

Estonian Economy

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ESTONIAN ECONOMIC POLICY

- **Estonia was ranked in position number 8 in the annual report on economic freedom released by the Washington-based non-governmental Cato Institute, being the first post-communist economy to make it to the top 10.** Report author James Gwartney said it was Estonia's extraordinary progress that vaulted it into the top ten. "It's a country that has seen amazing progress in economic freedom in a relatively short period of time. In 1995, in the index for that particular year, Estonia was something like 70th or 71st. And now it has moved all the way up to eighth," Gwartney said.
- **Estonia's Constitution may hinder the separation of the distribution network from the natural gas company Eesti Gaas.** The Constitution says property may not be expropriated, Economy Minister Juhan Parts said at the governmental press conference on November 02. This is the main legal obstacle to the division of Eesti Gaas. The minister noted however that the gas company could be divided by a procedure resembling the existing possibility of expropriation in the public interest. "The question is whether this is in the public interest," he added. Parts said he would seek the justice chancellor's advice on the issue. If Estonia fails to come up with a solution that has a 100 percent legal guarantee the EU will have to make an exception for Eesti Gaas.
- **With the support of the European Social Fund and the Estonian state, 9,440 persons in Estonia will receive from this fall till the middle of next year free work-related training at a cost of almost 21 million kroons (EUR 1.34 mln).** The key question of adult education is involving new target groups: it is necessary to bring into training people who so far have been either unable or reluctant to participate. The project targets in the first place persons with a lower competitive capacity as studies have shown that they have fewer opportunities to participate in training. The biggest number of adult learners, more than 1,600, will be studying at the Narva vocational training center.
- **Estonia's Social Affairs Ministry does not support the trade union confederation's proposal to raise redundancy payments to 70 percent of former wages.** Increasing the unemployment benefit for the first 100 days to 70 percent of former wages won't motivate the redundant to look for a new job.
- **The Estonian state is about to invest 1.2 billion kroons (EUR 76.7 mln) in road safety over the next four years,** according to a program drafted at the Ministry of Economy and Communications. As part of the program police vehicles will be equipped with devices for mobile speed measurement. Police will also get devices allowing to carry out precision alcohol tests and rapid drug tests. The overall length of road sections covered by speed cameras will be increased to 320 kilometers. The plan also calls for the building of bicycle and pedestrian roads and improvement of road safety education for young people. The goal of the program is to reduce the number of road deaths in Estonia to less than 130 and the number of people injured in road accidents to less than 3,000 annually by 2011.
- **The reconstruction of the Tallinn-Tartu highway into a four-lane road will on no account be financed from either the state budget surplus or the treasury reserve, PM Andrus Ansip said.** Using the budget surplus or the treasury reserve would amount to borrowing and the state cannot afford this in the present economic situation. Such a financing scheme is "absolutely ruled out," Ansip declared. In essence, it would mean abandoning the balanced budget policy.
- **The new deadline for completion of the project of the bypass road around the southwestern Estonian city of Parnu is end of May 2008.** The design agreement was extended until May 31, 2008, with the preliminary project due ready in January 2008. The previous deadlines were July 2006, February 2007 and end of 2007. One of the problems in choosing the route lies in the fact that a curve of the new road in the area where Tallinn Road

becomes Ehitajate Street in Parnu would partially extend onto private land where the Port Artur group of companies is planning to build a 100,000 square meter business and retail complex. Construction can start in 2009 at the earliest, depending on which route will be chosen. Upon completion of the Parnu bypass the track of the Via Baltica within Estonia would be in order.

