision made at the NATO summit in Riga to invite Bosnia and Herzegovina to join the NATO Partnership for Peace program. Paet said that this decision was in line with Estonian stance.

"The accession of Bosnia and Herzegovina, Montenegro and Serbia to the Partnership for Peace program will enable NATO to best support positive developments in those countries," the Estonian Foreign Minister said.

### Montenegro Thanked Estonia for Rapid Establishment of Ties

**Feb 6 - Meeting with Estonian Foreign Minister Urmas Paet in Tallinn, Montenegrin Foreign Minister Milan Roćen thanked Estonia for rapid establishment of diplomatic relations with Montenegro.**

During the meeting of the two foreign ministers, relations between the countries and Montenegro's aspirations for EU and NATO membership were discussed.

Roćen expressed gratitude to Estonia for rapid establishment of diplomatic ties and underscored that Estonia was the first country to appoint its ambassador to Montenegro after the country regained its independence. He also described Estonia as having always been a great example for Montenegro.

The ministers were unanimous on the need to promote economic cooperation between the countries.

Paet reaffirmed Estonia's support for Montenegro's Euro-Atlantic aspirations and voiced recognition of the completion of negotiations on the stabilization and association agreement.

Now the country has to continue fulfilling the assumed obligations, he added.

Estonia was the first country to establish diplomatic relations with Montenegro, doing it on June 13 last year. Estonia is represented in Montenegro by a non-resident ambassador, Karin Jaani.

## Estonia and Serbia Need to Enhance Business Contacts

Feb 7 – **Estonian Foreign Minister Urmass Paet and Serbia's Deputy Foreign Minister Bratislav Djordjevic found that the two countries need direct business contacts.**

The ministers agreed that relations between the countries are good, but need to be intensified on all levels.

Estonia supports the reforms that are being carried out in Serbia and is ready to share its experience with that country, Estonia's foreign minister said.

„Estonian businessmen are interested in Serbia. Last year Estonia's biggest software-company invested in Serbia,“ he added.

Paet reaffirmed Estonia's support for the reforms carried out in Serbia, saying that Estonia has shared know-how with Serbian officials in the field of civil society and WTO and has provided training to defence forces personnel from that country.

## Estonia Expects Albania to Ease Visa Regulations

Feb 7 - **Foreign Minister Urmass Paet and his Albanian counterpart Besnik Mustafaj touched on Albania's aspirations regarding the EU and NATO, and visa regulations.**

Urmass Paet expressed hope that the visa-free period of stay in Albania for Estonian citizens would be extended soon.

The ministers also spoke about the need to sign basic agreements between the countries. They agreed that an agreement on road transport would be signed already this year.

Speaking of Albania's aspirations regarding Euro-Atlantic integration, Paet emphasized Estonia's firm support for these aspirations.

Ratification of the Stabilization and Association Agreement by the member states would give a clear signal to Albania and add to consistency in its movement toward the EU, the Estonian minister said.

Estonia has provided training on several occasions to Albanian officials in the fields of information policy and local government reform and has advised defence forces and police personnel from that country.

## Pakistani Ambassador Handed over Credentials to President Ilves

Jan 1 - **Toomas Hendrik Ilves received Shaheen A. Gilani, Ambassador of Pakistan, who presented his credentials.**

According to the President, the relations between Estonia and Pakistan are at a formative stage, and consultations have been initiated at the highest levels of the respective Ministries of Foreign Affairs. This is a good start for the intensification of mutual contacts, Ilves said.

„Regional stability and the struggle against terrorism affects us all,“ said the Head of State recalling that over 100 members of the Estonian Defence Forces are serving in the NATO-led forces in the southern region of Pakistan's neighbour, Afghanistan, where Estonia has also sent its diplomat.

In his conversation with the Pakistani Ambassador, President Ilves expressed interest in

the opportunities for the general stabilization of the region, in the problems on the Afghanistan-Pakistan border, the refugee camps, and the alleged cross-border movement of extremist Taliban fighters.

The Pakistani Ambassador said that he considers his main objective to strengthen relations between Estonia and Pakistan, especially in economic and commercial fields, which today are the key to the promotion of other relations. The Ambassador also presented Pakistan's position regarding the problems and developments in Afghanistan.

## Estonian Ambassador to Sweden Handed over Credentials

Feb 1 - **Estonian Ambassador to Sweden Alar Streimann handed over his credentials to King Carl XVI Gustaf.**

In the conversation after the handing over of the credentials the king and the ambassador found that the relations between the two countries were very good.

