

# Estonian Review

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

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## FOREIGN NEWS



**Two Foreign Ministers – Maris Riekstīns and Urmas Paet in Estonian Ministry of Foreign Affairs, 15. November.**

## Foreign Minister Paet Invited Latvia to Participate in the Work of NATO Cyberdefence Centre

Nov 15 – **Foreign minister Urmas Paet met with his Latvian colleague Maris Riekstīns, who made his first visit as foreign minister to Estonia.**

Riekstīns said that this visit symbolizes the relations between the two countries. Both foreign ministers praised the countries' cooperation, calling it splendid, close and daily.

International and bilateral relations were discussed at the two ministers' meeting, as were the domestic policy situation in Latvia and matters related to Russia.

Paet expressed the hope that the Latvian-Russian border treaty would take effect as soon as possible, hopefully during this year. Paet added that this could encourage Russia to proceed with Estonian border treaties as well.

The two foreign ministers' meeting also focused on issues connected with the ratification of the European Reform Treaty, the situation in Georgia and further support of that country in its aspirations to join NATO and the EU, as well as cooperation between Baltic Sea states.

The Latvian foreign minister underlined visa waiver program with the United States as an important issue, pointing out the need for active cooperation in order to achieve it.

Foreign Minister Paet said that he had invited Latvia to take part in work of the cooperative NATO cyberdefence competence centre. As of this moment seven countries -- the United States, Spain, Germany, Italy, Bulgaria, Lithuania and Poland, have expressed their wish to take part in the work of the centre.

## FOREIGN NEWS

### Paet: EU Must Continue to Support Georgia

Nov 20 - **At their meeting in Brussels, the foreign ministers of the European Union discussed the political situation in Georgia.**

Estonian Foreign Minister Urmas Paet emphasized the importance of supporting Georgia and its developing civilian society.

"There may be setbacks on the complicated road to democracy, but we should not abandon the Georgian people, who have made remarkable progress in the last several years," Paet said to his colleagues. Estonia is an active supporter of accelerating the creation of a visa facilitation agreement between the EU and Georgia. Paet called it illogical that Russian citizens in Abkhazia and South Ossetia are able to go through a simplified visa process in order to travel to the European Union, but Georgian citizens are not. "That is why it is vital to start visa facilitation talks very soon," Paet added.

The situation in Kosovo and Bosnia and Herzegovina were also discussed, as was the political situation in the Western Balkans. In the case of Kosovo, the council of foreign ministers expressed the European Union's readiness to take a leading role in regulating Kosovo's future.

"It is extremely important that the European Union maintains its consistency when it comes to Kosovo, particularly in the aftermath of the negotiations," said Foreign Minister Paet. The foreign minister confirmed that Estonia supports the dispatching of a European Security and Defence Policy (ESDP) mission to Kosovo. "We consider thorough preparation for the mission and extensive co-operation between NATO and the EU to be of utmost importance," Paet said. The Kosovo status talks being led by the European Union, the USA and Russia are scheduled to end on 10 December of this year.

## FOREIGN NEWS



**Prime Minister Andrus Ansip and his Moldovan colleague Vasile Tarlev in Chisinau, 13 November.**

### Estonia Continuing to Give Development Aid to Moldova

Nov 14 - **"Estonia continues to be prepared to contribute to the development of Moldova in accordance with Moldovan interests," said Prime Minister Andrus Ansip, on an official visit to Moldova.**

Currently the cooperation between Estonia and Moldova focuses on information and communication technology, raising the efficiency of the public sector, and the environment. Estonia is also planning to support Moldova with consultations in the taxation and media sphere.

Moldova is one of the main development aid target countries for Estonia. Last year Estonia's development aid to Moldova was nearly two million kroons, this year three million and according to the next year's state budget, which has not yet been endorsed, six million kroons.

Ansip also visited the Moldovan IT and education centre where a computer class has been outfitted with Estonian development aid support.

In the years 2006-2007 the e-governance academy implemented an information technology project by which support was given to the Salt program of the Moldovan Ministry for Education, Young People and Sports. In addition to outfitting a computer class, the project also supported teachers' IT-training. The project will continue until spring 2009.