MAJOR ECONOMIC INDICATORS

- **Estonia's national currency kroon is covered with forex reserves and fears of a change in the exchange rate of the currency are groundless**, the central bank said on November 12. There is no need whatsoever to change the present policy, the head of the Bank of Estonia's central bank policy department Ulo Kaasik said. "Furthermore, changing the exchange rate is practically impossible as it requires a separate decision by the parliament, and also it would be pointless from the economic policy point of view," he added. The Finnish business daily Kauppalehti had said on November 12 that the Estonian kroon is facing what is probably the worst crisis of its history.
- **A slowdown of economic growth will probably continue in Estonia also in the fourth quarter of 2007**, the Finance Ministry said. "This is indicated by the confidence indicators of economic agents, which in September-October declined to their lowest level of the past three years," the ministry said. While business conditions for the various branches of the economy remain good, estimates of business conditions are on a declining trend in industry, construction and services alike, it said.
- **The Estonian economy will adjust fastest of the Baltic economies**, the Nordic banking group SEB says in its Nordic Outlook. "There are in the Estonian economy signs of receding of overoptimistic moods accompanied by an economic slowdown. Normalization of economic growth after years of very fast expansion is welcome," chief executive of SEB Eesti Uhispank said. The average annual economic growth in Estonia is seen to fall from 11 percent in 2006 to 4-5 percent in the next few years, which is below the potential growth level of 6-7 percent. Accession to the euro zone is not topical for most central and eastern European countries right now, SEB observes. However, the aim to adopt the common currency in 2009 is within Slovakia's reach. The next candidate to join the euro zone could be Estonia, but it would not switch to the euro before 2011. A smooth normalization lies ahead for the Baltic economies even if the risk of a sharper deterioration of the economic climate has grown, SEB says.
- **The deceleration of the annual growth of Estonia's GDP to 6.4 percent in the third quarter of 2007 happened in accordance with expectations.** The outcome was a little better than estimated but could well change as more detailed data was being received.
- **The Estonian Confederation of Trade Unions and the Estonian Employers' Confederation on Wednesday agreed on an official minimum monthly wage of 4,350 kroons (EUR 278) for 2008.** The nationwide minimum hourly pay according to the agreement will be 27 kroons. The official minimum wage effective in Estonia this year is 3,600 kroons a month while the official minimum hourly pay is 21.50 kroons. Data from different sources shows the number of recipients of the minimum wage in Estonia as being between 15,000 and 70,000.
- **The average gross monthly earnings of Estonian wage-earners was 9,111 kroons (EUR 582) in 2006, whereas women's average income was nearly 3,000 kroons or 28 percent lower.** Last year the average gross monthly income was 7,655 kroons for women and 10,683 kroons for men. The difference between women's and men's average monthly gross income was the smallest in the southern Voru County, where women's gross income was 25 percent lower than men's, while the difference was the biggest, one third, in Hiiu County. In Harju County, where the average gross monthly income was the highest, the difference between women's and men's gross earnings was higher than the Estonian average.
- **The average old-age pension in Estonia in the third quarter of 2007 was 3,760.2 kroons (EUR 240.27), 20.3 percent higher than in the same period in 2006**, figures by the Statistical Office show. In the second quarter of this year the average old-age pension was 3,515.3 kroons and in the first quarter it was 3,130.9 kroons.
- **While Estonia may meet the inflation criterion for accession to the euro currency already in a few years, interest rates may come up as a new hurdle.** Analyst Hardo Pajula said the danger was rising that interest rates, too, would become an obstacle to Estonia's joining of the eurozone. SEB Eesti Uhispank estimates inflation in Estonia to reach 6.5 percent this year, 5.0 percent next year and 3.0 percent in the year after that. A somewhat lower figure may be enough to clear the way for adoption of the common currency as far as inflation is concerned.
- **The output of industrial enterprises in Estonia increased by six percent against last year; in the manufacturing industry the growth was by 4 percent.** According to seasonally adjusted data Estonian industrial enterprises produced one percent more output than in September.
- **The Estonian Agricultural Registers and Information Board (PRIA) said dairy farmers produced 314,000 tons of milk in the first six months of the quota year, 48.6 percent of the milk quota allocated to Estonia**

for this year. In the first six months of the quota year the 1,230 supply quota owner supplied to purchasers and processors a total of 311,000 tons of milk. There are currently 1,393 quota owners in Estonia. Since 2003 when Estonia started to regulate milk production under the EU's quota, milk production had been increasing from year to year in Estonia. At the same time the number of producers has declined.

- **Damage to the society arising from traffic accidents is set to reach about five billion kroons (EUR 319 mln) in current prices this year, according to a study by a researcher at the Tallinn University of Technology.** The study counts both direct damage to property caused by accidents as well as death and injury related damage. Total damage from road accidents started to grow rapidly in Estonia in 2005. In the years 2002-2004 total damage was to the tune of three billion kroons annually. The average death victim was 39 years old and the average person sustaining injuries in a road accident was 32 years old.

