

Estonian Review

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DANISH AND SLOVAK FOREIGN MINISTERS VISIT ESTONIA



Foreign Minister Urmass Paet with Foreign Minister of the Kingdom of Denmark Per Stig Møller, 31 August.

Estonia-Denmark Defence Co-operation is Successful

31 August - **During their meeting in Tallinn today, Foreign Minister Urmass Paet and Foreign Minister of the Kingdom of Denmark Per Stig Møller discussed Estonia and Denmark's active defence co-operation.**

Foreign Minister Paet stated that co-operation with Denmark has been intensive and multi-faceted over the years, including various trainings and classes as well as consultations. "In March of this year Estonia participated in the Icelandic air patrolling mission for the first time in co-operation with Denmark," Paet noted. "Estonian peace-keepers that have been part of the NATO-led stabilisation force in Bosnia and Herzegovina received training in Denmark, and an Estonian reconnaissance unit is currently serving in Kosovo under the instruction of the Danish battalion," said Paet. Denmark is also one of the most important supporters of the Baltic Defence College (BALTDEFCOL). Paet expressed hope that Denmark would continue to contribute to the BALTDEFCOL after the summer of 2010.

Paet and Møller also discussed the situation in Afghanistan after the presidential election. The Estonian and Danish foreign ministers felt it was important that all parties accept the results of the presidential election and avoid situations that could lead to instability once again.

In talking about the environmental agreement being prepared for the Copenhagen Climate Conference, Paet emphasised that it must motivate the countries that produce the most waste to make greater efforts for the sake of the environment.

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Slovak Foreign Minister: Working Hard for the Euro is Worthwhile

28 August - **Foreign Minister Urmass Paet discussed the adoption of the euro with Foreign Minister of the Slovak Republic Miroslav Lajčák during their meeting in Tallinn.** Foreign Minister Paet stated that Estonia has a firm desire to adopt the usage of the euro in Estonia as soon as possible. "Slovakia's experience in adopting the euro is very interesting to Estonia as well as very important, seeing as the transition went very smoothly without concerns or problems," stated Foreign Minister Paet. Slovakia, which went over onto the euro on 1 January of this year, is currently the last member state to have adopted the common currency of the EU.

Slovak Foreign Minister Miroslav Lajčák expressed support for Estonia joining the euro-zone and gave an overview of the positive effects that joining the euro has had on Slovakia's economy. According to the foreign minister, Slovakia is prepared to share its euro accession experience with Estonia.

The ministers also discussed European energy security. Foreign Minister Urmass Paet emphasised that in order to ensure energy security it is necessary to diversify suppliers, establish additional energy connections between member states, and create a functioning energy market in order to avoid situations similar to the gas crises that occurred in the winter earlier this year. "The gas crises of the past years have clearly shown the need for alternative suppliers and supply channels, like Nabucco and the Southern Corridor," said Paet.

The foreign ministers also discussed the possible establishment of the European Union IT agency in Estonia. Paet stated that Estonia feels it is important that information technology be used more efficiently than previously for European Union interior security, and for this it is necessary to create a separate IT agency. "Considering Estonia's highly developed IT sector, we believe that Estonia could be a good location for the agency," noted Paet.

Paet and Lajčák agreed that Estonia and Slovakia are partners with similar historical experiences and like-minded interests in the European Union and NATO.

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Danish Foreign Minister

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"For Estonia and the European Union, reaching an agreement in Copenhagen is essential," Paet asserted. "The European Union is currently a role model for battling climate change, as we have promised to reduce our emissions by 20% from their 1990 standards by 2020," Paet explained.

Paet stated that Estonia-Denmark relations are very good and productive, especially economic co-operation. Denmark ranks 4th among foreign investors in Estonia. At the beginning of this year 223 businesses with Danish participation were registered in Estonia.

President Toomas Hendrik Ilves also had a meeting with Danish Minister of Foreign Affairs Møller, during which they discussed the global economic recession and possible ways for overcoming it. President Ilves assured him that Estonia is working hard to adopt the euro, which represents an important benchmark for the future development of the country.

President Ilves and Minister of Foreign Affairs Møller also discussed NATO's most important international operation in Afghanistan, where both Estonian and Danish Defence Force members are serving in the highly tumultuous Helmand province.

"NATO, the UN and also the European Union can be successful in Afghanistan and the country can find stability, as many of the contributors are ready to make extra efforts both in civil and military spheres and towards their more effective co-ordination," President Ilves said.

When discussing the Baltic Sea Region Strategy, the Estonian head of state expressed his hope that it will be adopted at the European Union Council meeting in October: "The implementation of the activities that are specified in the Baltic Sea Strategy, both in the spheres of environment and competitiveness, will become an important issue at that time."