Streimann gave an overview of recent political events and economic developments, as well as the forthcoming parliamentary elections. Also environmental policy was dwelt upon, and the king recalled his last visit to Estonia.

Streimann, born in 1964, has been in diplomatic service since 1991 when he became an adviser for the Foreign Ministry trade relations department.

In 1993-1996 Streimann worked as adviser at the Estonian embassy in Sweden and in 1996-1997 as director general of the foreign economic policy department.

Later he was deputy secretary general for European integration and head of the Estonian negotiating delegation with the European Union.

In 2003-2006 Streimann was the permanent representative of Estonia at the Council of Europe.

## DEFENCE NEWS

### Estonian Army Commander Visited Iraq

Feb 6 - **Commander of the Estonian defence forces Maj. Gen. Ants Laaneots was offered a first-hand overview of the plans of the allies during a meeting with the commander of the coalition forces, US Gen. George Casey.**

Laaneots observed that the biggest cause of headache for the allies was intensified violence between Shia and Sunni Muslims.

Laaneots also met with Italian Lt. Gen. Ernesto Albano, deputy chief of the NATO training mission in Iraq. Albano voiced recognition of Estonia's contribution to the NATO mission and said he values very highly the Estonian officers because of their good knowledge of NATO staff procedures and command of English.

Laaneots also met with personnel of the Estonian infantry unit ESTPLA-14 at the Taji allied base.

Estonia takes part in the Iraq mission since June 2003. Right now Estonia has the 34-strong ESTPLA-14 and three staff officers serving in that country. In addition, two staff officers from Estonia are serving at the headquarters of the NATO training mission.

ESTPLA-14 is part of the 1-7CAV battalion of the battle group of the 1st Brigade of the multinational Baghdad division.

Following his appointment in December 2006, the new commander of the Estonian defence forces has

already visited Afghanistan, where Estonia has 129 of its defence forces personnel serving on a mission.

### **Estonian Ambassador to NATO: Estonia Hoping Finland Will Accede to NATO**

Feb 1 - **Estonian Ambassador to NATO Harri Tiido said that Estonia hoped Finland would accede to NATO.**

Tiido said that looking at the map it would seem natural for Finland to accede to the alliance.

The ambassador added that NATO was officially impartial in the Finnish membership issue.

In the past two years the Estonian embassy in Finland was the NATO contact embassy, but as of this year duties of the NATO contact embassy passed from Estonia to Latvia.

## **DOMESTIC NEWS**

### **Estonian Interior Ministry to Draw up Comprehensive Interior Security Strategy**

Feb 1 - **The Estonian government has endorsed an interior security concept to serve as a basis for a comprehensive interior security development plan for the years 2009-13.**

The plan will be drawn up at the Interior Ministry by the end of this year. The concept, presented by Interior Minister Kalle Laanet, comprises public institutions as well as the private and non-profit sectors; the ministry calls it the great security strategy.

The development plan will map the activity of public institutions, the non-profit and the private sectors in guaranteeing security of the people. The comprehensive picture will serve as the basis to planning and financing activities connected with providing security to the people and their property, security of the state and reaction to environmental disasters.

The interior minister said development plans were generally limited to certain areas and ended together with the immediate responsibility of the institution. Laanet said that the Interior Ministry was like a security centre where problems were initiated or found a solution in quite another sphere, for example that of social affairs or education.

Different ministries will be involved in drawing up the comprehensive security plan, and civic associations and companies would be involved in developing interior security.

The comprehensive interior security plan will be drawn up under Interior Ministry coordination by the end of this year so it would be possible to use it as the basis for drawing up other development plans and in planning the budget for 2009.

Laanet said that in order to create more security and welfare for the people interior security would have to be seen in significantly wider terms than at present.

"We have to learn to see links for example between additional financing of local roads and traffic safety, between street lighting and crime, between social problems and fires, alcohol advertisements and youth crime," Laanet said to justify the need for drawing up the development plan.

## **Nearly 30,000 Estonian Nationals Living Abroad - Registry Data**

Feb 6 - **As many as 29,765 citizens of Estonia had registered themselves as residents of some other country as of Feb. 1 this year.**

Residents of Finland accounted for the largest number, or 16,535. Residents of Russia numbered 3,213, residents of Sweden numbered 2,403 and residents of Canada, 1,598.

There were also large communities of Estonian citizens in Germany (1,426), the United States (1,396), Australia (618) and the United Kingdom (606). The number of Estonian citizens living in Latvia was 447.

At the beginning of February 2006, 17,752 Estonian nationals were living abroad, including 5,087 in Finland, 2,937 in Russia and 2,354 in Sweden.