PRICES

- **The consumer price index was 8.5 percent higher in Estonia this October than in October 2006.** The prices of goods went up by 7 percent on year, of this food items by 10.1 percent and of manufactured goods by 4.6 percent. The prices of services climbed by 11.3 percent. In the same period the hike in administratively regulated prices of goods and services was by 8.2 percent and of non-regulated prices 8.5 percent. The major influencers of the consumer price index were a hike in the prices of food items and higher housing and transport costs. This October against September the prices of consumer goods and services were an average of 1 percent higher.
- **Tallinna Küte, Tallinn Heating Co, which provides thermal energy to one third of Tallinn, will raise the price of heat to 592.8 kroons (EUR 37.9) per megawatt-hour from December 1 and to 650,99 kroons per megawatt-hour from January 1.** As a result, the heating bill of a large proportion of residents will rise by 22.7 percent compared with the present price of 530.54 kroons. The price rises were due to the higher cost of the primary fuel -- natural gas bought from Eesti Gaas, and a rise in the price of heat bought from Iru Elektriijaam (Iru Power Plant). The other services provided by Tallinna Küte will remain unchanged. The company added that the price of heat could rise also next year due to a likely price rise of primary energy.

FOREIGN ECONOMIC RELATIONS

- **A delegation of the IMF visiting Estonia noted that the present economic development in Estonia corresponded to a soft landing scenario but the country's budget for 2008 was somewhat too expansive.** Head of the IMF delegation Franciszek Rozwadowski said that the biggest danger for the Estonian economy still was continued fast rise in wages and higher growth in real wages than in labor productivity. Generally IMF is satisfied with the development of the Estonian economy. Rozwadowski noted slowdown of the economic growth to a sustainable level and lowering of the current account shortfall. In the fiscal policy sphere IMF mentioned as a positive aspect switch from a balanced budget policy to the policy of a budget with a surplus. However, there are still certain tensions in the Estonian economy and transition to a sustainable level has not yet been completed. Vice-Governor of the Bank of Estonia Andres Sutt and Finance Minister Ivari Padar all said that there was no need for the devaluation of the kroon. The IMF's next annual main mission will take place in spring 2008 when also the IMF report with economic policy assessments of Estonia will be drawn up.
- **The outlook on the economies of Central and Eastern Europe (CEE) is not bad, even though risks have increased lately,** the regional economic outlook on Europe by the IMF says. CEE economies are supported by the global economic environment and inflow of investments. Rapid integration with the economic space of Western Europe also is a supporting factor. Rapid economic growth has taken per capita incomes in countries of Central Europe and the Baltics to about 60 percent of the level for developed European countries. IMF recommends CEE countries to strengthen their monetary and fiscal policy and reinforce the framework of financial supervision.
- **The European Commission is going to send to 11 member countries, including Estonia, a memorandum, expressing regret that these countries have not enacted by the deadline pan European recognition of seamens' occupational skills certificates.** A joint directive passed by the Council and Parliament of the EU in 2006 appeals to the member countries to mutually recognize the other EU countries' seamen's occupational certificates, enabling ship crew members' greater occupational mobility. The deadline for the entry into effect of the directive was 20 October 2007, but Bulgaria, Cyprus, the Czech Republic, Estonia, Spain, Finland, Italy, Lithuania, Poland, Portugal and the United Kingdom have not introduced the changes into their legislation.
- **The Estonian government set up a commission for accession talks with the OECD; the negotiations will cost Estonia more than 3.3 million euros.** Estonia, Latvia and Lithuania first sought entry into the OECD on Oct. 22, 1996. In May 2007 the OECD Council at ministerial level approved the organization's enlargement strategy and decided to open accession talks with Chile, Estonia, Israel, Russia and Slovenia. Estonia will have to

pay the OECD approximately 3.32 million euros to cover the negotiations-related expenses. The outlay has not been written into the next year's budget of the Foreign Ministry as the invitation to talks arrived in the fall. Besides, it is not clear at this point how long the negotiations might last.