President Ilves and Mr. Møller also discussed energy security issues, and how energy security needs to be enhanced by establishing additional energy supply links between the Baltic and the Nordic countries and creating a common Nordic-Baltic energy market.

Slovak Foreign Minister

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Bilateral relations are very good and close, although there is potential for closer economic relations. "We have a very good tradition of various consultations on topics like the European Union, developments in security policy, and general political questions," asserted Foreign Minister Paet. Estonia would also like to conclude a visa representation agreement with Slovakia. "There are definitely places in this world where Slovakia could represent Estonia for the issuing of visas, and we are also prepared to represent Slovakia in places where they do not have a representation," Paet added.

Slovakian Foreign Minister Miroslav Lajčák and Foreign Minister Urmas Paet will open the Slovakian Honorary Consulate in Estonia today in Tallinn. Paet expressed hope that the opening of the honorary consulate will help to make Estonian-Slovakian ties

even closer. The Slovakian honorary consul in Estonia is Even Tudeberg.



Foreign Minister Urmas Paet in a joint press conference with Slovak Foreign Minister Miroslav Lajčák, 28 August.

FOREIGN NEWS

President Expresses Support for Georgia

26 August - **At the meeting today between President Toomas Hendrik Ilves and Georgian Foreign Minister Gregory Vashadze**, the main focus was on the situation in Georgia and the future of the country.

"Estonia, like the whole European Union, would like to see Russia fully honour the peace plan – promoted in August 2008 by the President of France Nicolas Sarkozy and served to end the military activities – by withdrawing its forces to pre-conflict positions and allowing international observers access to Abkhazia and South Ossetia," commented the Estonian head of state.

President Ilves considered increasing the internal stability of Georgia to be of utmost importance. "Democratic reforms, economic stability, greater uniformity in society, and, most importantly, a focus on the future – these are the guarantees that will bring Georgia consistently closer to Europe," said the Estonian head of state.



President Toomas Hendrik Ilves with Foreign Minister of Georgia Gregory Vashadze, 26 August.

Paet Met with Governor of St. Petersburg

29 August - **Foreign Minister Urmas Paet met with Governor of St. Petersburg Valentina Matvienko**. At the meeting they discussed regional co-operation between Estonia and St. Petersburg, as

well as matters related to Estonia-Russia bilateral relations.

Foreign Minister Paet stated that it is essential to strengthen contacts between Estonia and Russia, including contacts between Estonia and the city of St. Petersburg and Leningrad oblast, which are areas bordering the European Union. "We wish to continue taking practical steps in many areas of Estonia-Russia bilateral relations," said Paet. "Good examples of concrete results from co-operation are the opening of a Tallinn-St. Petersburg airline this summer, the first-ever Estonian Culture Days that took place in St. Petersburg in June of this year, the progress in the restoration of St. John's Church, as well as the continuously increasing interest of Russian tourists in visiting Estonia," he added.

Matvijenko said that St. Petersburg is interested in strengthening Estonia-St. Petersburg relations, including the increase of tourism in both directions. Matvijenko noted that she feels it is important to continue the Tallinn-St. Petersburg flights opened this summer year-round and also to shorten border queues.

Another topic discussed at the meeting was Estonia-Russia cross-border co-operation within the framework of the European Neighbourhood and Partnership Instrument. "Cross-border co-operation has so far been positive. One example of this is co-operation between Tallinn and St. Petersburg," Paet noted. "Hopefully Russia will sign the funding programme with the European Commission, which is currently pending. This will create the conditions needed for beginning a joint Estonia-Latvia-Russia cross-border co-operation programme for advancing cross-border co-operation," said Paet, talking about possible co-operation prospects.

Concrete co-operation matters that were under discussion were things that have been done to simplify the visa regime, cultural co-operation, transport connections, and also opportunities to reduce border queues and issues related to the Narva Bridge. "It is essential to find a solution for increasing the throughput capacity of the Narva-Ivangorod border point," Paet said.

During his meeting with Matvijenko, Foreign Minister Paet invited St. Petersburg to participate in Tallinn's time as a Capital of Culture in 2011 with its own cultural contribution.

Paet also participated in the completion of the first stage of renovations on St. John's Church in St. Petersburg. "St. John's Church in St. Petersburg plays a very important role in Estonian cultural history, so it is important that the church be restored to a dignified state," Paet emphasised.