The sudden increase in the number of Estonians living abroad is partially attributable to the fact that the Estonian Interior Ministry at the end of last year transferred into the Finnish registry the names of 8,500 Estonian nationals who had registered themselves as permanent residents of Finland.

## **ECONOMIC NEWS**

### **Currency rates in kroons** (Bank of Estonia)

### **Estonia Seeks to Diversify Energy Supplies**

Feb 6 - **Estonia is very interested in diversifying energy supplies of the region, Foreign Minister Urmas Paet said.**

"The more new electricity and natural gas links our region has with different countries, the stronger our security will be," the minister said in a meeting with his Lithuanian colleague, Petras Vaitiekunas.

An electricity link between Estonia and Finland has already been established and building a power bridge between Lithuania and Poland would also create surplus value, Paet said.

As for a new nuclear power plant planned to be built in Lithuania, Paet said it is necessary to complete feasibility studies and prepare legislation that would allow proceeding with the project. In his words, Estonia is waiting for the bill on the construction of the plant that the Lithuanian government is to submit to parliament.

Vaitiekunas was in Tallinn for a meeting of foreign and defence ministers from the Adriatic-US and Baltic-US Charter countries and West Balkan countries that recently joined NATO's Partnership for Peace program.

### **Estonian Railway Planning Direct Link With Shanghai**

Feb 6 - **Eesti Raudtee (Estonian Railway) intends to set up a regular freight service from Tallinn to Shanghai in China via Kazakhstan.**

The direct link would increase the volume of container traffic through Estonia 50 times. Leaders of the state-owned railway company have set their sights in the first place on freight flows from Nordic countries.

"China intends to launch a regular service between Shanghai and Almaty (in Kazakhstan). Our aim is to put into operation a direct link between Tallinn and Almaty so goods could be loaded onto a train to Shanghai there," marketing director of Eesti Raudtee Rene Varek explained.

Varek hoped delivery of containers to Shanghai by rail would take almost half less time than by sea.

If at present Eesti Raudtee carries slightly more than 10,000 containers annually then in the next three to five years the firm hopes to raise the volume to 500,000.

The chief executive of Tallinna Sadam (Port of Tallinn), Ain Kaljurand, said expansion of the container terminal at Muuga, Estonia's main merchant port east of Tallinn, will be completed within three years. The investment worth a few hundred million kroons would allow the port to handle up to 700,000 containers annually.

### **Estonia's Industrial Output Grows 7 Percent in 2006**

Jan 31 - **Estonia's industrial output in 2006 grew 7 percent in industry as a whole and 8 percent in manufacturing, as compared with 2005, preliminary figures by the Statistical Office show.**

In December 2006 compared to November, seasonally adjusted industrial production in Estonia increased 2 percent.

Compared to December 2005, industrial output increased 6 percent in industry as a whole and 7 percent in manufacturing. The growth was to a large degree the result of a 6 percent increase in the production of food.

The increase in food production was mainly influenced by an increase in the production of beverages and dairy products. Sale of food on the domestic market as well as for export grew year on year.

The manufacture of metal products, building materials, and electrical machinery also contributed largely to the increase in the output of manufacturing, growing by 17.6 percent, 24.8 percent and 26 percent, respectively. In case of metal products and electrical machinery the growth was mainly influenced by increased exports.

The production of building materials increased both for export and for the domestic market, the growth trend being faster in the domestic market.

Estonia's industrial output has been in an upward trend since 2000.

### **S&P Reaffirms Estonia Rating, Hails Economic Policy**

Feb 2 - **The rating agency Standard & Poor's said it was leaving the sovereign rating of Estonia on the present level of A, with a Stable outlook.**

Estonia's high sovereign rating is supported by a consistent economic policy, competitive economy and the outlook of euro adoption in the coming few years, the Bank of Estonia said, citing the report.

Standard & Poor's observed that despite frequent changes of government in Estonia, all governments since the country's regaining of its independence had carried out a responsible and transparent fiscal policy, which had boosted trust in Estonian economy.

The report estimates that Estonia's annual economic growth rates in the coming years will be above 7 percent.

Of negative aspects, the report mentions Estonia's high current account deficit and rapidly expanding external debt.

In order to curb domestic demand, Estonia needs to increase fiscal surplus, the rating agency suggested. Consequently, the surplus in 2007 should turn out bigger than the planned one percent of GDP, S&P said.

### **City Airline Restarts Tallinn-Gothenburg Flights**

Feb 1 - **The Swedish airline City Airline will start flying between Tallinn and Gothenburg six times a week starting from March 26.**

One daily departure, Monday through Friday, and one on Sundays will be offered. The flights will take off from Gothenburg at 12:40 and land in Tallinn at 15:50, taking off again at 16:25 and landing in Gothenburg at 16:50.