- **Energy sector companies of Nordic and Baltic countries signed an agreement to start preparing the establishment of a joint energy market.** The aim of the project is to integrate the Baltic power market with the Nordic electricity exchange Nord Pool, OU Pohivork, transmission system operator of Estonia's national power utility Eesti Energia (Estonian Energy), said. This means that the Nordic day-ahead market Elspot and intraday market Elbas will expand to one or more of the Baltic countries. This in turn will widen Baltic energy producers' and consumers' trading opportunities, Pohivork explained.
- **It is proper time now for Estonians to make investments in Moldova and cooperation with businesses in that country has a lot of potential,** Toomas Luman, chairman of the board of the of Estonian Chamber of Commerce and Industry, finds. Luman said that due to political reasons Estonian businesses were welcome in Moldova, as the country was clearly aiming for membership of the EU. There are good opportunities for Estonian businesses to become involved in the tourism sector in Moldova, either by making a real estate investment or starting to operate a hotel, he said.
- **The first casino rebranded as an Olympic Casino opened doors in the Romanian capital Bucharest.** The first Olympic Casino in Romania is equipped with 41 slot machines on 285 square meters of floor space. Olympic Casino Bucharest SRL signed the contract for the acquisition of Empire International Game World on April 12. The acquisition price was 60.2 million kroons.
- **A subsidiary of the Olympic Entertainment Group (OEG) opened a new slot casino in Kiev, capital of Ukraine.** It is the 14th Olympic Casino in Ukraine and investment in the facility totaled more than a million euros. In addition, the company owns five casinos operating under the Eldorado brand, which were acquired in September and are about to be brought under the Olympic Casino brand. The newest Olympic Casino, named Olympic Casino Shevchenko, is located in the center of Kiev. It features 42 modern slot machines and a spacious bar area.
- **Estonia's Rimess OU, a company providing auditing, accountancy and business advisory services, is going to expand its operations in Lithuania -- the Lithuanian subsidiary of the company, Rimess UAB, merged with Renovacija UAB and Audito Reziume UAB.** The partner that joined the Rimess team, the new board chairman of Rimess UAB, Genadijus Makusevas, is president of the Lithuanian body of auditors. On the Lithuanian market the auditing company is from now on going to serve its clients in Vilnius and Kaunas. The company is planning to expand its operations also in Latvia where strategic partners of the company are currently serving clients.
- **Estonian telecom and cable service providers say that they will have to end the transmission of broadcasts of the popular Finnish commercial TV station MTV3 from the start of 2008 due to copyright restrictions.** The transmission of the other Finnish TV channels -- YLE1, YLE2 and Nelonen -- will continue in Estonia.
- **A chain made up of 16 fitness clubs is about to be established at the initiative of owners of the Sportland sports goods chain and the Askembla investment fund in the Baltic states and Ukraine during five years.** The company, 1st Fitness & Studio, would open its first club in the Viru shopping center in downtown Tallinn on March 1 next year. The goal was not to take clients away from competitors but to attract more urban residents with an active lifestyle to engage in sports.
- **Latvia ranks first among the Baltic states for the ease of paying taxes,** it appears from a report released by the World Bank and the auditing company PricewaterhouseCoopers. The comparison of tax systems of 178 world countries ranked Maldives first, next came Singapore. Latvia was in 20th place, Estonia 31st, and Lithuania 71st.