US Congress Officials Get Overview of Cyber Defence Centre in Tallinn

28 August (BNS) - **Officials of the United States Congress visited the Tallinn Cyber Defence Centre and got an overview of Estonia's participation in the Afghanisthan mission.**

A delegation of US Congress officials, mainly congressmen's legal advisers and officials dealing with foreign policy, visited Tallinn on Thursday, a spokesman for the Defence Ministry said.

The members of the delegation met with Sven Sakkov, Defence Ministry State Secretary for defence policy, who gave them an overview of Estonia's participation in Afghanistan and other issues in connection with NATO. Issues connected with South Caucasus were also discussed.

The delegation of US Congress officials also visited the Cyber Defence Centre where they got an overview of the duties of the centre and its work procedure and got an idea of the cyber attacks against Estonia in 2007.

Estonia, Finland to Discuss Opportunities of e-Services Development

1 September (BNS) - **Finnish Communication Minister Suvi Linden and Estonian Economic Affairs and Communications Minister Juhan Parts and both countries' informatics councils will Tuesday discuss opportunities for developing joint e-services.**

The main issues of the meeting are development of joint e-services and providing information and communication technology education at universities, the ministry said.

The aim of the meeting is to discuss opportunities for setting up a joint information society council on the level of both the countries' governments and establishing its working group to give recommendations for the development of information society policies and unification of information society acts between the two countries and on the level of the European Union.

President Gives Cross of Order of Terra Mariana to Outgoing French Ambassador

28 August (BNS) - **Estonian President Toomas Hendrik Iives decorated Daniel Louis Labrosse, the outgoing French ambassador, with the Order of the Cross of Terra Mariana First Class.**

Labrosse was the French ambassador to Estonia since 2006.

France recognised the independence of the Republic of Estonia on 26 January 1921 and never recognised the incorporation of Estonia into the Soviet Union.

Paris confirmed its recognition on 25 August 1991 and diplomatic relations between the two countries were re-established five days later.

Jacques Hunztinger, the first French ambassador in newly independent Estonia, took office later that year. Estonian Ambassador in Paris Andres Tomasberg took office in 1993.

DOMESTIC NEWS

Nearly 142 000 Estonian Children Begin New School Year

1 September (BNS) - **The start of the new school year on 1 September 1 saw 141 640 students either start or continue their education in Estonian schools, which is about 6 000 less than last year and a projected 3 000 more than will begin in 2010.**

The number of first graders, which is 12 900 this fall, is set to increase in the coming years.

The number of school students enrolled as of 1 September last year was 147 519, including 12 426 first graders.

According to a projection by the Ministry of Education and Research, the number of students in Estonia in next September will be 138 780 and in September 2011, 137 450.

DEFENCE NEWS

Estonia's Infantry Brigade in Joint Simulator Training with Danish Division

1 September (BNS) - **The staff of the 1st Infantry Brigade of the Estonian Defence Forces together with the command posts of the brigade's subunits is conducting a simulator-based joint exercise in the southern city of Tartu this week to train its activities as part of the Danish Division.**

In the Cool Lion 2009 exercise that will continue until Friday, the command points of the brigade staff and subordinated units will exercise carrying out various combat operations in subordination to the Danish Division, military spokespeople in Tallinn said on Tuesday.

The action part of the training is being held at the simulation centre of the Estonian National Defence College using a computer program for realistic imitation of combat.

Estonia's Chief of Staff Brig. Gen. Neeme Väli signed an agreement at the staff headquarters of the Danish Division in Denmark in mid-August that links the 1st Infantry Brigade of the Estonian Defence Forces to the Danish Division.

Linking does not mean that the Estonian brigade will be subject to the Danish chain of command. The link would concern training so as to ensure full interoperability of the staff and units of the two countries and their ability to carry out joint operations.

Cool Lion 2009 is the first joint exercise of the Estonian brigade and the Danish division.

More than 100 Estonian Defence Forces personnel and almost 40 Danish personnel are taking part in the exercise.

The 1st Infantry Brigade is the main manoeuvre unit of the Estonian Defence Forces that brings together most of the reserve units trained in conscript service. Also the all-professional Scouts Battalion is part of the 1st Infantry Brigade.

The Danish Division is the largest unit of the Danish ground forces and one of the four divisions of NATO's North-eastern Corps.

The staff of the Danish Division will make up the command element of the NATO response force NRF-14 next year. The joint Baltic infantry battalion will be part of NRF-14, and the NRF-14 units of the Baltic countries will be linked to the Danish Division.

Ships from Six Countries Taking Part in Mine Countermeasure Exercise in Estonia

31 August (BNS) - **The annual multi-national naval mine clearance and ordnance disposal operation Open Spirit will kick off in Estonian waters today with ships from six countries taking part.**

A total of 16 vessels will be clearing Estonian waters of explosives dating from the two world wars during the exercise held in the spirit of Partnership for Peace.