### Foreign Ministry Supporting Bangladesh Victims with Half a Million Kroons

Nov 19 - **The Estonian Foreign Ministry is supporting the coastal inhabitants of Bangladesh that were affected by Cyclone Sidr with 500, 000 kroons through the International Federation of Red Cross and Red Crescent Societies (IFRC). The contributions were allocated from the Foreign Ministry's budget for development and humanitarian aid.**

Foreign Minister Urmas Paet expresses sympathy for those suffering in the aftermath of this natural disaster. "The catastrophic situation in Bangladesh has caused many deaths, and driven even more people to leave their homes," said Paet. "Estonia will help to alleviate the victims' situation, thereby improving their chances for resuming a normal life," he added.

The International Red Cross has launched an appeal to provide humanitarian aid to Bangladesh. Estonia is responding to this appeal. The aid is meant to provide food, clean water and medicine to the victims. The European Commission has decided to allocate aid in the amount of 24.3 million kroons (1.5 million euros). Bangladesh is also receiving aid from the World Food Programme (WFP) and the United Nation's Children's Fund (UNICEF).

The category 4 cyclone caused a five-metre-high tidal wave, which struck three coastal towns and forced almost 3.2 million people to evacuate their homes.

According to the UN's estimation, over 158 million people live in Bangladesh. The nation is situated very low in relation to sea level and is ravaged by strong storms and cyclones every year.

The funds set aside in the Foreign Ministry's budget for development and humanitarian aid in 2007 is 23 million kroons.

### Estonian Foreign Minister Welcomes End of State of Emergency in Georgia

Nov 16 - **Estonian Foreign Minister Urmas Paet expressed pleasure over the Georgian Parliament's decision to end the state of emergency, restoring the normal way of life in Georgia.**

"We think it's positive that an understanding has been found between the opposition and the coalition," said Paet. "It is crucial to continue a dialogue with the opposition, ensuring that Georgia stays on a democratic path," the foreign minister said.

According to Paet, focus should now be placed on the presidential elections announced for 5 January, which must be transparent and democratic and include the participation of as many observers as possible. The minister placed equal importance on the necessity of the restoration of free media.

Foreign Minister Paet confirmed that Georgia must continue on its way towards receiving a NATO Membership Action Plan (MAP) at its previous pace.

Estonia supports Georgia's European Union aspirations, as well as the idea of starting negotiations for visa facilitation with Georgia.

## Paet: EU Maritime Policy must Turn Attention to Environmental Threats

Nov 19 - **Estonian Foreign Minister Urmis Paet participated in a session of the European Union General Affairs and External Relations Council (GAERC) in Brussels.**

In the general affairs session, the foreign ministers discussed preparations for the European Council being held on 13-14 December, the European Commission's work program for 2008, and the European Union's maritime policy.

Estonia believes that in shaping the EU's maritime policy, special attention must be paid to developing a common sea area alongside a common internal market, examining environmental issues, and eliminating illegal or unregulated fishing activity. "Applying customs and administrative regulations that exist for mainland transport to the EU's internal sea transport would allow us to lessen the burden on the former, and also help to further develop environmentally sustainable transport," Paet said.

In his speech, the foreign minister emphasized the necessity of expanding co-operation both within the union and with third countries. According to Paet, working out a European Union Baltic Sea Strategy and granting more attention to environmental risks is crucial in the context of developing a common European sea area. "In light of the accident that occurred recently in the Black Sea, in which an oil tanker broke in half during a storm and contaminated the environment, we need to think more about effectively protecting the sensitive Baltic Sea region. We need to think about the environmental risks implied by heavy tanker traffic," said Paet. Conclusions about the maritime policy are scheduled to be accepted by the European Council in December.

Foreign Minister Paet also had a meeting with Swedish Minister for European Union Affairs Cecilia Malmström. Sweden's Presidency in the second half of 2009 and the Baltic Sea Strategy initiated by Sweden were discussed. Malmström and Paet agreed said the Baltic Sea, bordered by eight European Union members and environmentally very delicate, is one of Europe's most dynamic and quickly-developing areas. "In order to ensure balanced development in the region, the Baltic Sea needs specific attention, which is why we welcome the fact that an upcoming Presidency will make this one of its top priorities," Paet confirmed.

## Cyprus Planning to Open Embassy in Estonia

Nov 16 - **Cyprus intends to open a number of new diplomatic representations abroad in the next few years, including in Estonia.**

Foreign Minister Erato Kozakou Marcoulli told the House Finance Committee during a debate on her ministry's 2008 budget that the ministry has drafted a five-year program to open and operate 25 new diplomatic missions in European Union countries, Arab and Islamic states and elsewhere.

Among other states, the minister named also the three Baltic States – Estonia, Latvia and Lithuania.

Tallinn at present houses representations of 29 foreign countries and eight international organizations.