DEVELOPMENT BY SECTORS

BANKING

- **Vice president of the Bank of Estonia, Andres Sutt, has recommended greater differentiation of the wage and tax system in the Baltic Sea region to keep talents here and help bring in new talents.** "If we wish to attract into our region talents from elsewhere in the world and keep the ones that we have, our wage and tax system must allow for much greater differentiation than has been possible until now," Sutt said. Talented people wish to be recognized for their progress, be it through remuneration, personal career or simply professional satisfaction. Talented people have justified demands as regards corporate ethics, personal freedom, training and remuneration.
- **Sutt also said that inflation would remain high in the near future, but it should gradually fall to about 4 percent in 2009.** The present higher than average inflation reflects a price rise in services, above all in the previous year and in the first half of this year. Labor costs take a large share in the prices of services. As a result, one of the main reasons of the inflation is a significantly higher rise in wages than in productivity. In the coming months the rising food prices on the world market as well as rises in excise taxes scheduled into January and July will keep the price rise relatively fast. Inflation will start coming down in the next half of next year. The Estonian companies' competitiveness on the foreign market was still good and the companies' profitability high. But Sutt warned that a rise in wages ahead of productivity could no longer last. Otherwise fall in competitiveness of Estonian companies and loss of market share would follow.
- **Estonian commercial banks had 1,474,480 Internet banking clients at the end of October, 12,218 more than at the end of end of September.** The number of telephone bank users grew by 30,115 to 471,396 over the month.
- **The loan burden of individuals in Estonia grew by 2.2 billion kroons to 105.8 billion kroons (EUR 6.76 b) during October, data by the central bank show.** Compared with October 2006, the loan burden of individuals has increased by 32.4 billion kroons. Loans granted to companies grew by 2.3 billion kroons to 105.9 billion kroons last month. The loan volume of financing institutions was stable at 17.5 billion kroons. The government's loan volume increased slightly from September to 2.9 billion kroons.
- **SMS Laen OU, an Estonian company giving small SMS loans, has issued in ten months about 100,000 small loans to the sum total of 200 million kroons (EUR 12.8 mln).** The net profit of the company was 10.4 million kroons, the company said. During the whole period of its activity since August 2006 SMS Laen OU has issued loans to the tune of 240 million kroons. The company has more than 40,000 registered users, of whom more than half have taken loans several times. The most popular loans are of 1,000 and 3,000 kroons. SMS Laen OU is a company fully based on Estonian capital.

INDUSTRY

- **A biodiesel plant that AS Biodiesel Paldiski is building for 350 million kroons (EUR 22.36 mln) in the northwest Estonian port city of Paldiski will start test runs in January.** The construction has been delayed a bit and the plant should be ready in January, board member Aigar Ojaots said. "The plant will start work in the first quarter of next year," he added. The plant that is situated in the South Port of Paldiski will at full capacity produce more than 300 tons of biodiesel a day. Its planned annual turnover is 1.2 billion kroons and it is going to employ 35 people.
- **AS Tallegg, which wound up its egg production due to an outbreak of the Newcastle disease, told that the chickens of the company and interruption of business were insured.** Ago Partel, director-general of the Veterinary and Food Board, said the state would compensate to Tallegg immediate damages caused by the outbreak, which could run to 20 million kroons. The money would first come from the government reserve and later from the European Union. The outbreak of the Newcastle virus in Tallegg's Kulli chicken house became public knowledge on November 05. On November 06 the company announced interruption of production and the destruction of 237,000 chickens and 1.65 million eggs.
- **The killing of more than 200,000 hens at a farm of Estonia's largest poultry company and destruction of 1.5 million eggs as a result of an outbreak of Newcastle's disease has had no effect on the price of eggs in supermarkets here.** Yet in comparison with the end of June the price of eggs has climbed by a quarter on the average, according to the Estonian Institute of Economic Research. The shortfall in egg supply is bridged with imports. All the imported eggs will pass strict quality checks.
- **The car electronics group Stoneridge-Pollak with owners of US descent is going to close down its factory in England and transfer production to Estonia and China.** The final transfer of production to China and Estonia should be completed by end 2008 according to plans. Two hundred people will lose their jobs due to the closure of the England factory.