Of Estonian vessels, the mine-hunter Admiral Cowan and the staff and support ship Tasuja are taking part.

Also participating are ships from Denmark, France, Germany, Lithuania, Poland and Sweden. A joint task group of mine clearance divers from the United States, Germany and Estonia will be for the first time participating in a mine countermeasures exercise held in Estonia.

In the course of two weeks the ships will clear the sea of mines to the north of Hiiumaa Island and near the island of Naissaar off Tallinn. The divers will be active in the area of the port of Dirham in north-western Estonia and the Bay of Tallinn.

"We have planned the mine countermeasures operation to be conducted in areas of more intense ship traffic. The explosive devices found near the island of Pakri and the Mine Harbour in recent months show that clearing shipping routes of explosive devices remains relevant," the commander of the Estonian Navy, Capt. Igor Schvede, was quoted by spokespeople as saying.

Ten countries altogether are represented at this year's Open Spirit when staff officers are included. Open Spirit is held in a different Baltic country each year. The exercise this year will last until 11 September.

Almost 600 explosive items have been found in Estonian waters in the course of mine countermeasures operations since 1994.

German Secretary of State: Air Policing is a Part of Collective Defence

1 September - **Today Riho Terras, Permanent Undersecretary of the Ministry of Defence, and Brigadier General Valeri Saar, Commander of the Estonian Air Force, attended along with their Latvian, Lithuanian, Czech and German colleagues the air policing mission exchange ceremony of the Baltic members of NATO at Zokniai Air Base in the Republic of Lithuania.**

Today, the Air Force of the Federal Republic of Germany took over the air policing of the Baltic States for four months with four Eurofighter Typhoon fighters. The commencing rotation is the first time that the air space of Estonia and the other Baltic states will be protected by Eurofighter Typhoons, manufactured in co-operation between several countries.

When assigning the air policing mission, Rüdiger Wolf, State Secretary in the Federal Ministry of Defence of Germany, stated that the protection of the Alliance is the main task of NATO. "Air policing is a part of this task. We understand your security needs, as we have been a border country of NATO ourselves," Wolf declared.

Jan Fulik, the Czech Deputy Minister of Defence, reported that the Czechs obtained a lot of valuable experience during the safeguarding of the Baltic air space. "We are ready to participate in the air policing of the Baltic states in the future as well," he added.

"With the commencing rotation, the allies will provide the air policing mission of the Baltic states with the most modern equipment at their disposal. At the moment, the Eurofighter is included in the armaments of only five countries and is the newest and most powerful fighter aircraft used in Europe. By contributing to the Baltic air policing mission with the most up-to-date equipment, Germany shows that the mission is an important and serious task for the allies," said Brigadier General Valeri Saar, Commander of the Estonian Air Force.

The German Air Force is policing Baltic air space for the third time. Members of the German Air Force will take over the air policing mission from the Czech Air Force, who since 1 May have been protecting Baltic air space with Saab JAS-39 Gripen fighter aircraft.

Earlier, the air policing of the Baltic states has been undertaken by Belgian, British, Spanish, Dutch, Norwegian, Portuguese, French, Romanian, Danish, Turkish and US fighters. The fighters providing air policing of the Baltic States are stationed at the Zokniai Air Base located near Siauliai.

The Eurofighter Typhoon is manufactured in co-operation between Germany, Italy, Spain and the United Kingdom. The first flight of the multi-role fighter took place in 1994. The Eurofighter Typhoon is a single-seat combat fighter with a combat radius of up to 1 389 km, maximum speed of 2 495 km/h and service ceiling of almost 20 km. The fighter is armed with both air-to-air and air-to-surface type missiles.

The new fighters will protect Baltic air space for two months, after which the German Air force will continue its mission with F4F Phantom fighters.

ECONOMIC NEWS

Skype Valued at 2.75 Billion Dollars According to Transaction

1 September (BNS) - **According to an agreement with Ebay, risk capital funds will acquire about 65% of the internet-based telephone company Skype and on the basis of the transaction the value of Skype totals 2.75 billion US dollars.**

The buyer of the majority shares in Skype is a group of risk capital funds headed by Silver Lake Partners and including Index and Andreessen Horowitz Ventures.

The risk capital funds connected with Index are Danny Rimer and Mike Volpi, which have been earlier connected with Skype.

Ebay will remain the owner of about 35% in Skype.

Skype CEO Josh Silverman said in an entry in the company's blog that the transaction means a new chapter for Skype and Skype will once again become an independent company.

Skype does some of its development work in a subsidiary in Estonia.