City Airline's service to Gothenburg will be the only scheduled commercial flights between the two cities.

The company will use Embraer 135 and 145 regional jets having 37 and 49 seats respectively to operate the flights. The route will be operated on a code share basis with SAS.

City Airline flew on the same route also in 2005.

### **Estonia Again Permits to Ship Shale Oil with Tankers**

Feb 1 - **Estonian Maritime Administration lifted a ban on the shipment of shale oil with tankers that had taken effect on Jan. 1.**

The initiative for revoking the ban came from the Ministry of Economy and Communications.

In the view of the Estonian Maritime Administration shale oil fell under the category of unclassified chemicals in the new classification of substances shipped by sea that became effective from the start of this year.

The ministry maintains that shale oil has to be designated as oil in that classification and there are no restrictions on its transportation.

That stance is unanimously upheld by the oil shale institute of the Tallinn University of Technology, the environment technology and waste treatment company Okosil, the Estonian Oil Association, and producers of shale oil alike, she added.

To avoid similar misunderstandings in the future, the ministry intends to raise the issue with the International Maritime Organization (IMO) which set out the classification, so that shale oil would be mentioned separately on future lists.

### **Readers of Polish Transport Journal Name Tallink CEO Person of the Year in Shipping**

Feb 1 - **Readers of Baltic Transport Journal, a transport business journal published in Poland, have chosen Tallink Group CEO Enn Pant as person of the year in shipping.**

The publication said the title went to Pant in connection with his expansion of Tallink to become the "King of the Baltic Sea."

It specifically highlighted the acquisition of the Finnish shipper Silja Line by Tallink and investments

by the Estonian shipper in new vessels. With that the list of accomplishments by Pant definitely will not end, it said.

### **Estonia Saved 20 MW of Energy in Five-Minute Power-Down**

**Feb 3 - Estonians heeding a worldwide energy-saving appeal turned out their lights and other electrical devices for five minutes on 1 February.**

The initiative saved a quantity of electricity corresponding to consumption by a town with a population of 20,000.

"Chief of shift at the electricity system control centre saw from the display screen that consumption dropped by 20 megawatts," a specialist with the control centre explained. "At 8:55 p.m. it was 1,295 megawatts and within a few dozen seconds it dropped to 1,275 megawatts."

In his words, consumption decreased by the amount of power used by Viljandi, a town with a population of 20,000 in southern Estonia.

"Five Minutes of Respite for the Planet" was an initiative of the French environmental group L'Alliance pour la Planete. The "blackout" that lasted from 8:55 to 9 p.m. local time on 1 February was designed to draw attention to great powers' reluctance to rein in the ever-growing energy demand.

### **Quarterly Earnings of Estonia's Tallinna Vesi Up by Almost Half**

**Jan 31 - The water company Tallinna Vesi earned a net profit of 63.1 million kroons (EUR 4.0 mln) in the final quarter of 2006,**

That marked a 49.8 percent increase over the same period a year ago. Sales in the fourth quarter soared 37 percent year on year to 207.5 million kroons.

Twelve-month sales climbed 17 percent to 693.2 million kroons and net profit 42 percent to 248 million kroons.

Sales from main operating activities rose seven percent in comparison with 2005 to reach 589.2 million kroons. Sales to residential customers increased 9.7 percent to 288.7 million kroons and sales to commercial customers within the services area 10 percent to 246.9 million kroons.

Sales revenues from other operating activities, mainly connections and stormwater construction, grew by 61.9 million kroons to 104 million kroons.

Investments by Tallinna Vesi during the year came to 246 million kroons and the company employed 318 people at the end of the year.

Tallinna Vesi expects consumption to keep growing this year and sales of services to the municipalities surrounding Tallinn to increase.

Shares of the company are trading in the main list of Tallinn Stock Exchange. The core owners of the company are United Utilities BV and the City of Tallinn.

### **Securities Deals Indicated in Pre-Filled Tax Returns**

**Feb 5 - As of this year information on securities deals is indicated in the pre-filled income tax returns.**

The information is indicated for trades where shares and money moved through the Estonian Central Securities Register.

In case the deal included exchanging securities only (non-cash), no market value is indicated in the pre-filled tax return. In that case the client is obliged to add the market value of the securities to the tax return.

The Tax and Customs Board said that also deals made with unlisted securities must be indicated, even if the information is not reflected in the pre-filled tax returns.

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