- **Estonian representatives of the US-Scandinavian investment fund Amber Trust have purchased a pharmaceuticals factory in St. Petersburg, Russia.** The Pharmsynthes factory was bought through the Estonian holding company Ephag which earlier belonged to owners of Viru Keemia Grupp (Viru Chemical Group, VKG) Priit Püilmann and Margus Kangro. Owners of VKG had dropped plans to start producing medicines.
- **The Estonian knitwear maker Marat is going to lay off one third of its Parnu mill employees and transfer production to Asia, Aripaev reported.** The lay-offs at the Parnu mill are only a preparatory phase to moving production out from Estonia, said Marat board member Alo Lepp. Although Marat will move its mills to the expanses of Asia, design and product development will remain in Estonia. "The products will be developed by Marat and have Marat quality," Lepp said. The transfer decision was made in connection with the cost of production in Estonia. Besides, it is necessary to pay much higher wages to workers in Estonia than in Asia. Export makes up about 92 percent of Marat's total output.
- **Ehitus Service, owned by the Swedish investment fund Askembla Asset Management, operates from November under the name Bauhof and is planning expansion to foreign markets.** The company has been working for a number of years with a view to international expansion and the preparations have reached the final phase. The creation of the Bauhof brand cost eight million kroons (EUR 0.51 mln). The company is going to invest more than 100 million kroons in expanding in Latvia and Lithuania and updating its sales network in Estonia and on foreign markets next year. Even bigger investments are planned for the next two years.
- **AS Tallinna Vesi (Tallinn Water Co) and the City of Tallinn signed a program of the extension of the water mains and sewerage network, according to which the city will pay the company 1.4 billion kroons (EUR 89.5 mln), including VAT.** According to the parties Tallinn should be fully covered with sewerage networks by 2011. By the present the sewerage network covers 97 percent of the city. By the amendments the service contract was extended until the year 2020.
- **The net profit of the Estonian real estate company Arco Vara during the first nine months 2007 was 264.1 million kroons (EUR 16.9 mln), 380 percent higher than in the same period last year.** Upward adjustments of real estate investments, financial proceeds from the alienation of parts of Sportings Riga SIA and financial proceeds from AVEC Asset Management AS accounted for the main share of the group's profit. Turnover of the company during January-September increased by 76.8 percent on year to 686.7 million kroons.

ENERGY

- **The Estonian state-owned Eesti Energia (Estonian Energy) power utility at the beginning of November joined the European Wind Energy Association (EWEA) in order to have more say in wind park development and generation of electric power from them.** EWEA is the voice of the wind energy industry, which actively develops use of wind energy in Europe and the world.
- **The reliability of operation of the Estonian electricity supply system may deteriorate as more and more wind generating capacities are taken into use,** OU Pohivork (Main Network) said in a report. In the report detailing outlooks as regards supply, the network subsidiary of Eesti Energia presents different scenarios concerning consumption and creation of generating capacities in the future. The maximum suggested by present scenarios is that wind farms with an aggregate generating capacity of 1,000 megawatts would be established in Estonia. As a result of the present system of support and possible scenarios regarding increases in the amount of subsidized generation in the future Estonia may find itself in a situation where subsidized production makes up more than half of the capacities installed in the country's electricity supply system. That in its turn will lead to a situation where it apparently is no longer economically expedient to create new generating capacities because of the big share of subsidized production, the network company said. Since it is not possible to combine wind generators with other generating capacities in Estonia the use of external links will grow when there is no wind, having a negative effect on trading in electricity. Wind generating capacities put to work in Estonia amount to 52 megawatts at this point.
- **On November 12, Eesti Energia announced plans for building the largest wind park in Baltic countries.** Basing on the long-term strategy, which calls for diversification of the production portfolio and reduction of carbon dioxide emissions accompanying generation, Eesti Energia targets development of renewable energy and cogeneration, the company explained.
- **The European Commission and Jordan have signed a joint declaration pertaining to cooperation in the energy sphere; according to Estonian representatives it includes potential development of oil shale industry in Jordan.** In the declaration signed by Benita Ferrero Waldner and the Jordanian minister for energy and mineral resources, Khaled Najib Elshuraydeh, the parties confirmed their desire to cooperate in three spheres. Cooperation is being planned in order to strengthen Jordan's energy policy and integration of the country's energy market with that of the EU, development of sustainability of the Jordanian energy sector and ensuring safety of

nuclear energy generation. The EU has signed similar documents with Ukraine, Kazakhstan, Azerbaijan, Egypt and Morocco.

- **MP Jurgen Ligi, member of the supervisory board of Eesti Energia, has said that a nuclear power station should be built near the northeastern town of Sillamae if it turns out impossible to take part in a similar project outside Estonia.** For Estonia more narrowly the failure to build a nuclear plant would involve great dangers.
- **It is up to the Lithuanian state to solve the problems that have arisen in connection with the plan to build a new nuclear power plant at Ignalina, Lithuania, member of the Eesti Energia management board Harri Mikk says.** Matters such as the scope of involvement of Poland and establishment of the Lithuanian investment company that should be a partner in the N-plant project still remain open, Mikk said.