## DOMESTIC NEWS

### Tallinn and Turku Confirmed European Capitals of Culture 2011

Nov 16 - **Ministers of culture from European Union member countries confirmed Estonian capital Tallinn and Finnish port city Turku as European Capitals of Culture 2011.**

Tallinn as an official European Capital of Culture 2011, can now carry out preparations for the major international event beginning in slightly less than three years.

"This is an extraordinarily important decision, as it puts both Tallinn and all of Estonia on the world map in a new way," Estonia's Culture Minister Laine Jänes said.

"On the one hand, this is important for the country's reputation, and on the other it matters to us because we're accepting responsibility, we have the duty to ensure that the year 2011 will indeed be remarkable. That people who visit Estonia that year will remember it for a long time," the minister added.

## DEFENCE NEWS

### Government to Set up CFE Accession Preparatory Committee

Nov 14 - **The Estonian government is planning to set up a committee with the aim of preparing for accession to the adapted CFE Treaty.**

The committee will be made up of representatives of the ministries of foreign affairs and defence and the defence forces. The duty of the committee will be to assess the effect of Estonia's accession to the treaty, to hold consultations over the treaty in Estonia's NATO membership context and to work out Estonia's positions. Once during every six months the Foreign Ministry will have to submit information to the government about the results.

The CFE Treaty was signed in 1990 and it established limitations to conventional forces on the contact line of two military blocs, the Warsaw Pact Organization and NATO. After the disintegration of the Warsaw Pact Organization, a so-called adapted CFE Treaty was signed in 1999 in Istanbul, limiting the number of conventional forces also in the vicinity of Baltic countries' borders.

All NATO countries except Estonia, Lithuania, Latvia and Slovenia have signed the adapted treaty. New countries can accede to the adapted CFE Treaty only after it has been signed by countries that have ratified the treaty. The adapted CFE treaty has been signed by Kazakhstan, Ukraine, Belarus and Russia. NATO countries have not ratified the treaty, because when signing it Russia assumed the obligation to withdraw its forces from Moldova and Georgia, but Russian troops are still in Transnistria as well in the Gudauta base in Georgian territory in Abkhazia.

Russia has announced its intention to suspend its adherence to the CFE treaty and observation of the respective obligations. The suspension would enter into force this mid-December.

### Estonia to Draw up Cybersecurity Strategy

Nov 15 - **The Estonian government endorsed a proposal by Defence Minister Jaak Aaviksoo to**

## **work out a cybersecurity strategy for the years 2008-2013.**

The aim of the strategy is to work out action plans to reduce the vulnerability of cyberspace, a system of security and countermeasures to protect vital infrastructure in case of cyberattacks, proposals for the formation of a legal space, aims of international cooperation in the cybersecurity sphere and action plans of training and information work.

The Defence Ministry will be responsible for drawing up the strategy, but the ministries for economic affairs and communications, the interior, foreign affairs, justice, and education and research will also be involved in it.

The Defence Ministry will present the strategy for endorsement by the government in January at the latest.

### **Estonian, Finnish Ministers Discuss EU Battle Groups**

Nov 14 - **Estonian Defence Minister Jaak Aaviksoo discussed with his Finnish counterpart, Jyri Hakamies, issues connected with EU battle groups and other defence policy issues.**

At the ministers' meeting Aaviksoo and Hakamies discussed EU battle groups, Finland's new defence and security policy report, the NATO response forces and the Conventional Forces in Europe Treaty.

Apart from that, Aaviksoo visited the Finnish national defence university in Santahamina and opened a photography show at the Estonian embassy which was devoted to the War of Independence.

Aaviksoo said that nearly 4,000 volunteers from Finland and hundreds of men from Sweden, Denmark and Great Britain came to the assistance of Estonia in the War of Independence as it was fighting against two enemies, Bolshevik Soviet Russia and the German Landeswehr. "Without international cooperation it is difficult to arrive at final peaceful solutions," Aaviksoo said at the opening ceremony.

### **Estonian Army Taking Delivery of First Batch of Used Trucks from Netherlands**

Nov 19 - **The first delivery of second-hand vehicles bought by the Estonian defence forces from the Netherlands have arrived in Estonia.**

Approximately one hundred trucks previously used by the armed forces of the Netherlands were shipped to Estonia.

The Defence Ministry has bought 231 mostly DAF trucks for the transportation of personnel and equipment together with 125 generators and other items of equipment for a total of 27.2 million kroons (EUR 1.74 mln). The agreement covers personnel training in service, maintenance and use of the vehicles in the Netherlands.