Estonia Has 85 Million Tons of Emissions Credits to Sell

28 August (BNS) - **The government decided at its Cabinet sitting on Thursday to sell Estonia's unused pollution credits on the international market and said that the amount available for sale was 85.19 million tons of carbon dioxide equivalent.**

The price of carbon credits on the international market has been around 14-15 euros a ton in the recent month.

Prime Minister Andrus Ansip said at the government press conference that if Estonia was to sell carbon credits at the same price as was done by Latvia, the amount it has available for sale would bring it 6.7 billion kroons (EUR 428 mln). Ansip added, though, that the sale will not happen this year.

In 2008, carbon credits fetched on the average 10 euros a ton in international trade of AAU's, or assigned amount units.

"Estonia is flexible in selling pollution credits, looking at each deal separately and taking into account the wishes of each individual buyer," Minister of Environment Jaanus Tamkivi said. "With

such flexibility we're trying to raise interest in as many buyers as possible," he said.

The main precondition for the sale of greenhouse gas quotas to be a success is that the money thus earned must be used in environment-related projects, said Tamkivi.

The Cabinet is to discuss the sale of greenhouse gas emission credits again in a month's time.

Representatives of the Ministry of Economy have previously said that some of the proceeds from the sale will go to the state-owned energy group Eesti Energia to finance investments in oil shale energy.

Estonian Air to Raise Number of Flights on Tallinn-Vilnius Route

27 August (BNS) - **Estonian Air will increase the weekly number of operations between Tallinn and Vilnius to eight starting on 31 August by adding evening flights on Tuesdays, Wednesdays and Thursdays.**

At present Estonian Air flies between the Estonian and Lithuanian capitals five times a week in the morning, or on Mondays, Tuesdays, Wednesdays, Thursdays and Fridays.

"The route between Tallinn and Vilnius is used mainly by customers valuing the convenience and speed of direct flights. There is a clear demand for additional evening flights and we hope that the improved flight schedule will increase the number of customers on that route even more," said Rauno Parras, acting Vice President Commercial of Estonian Air.

The flights are operated with 33-seater SAAB 340 aircraft with one onboard service class.

All flights using SAAB 340 aircraft are operated by Estonian Air Regional, a 100% subsidiary of Estonian Air.

Bigbank Earns EUR 2.86 Mln Profit in Q2

28 August (BNS) - **Bigbank earned a net profit of 44.8 million kroons (EUR 2.86 mln) in the second quarter of this year, a 10.6% improvement on the corresponding period a year ago.**

Profit before impairment allowances and one-off revenues from the premature termination of bonds and prepaid income tax assets totalled 80.2 million kroons, compared with 59.8 million kroons in the first quarter of the year, Bigbank told the stock exchange.

Interest income amounted to 151.3 million kroons in the second quarter, decreasing by 15.5 million kroons from the same period in 2008. The reduction in interest income was related to the decrease in the size of the loan portfolio.

Impairment allowance costs totalled 54.4 million kroons in the three-month period from April to June. As of June 30, the total volume of impairment allowances was 343.3 million kroons.

The volume of loans with payment delays of more than 90 days in the consolidation group decreased in the second quarter, the rate of change by country being different as a result of the countries being in different stages of the economic cycle, the release said.

In Estonia the amount of such loans as of the end of the second quarter decreased compared to both the first quarter of 2009 and the final quarter of 2008. In Latvia the volume of non-performing loans was at the same level as it was at the end of the

first quarter but the rapid increase in such loans of the beginning of the year had slowed down to a minimal growth of 4-5% year on year. In Lithuania the rate of growth of loans with payment delays of more than 90 days had halved.

As of the end of the second quarter of 2009, owners' equity of Bigbank totaled 637.7 million kroons, up from 579.4 million kroons at the end of 2008, equalling 23.0% of total assets.

As of June 30, 2009 the group had 28 offices in the Baltic countries, of them 11 in Estonia, seven in Latvia and 10 in Lithuania. There were 361 employees working in the group, including 166 in Estonia, 125 in Latvia and 70 in Lithuania.

Cargo Handling Equipment Maker Cargotec Estonia Opens EUR 19 Mln Plant

27 August (BNS) - **Cargotec Estonia AS, Estonian subsidiary of the cargo handling equipment manufacturer Cargotec, opened a 300 million kroon (EUR 19 mln) plant and office building in this north-eastern Estonian border city on Thursday.**

The builder was YIT Ehitus AS.

Cargotec manufactures cargo handling equipment for ports, ships, storage terminals and industry. The company listed on the Helsinki stock exchange is active in 160 countries.

Cargotec Estonia exports all of its output.

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