ENVIRONMENT

- **The Estonian Environment Ministry has estimated that about half Estonian local governments have not started to organize waste disposal yet, although the respective process had to be launched by the end of 2004.** As of the beginning of this year about 20 percent of households, approximately 270,000 residents, remained beyond an officially understandable and controllable waste disposal system. In cities the percentage is lower, but at the same time there are many rural local governments where up to 85 percent of households are not in the waste collection system. In rural areas, it was quite usual to have waste containers and contracts for their regular emptying only in areas of apartment houses in the central settlement of the community.
- **The European Commission's ruling to cut Estonia's greenhouse gas emission quotas is estimated to cost Eesti Energia from 350 million to 500 million kroons (EUR 22-32 mln) annually and is bringing with itself an increase in electricity price.** The EC has reduced the amount of CO2 emissions allocated to Estonia to such an extent that the available quotas may turn out insufficient even for Estonia's domestic needs. The Estonian government has appealed the Commission decision in a court.

IT

- **The Internet media company Delfi Grupp acquired in August by Ekspress Grupp launched a Russian-language news portal in Lithuania on Nov. 5.** Delfi already has Russian portals in Estonia and Latvia. The new portal expects to attract 50,000 users a month. The portal will carry its own news and reviews as well as translations of the content of the Lithuanian language portal. Delfi manages at the moment seven Internet portals: Estonian- and Russian-language portals in Estonia, Latvian and Russian ones in Latvia, two portals in Lithuania, and a news portal in Ukraine.

TOURISM

- **A spectacular holiday complex may be completed at Pillalu near Tallinn in the next few years, the main investor of the project being the billionaire Timur Kulibaev, son-in-law of Kazakh President Nursultan Nazarbayev.** Kulibaev is one of the richest and most influential oligarchs in Kazakhstan whose name can be found in the Forbes billionaire list. Kulibaev's connecting link with Estonia is his business partner Mirbulat Abuov, who as represented the Kazakh president's family in several business ventures. Abuov is a key figure and shareholder in the Mahuste private shareholding company, which is planning to build one of Europe's most luxurious holiday resort at Pillalu in the Anija rural community. As a result of the fabulous 300-400 euro budget a resort extending over 90 hectares with luxury terraces, seven hotels, sports complexes, a shopping and aquatic center, a large casino, golf courses and nature trails should rise at 45 kilometers from Tallinn.
- **72 percent of residents of Estonia made domestic leisure trips in the summer of 2007, up from 65 percent in 2006,** a survey by Enterprise Estonia indicates. Shortage of time has overtaken shortage of money as the main factor preventing domestic travel. Half of Estonia's population made on the average 2.3 trips without an overnight stay this summer to attend some event in Estonia. Such trips numbered more than 1.7 million. A significant increase was recorded in the percentage of residents whose travel in Estonia involved an overnight stay. The percentage of such respondents climbed to 61 percent from 55 percent in the three preceding summers.
- **1.1 million foreign tourists stayed in accommodation establishments in Estonia in the first nine months of 2007, 42,000 or four percent fewer than during the same period a year ago.** In all 1.8 million tourists stayed in Estonia's accommodation establishments in the nine months, which is four percent more than in January-September 2006. Half of the foreign tourists who used the services of Estonia's accommodation establishments in the January-September period came from Finland.
- **Rezidor Hotel Group, owner of the international Radisson SAS Hotels & Resorts chain, wants to open half a hundred hotels in Russia, CIS countries and the Baltics in the next few years.** In the period from 2007 to

2009 the company is planning to open 20,000 hotel rooms in Europe, Asia and the Middle East, and work or development is now going on at 85 percent of them. The chain is soon going to open its showroom also in Moscow.

- **Estonian Economic Affairs Minister Juhan Parts signed a program by which the state will allocate nearly 500 million kroons (EUR 32 mln) for the promotion of Estonia as a tourist destination.** Of the half a billion kroons the state will channel 45 million kroons for the development of an electronic tourist information system. Parts said that the budget of Estonia as a tourist destination program would nearly double in the years 2007-2013.
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