The remaining vehicles will arrive in Estonia by Nov. 30, 2008 at the latest. The vehicles will be used mostly by the infantry brigade.

## **ECONOMIC NEWS**

### **Currency rates in kroons:**

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

(Bank of Estonia)

### **Registered Unemployment Drops to 4.2 Percent**

Nov 15 - **The unemployment rate in Estonia dropped to 4.2 percent in the third quarter of this year.**

Unemployment decreased in all regions compared to the third quarter of 2006. The most remarkable decline occurred in northern Estonia, where the unemployment rate decreased to a record low of 2.7 percent. The unemployment rate continued to be smaller than Estonia's average also in western Estonia (3.9 percent).

In all 662,000 people aged 15-74 were employed, 29,000 people were unemployed and 356,000 were economically inactive (students, retired persons, homemakers, discouraged persons, etc.) in the third quarter of this year. Compared to the same quarter in 2006, the number of employed persons grew by 1.9 percent.

### **Baltika Invests EUR 6.4 Million in New Garment Factory**

Nov 14 - **The listed Estonian fashion group Baltika invested to the tune of 100 million kroons (EUR 6.4 mln) in the new garment factory inaugurated in the Lasnamäe industrial park in Tallinn.**

The CEO of Baltika, Meelis Milder, said that the size of the investment was in the range of 100 million kroons. The factory has a floor area of close to 10,000 square meters and houses the production units formerly based on the old Baltika compound on Veerenni Street in central Tallinn. It produces 700 jackets and 800 pairs of trousers daily.

The factory will primarily manufacture men's suits and light garments for women. The first batch going into production is for Baltika's Baltman brand.

The number of employees currently stands at 390. In all the factory can provide working places for 450. Listed on the Tallinn stock exchange, the Baltika group is active on the Baltic markets of the and in Eastern Europe. It operates retail concepts under the Monton, Mosaic, Baltman and Ivo Nikkolo brands.

### **Nine-Month Sales of Estonian Hotels up 5.6 Percent on Year**

Nov 14 - **Net sales by hotels that are members of the Estonian Association of Hotels and Restaurants amounted to 1.37 billion kroons (EUR 87.5 mln) in the first nine months of this year, an improvement of 5.6 percent on the same period a year ago.**

Hotels in Tallinn accounted for 1.04 billion kroons of that sum, figures by the association show. The annual increase was biggest in revenues from the hosting of conferences, which grew 21 percent to 24.8 million kroons.

Revenues from accommodation totalled 781.6 million kroons, up 2.9 percent, and revenues from

catering 449 million kroons, marking an increase of 9.3 percent.

### **ArcelorMittal Buys Estonia's Galvex Steel Galvanizing Plant**

Nov 14 - **The international steel group ArcelorMittal announced the acquisition of a 100 percent stake in the Galvex OU steel galvanizing plant based in Muuga just outside in Tallinn.**

The acquisition is subject to clearance by the Estonian regulator. Galvex previously belonged to an investment company that had acquired it in bankruptcy proceedings.

"We look forward to bringing our expertise to Galvex as it joins our Central and Eastern Europe portfolio, which has already proved very successful, accounting for 18 percent of ArcelorMittal's steel production in 2006," said Michel Wurth, member of the group management board of ArcelorMittal.

Galvex produced 190,000 tons of hot dip galvanized steel in 2006, mainly for the construction sector, with sales totalling 125 million euros.

ArcelorMittal is the world's number one steel company, with 320,000 employees in more than 60 countries. The company emerged as a result of a consolidation of the world's number one and number two steel companies, Arcelor and Mittal Steel.

### **Viisnurk Furniture Maker Plans to Focus on Retail Sale**

Nov 19 - **Estonia's AS Viisnurk furniture and building materials producer has set its net profit target for this year at 15 million kroons and is planning to become a retail sale company in the next few years.**

Viisnurk has published its strategy for the next few years, in which the company forecasts the retail sale turnover at 60 percent of the total turnover of the furniture division. It has plans to open more than 20 stores in the Baltic countries, Ukraine and central Europe.

By 2010 annual retail sales of furniture should amount to more than 200 million kroons, and sales of its own retail network should account for most of it. According to plans sales to Scandinavian markets should amount to 50 million kroons and another 50 million kroons to CIS countries' market by 2010. The building materials division is planning to focus more on the production of interior finishing panels in the future.

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